

# NEWS ROUND UP

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## ***President assures quick revival of tourism***

President Maithripala Sirisena yesterday assured the tourism industry immediate relief for a quicker revival post the Easter Sunday terrorist attacks.

This assurance was given at a high-level meeting held with the hoteliers, tourism and travel companies and other industry stakeholders along with Tourism Development Minister John Amaratunga, Transport and Civil Aviation Minister Arjuna Ranatunga, State Finance Minister Eran Wickramaratne, Development Strategies and International Trade Minister Malik Samarawickrama, Ministry Secretaries and Central Bank Governor Dr. Indrajit Coomaraswamy at the Presidential Secretariat yesterday.

The meeting which took place for nearly two hours yesterday saw key outcomes including the appointment of a Cabinet Sub-Committee to look into the early recovery of the tourism industry, concessionary loans for hotels to meet working capital, stepped up security, lifting of travel advisories, improving facilities at the Bandaranaike International Airport (BIA), and fast-track appointment of a PR company to build Sri Lanka's image in the international arena.

Representatives of the Tourist Hotels Association of Sri Lanka (THASL) and Sri Lanka Association of Inbound Tour Operators (SLAITO) also highlighted key concerns of the industry.

"We requested the Government for financial relief for hotels and an immediate image building PR campaign to be conducted more effectively. President Sirisena was very accommodative towards all our proposals," THASL President Sanath Ukwatte told the Daily FT.

He said that President also gave an assurance to appoint a Cabinet Sub-Committee at today's Cabinet meeting that will look into the tourism industry and award the publicity campaign to J. Walter Thompson (JWT) to carry out a global publicity campaign to rebuild the image of Sri Lanka.

Accordingly, JWT submitted a proposal to the Sri Lanka Tourism Promotion Bureau (SLTPB) and it was approved by SLTPB Board members last week. JWT was responsible for developing Sri Lanka's latest tourism brand and tagline 'So Sri Lanka,' which was launched at World Travel Mart in London last year.

Ukwatte also noted that President directed the Central Bank Governor to expedite the financial relief for hotel industry.

"The President directed moratoriums on capital and interest payments for loans granted to hotels. In addition directions were also given to provide soft loans at reduced interest rates to meeting working capital for the hoteliers in this dark period. Most of these soft loans will be used to maintain the livelihood of our hotel employees," he added.

Pointing out that the Government provided tourism industry concessionary loans at 2% when the LTTE attacked BIA, he hoped that they would get a similar grant this time around as this was the first time ever that the terrorist attacked hotels, killing over 40 foreigners.

THASL had also flagged concerns on cancellations, which Ukwatte said right now was quite heavy.

"Our business is at the lowest end. We need to get back the tourists and therefore we urged the Government to expedite the implementation of the global publicity campaign to rebuild the image of Sri Lanka in one voice," he stressed.

Sri Lanka Tourism Development Authority (SLTDA) Chairman Kishu Gomes, who is currently participating in Arabian Travel Mart in Dubai, had told foreign media that they expected a 50% drop in arrivals to Colombo following the Easter Sunday terror attacks, while expecting a 30% dip in arrivals outside Colombo.

SLAITO President Harith Perera insisted it was critical to streamline facilities at the BIA, something that the industry had been pushing for a long time that authorities had ignored.

In terms of monetary support assured by the Government, he said the Central Bank and industry had to work on the terms of those facilities.

“We also requested the Government to talk to the foreign envoys in Sri Lanka to lift the travel advisories, which is hampering our industry,” Perera said.

The President in response to concerns raised by the industry stakeholders had agreed to provide monetary and other necessary assistance to revive this crucial sector immediately. Further he had also assured to provide any additional security required for the hotels to step up all security measures at hotels.

Finance Minister Mangala Samaraweera on Friday said tourist arrivals were likely to decline by 30% in 2019 with a foreign exchange earning loss of \$ 1.5 billion. However he said the country and the industry would bounce back with ongoing new measures implemented by the Government.  
(Daily FT)

### ***Tourist arrivals to drop 50% after bombings: Kishu***

DUBAI, REUTERS: Tourist arrivals in Colombo will fall by 50% over the next two months following the Easter Sunday bombings that killed more than 250 people, Sri Lanka’s Tourism Bureau Chairman Kishu Gomes said on Monday.

Tourist arrivals in areas outside Colombo will also go down by about 30% following the bombings, he told reporters at a travel conference in Dubai.

SriLankan Airlines’ chief executive Vipula Gunatilleka told Reuters at the conference that the carrier had a 10% increase in cancellations last week and expects that number to go up.

Sri Lanka faces a likely collapse in tourism following Easter Sunday bomb attacks on churches and hotels, which would deal a severe blow to the island’s economy and financial markets, and potentially force it to seek further IMF assistance.

Gomes said the tourism bureau was chasing a target of 2.5 million visitors in 2019.

“We will probably reach about 2 million,” Gomes told reporters. “We are looking at providing some concessions to the industry for them to be able to maintain their viability for the next few months.” Gomes said confidence could return if the military is able to give assurances on security.

“If the military can come out over the next few days and make a strong statement with respect to security that’s when we will obviously offer a bit of confidence and try and work against that anticipation.” (Daily FT)

## ***Proposal to set up high level committee on security***

The Government will propose to Cabinet the establishment of a new committee headed by President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe to improve coordination on security measures, keep more Cabinet members informed of security concerns and improve responses to critical information.

United National Party (UNP) Chairman and Highways and Road Development Minister Kabir Hashim told reporters at Temple Trees that the proposal would be discussed at the Cabinet meeting today. He also said that if the proposal is approved the Committee would include about five or six of the key Cabinet Ministers to improve ease of information sharing and decision making.

“There has been a lot of criticism about a lapse in acting on intelligence ahead of these attacks so we are looking at a way to bridge this divide and share important information more seamlessly between the different branches of Government. The committee would be headed by the President and the Prime Minister and important information could be relayed to key ministers so that they can also act in an emergency,” he said.

Hashim who was addressing media with UNP General Secretary and Education Minister Akila Viraj Kariyawasam insisted that the main focus on the Government at this point was to return the country to normalcy and work on putting the economy back on track.

He dismissed calls for the President and members of the UNP to step down pointing out that it would only increase instability and would not help the country to regain lost international confidence as a safe and stable destination.

“It is easy to call for resignations and it’s even easy to resign and leave. But the real challenge is to face the criticisms and overcome the problems and fix what went wrong. This is what we are trying to do. The country has to return to normal. We have to find a way to repair the damage done to the economy. We have to show the world that Sri Lanka is still open and it is still safe to come here. We have to restore investor confidence. These are our priorities,” he said.

Both Hashim and Kariyawasam underscored the importance of politicians on both sides of the political divide working together and called for Opposition support to get the Counter Terrorism Act (CTA) passed in Parliament as soon as possible. They also reiterated that the Government has accepted collective responsibility for the attacks and were working to fix shortcomings. Hashim insisted that the Muslim community should not be isolated in measures taken in response to the Easter Sunday attacks.

“The Opposition is trying to use this tragic situation to their advantage. Even before the seven day almsgiving is completed Opposition politicians are lining up to come to power by using this event. That is terrible and we ask these politicians to work with us for the benefit of the people,” Kariyawasam said.

The Education Ministry will work with the Internal Affairs Ministry and the Muslim Affairs Ministry to identify schools where foreigners without valid visa are teaching and have them deported immediately, Kariyawasam said.

A separate communique was released by the Internal Affairs Ministry later in the day confirming the measure and saying the decision was taken following discussions between the ministers. The

Immigration and Emigration Department has been notified to expedite the deportation, the statement by the Internal Affairs Ministry said.

Praising the work of the security forces Kariyawasam rejected opposition statements that the intelligence agencies had been undermined by the Government. Pointing out that Sri Lanka has about seven different branches of intelligence he said that as many as 1,000 officials are working in intelligence agencies under the military, police, navy and air force.

He pointed out that only four intelligence officials are being held for criminal activities after extensive investigations were conducted and others connected to the deaths of journalists Pradeep Eknaligoda and Lasantha Wickramatunge were out on bail.

“There is no truth to the statements that we have undermined intelligence. If we had how can they be working so well now? We must let the security forces continue their excellent work and support them as much as we can.” (Daily FT)

### ***Sri Lanka details price controls on bank deposits up to June 30***

Sri Lanka's central bank has set interest ceilings for bank deposits for the quarter ending June 30, on a base rates for short term deposits at 8.0 percent and longer term rates of 10.54 percent.

Sri Lanka took an unprecedented step of ordering price controls on deposits to lower costs and boost margins of banks, making a regulator-driven oligopsony out of a sector where there used to be strong competition.

No ceilings have been set on lending rates.

The price ceiling for savings and term deposits below three months is 7.50 percent or 50 basis points below the standing deposit facility rate (repo window) of the central bank.

The base rate for deposits over 3 months is the simple average of the weighted average yield of 12 month Treasury bills at the last four auctions of the first quarter of 2019.

The base rate for deposits below three months is the 8.00 percent standing deposit facility rate (repo window) of the central bank.

Deposits below 12-months are controlled at 10.54 percent.

Deposits between 1 and two years are controlled at 11.54 percent (T-bill plus 100 basis points).

Deposits between 2 and 3 years are controlled at 12.04 percent (T-bill plus 150 basis points).

Deposits between 3 and 5 years are controlled at 12.54 percent (T-bill plus 200 basis points).

Deposits of 5 years or more 13.04 percent (T-bill rate + 250 basis points)

No distinction has been made on the risk rating of individual banks.

The central bank said when interim interest is paid, the annual effective rate should be below the price control.

But kids with a deposit of 1 year or more, or senior citizens could be 50 basis points higher than the price control.

(Economy Next)

### ***Sri Lanka rupee ends weaker in forward, stocks gain 0.11-pct***

The Sri Lanka rupee ended weaker against the US dollar in the forwards but the spot market was inactive Monday, while bond yields eased and stocks gained 0.11 percent on buying interest in John Keells Holdings and LOLC Holdings, market participants said.

The dollar was quoted at 176.10/40 rupees against the US dollar in seven-day contracts, up from 176.00/10 rupees on Friday, market participants said.

The greenback was quoted at 175.60/75 rupees in the spot-next market ((settlement spot plus one day), in early trading, edging up from 175.60/72 rupees the previous day.

The spot market for US dollars was inactive on Monday. The rupee ended Friday at 175.25/50 rupees against the US dollar in the spot market, weakening from the previous closing of 175.00/50 rupees.

Gilt yields in the secondary market eased after the 120 billion rupees bonds auction today.

A bond maturing in 2021 ended at 10.30/40 percent in two-way quotes, lower from Friday's closing of 10.35/50 percent.

A bond maturing in 2023 closed at 10.72/80 percent, down from 10.85/95 percent.

The 2024 bond eased to 10.87/93 percent, down from 10.98/11.05 percent.

A 10-year bond maturing in 2029 closed 11.10/15 percent lower from Friday's close of 11.20/25 percent.

Colombo's all share index gained 6.25 points, up 0.11 percent to 5,443.31, and the S&P SL20 of more liquid stocks ended 0.48 percent higher, up 12.61 points to 2,613.37.

Market turnover was 162.7 million rupees, with 47 stocks gaining and 48 declining.

John Keells Holdings (up 3 rupees to 146.50 rupees), LOLC Holdings (up 3.40 rupees to 89.50 rupees) and Overseas Realty (up 40 cents to 15.80 rupees) contributed to the benchmark index gain.

Net foreign buying was 24.4 million rupees, against selling of 4.4 million the previous day.

Net buying in John Keells Holdings was 37.6 million rupees, according to Asia Securities. Net selling in Commercial Bank was 21 million rupees.

Commercial bank ended 50 cents lower to 91.40 rupees.

There were no crossings, or off-market negotiated trades.

(Economy Next)

## ***Sri Lankan banks cut deposit rates***

Sri Lanka's listed private banks have reduced deposit rates after the central bank directed banks and finance companies to cut deposit rates, officials said.

Sampath Bank has reduced its 12-month fixed deposit rate to 10.50 percent, down by 150 basis points from 12 percent, but its three-month rate was up 16 basis points to 9.84 percent from 10 percent.

Commercial Bank cut its 12-month FD rate by 50 basis points to 10.50 percent, and the three-month rate was reduced to 9.50 percent, down 88 basis points from 10.38 percent.

Hatton National Bank had not yet reduced its 12-month fixed deposit rate which is 11 percent, but the three month rate was cut by 38 basis points to 10 percent.

State banks, Bank of Ceylon and People's Bank, were yet to revise their rates. The 12-month fixed deposit rate for both banks was 10.75 percent, and the three-month rate was 10.65 percent.

Sri Lanka's central bank had directed banks and finance companies to cut deposit rates to reduce excessive cost of funds borne by the financial sector.

It expects the lending rates to reduce by around 200 basis points to small businesses in the near term, as a result of the deposit rate cuts.

Deposits of three months or less will be linked to the standing deposit facility rate of the Central Bank which is now at 8.00 percent, and longer term rates to the 12-month Treasury bill yield.

"The reduction in SRR by 250 basis points in two steps in November 2018 and March 2019 has already reduced cost of funds and is expected to result in a narrower margin between deposit and lending rates," the central bank said.

Commercial Banks may offer additional interest of up to 50 basis points for children's savings and for fixed deposits of 12 months or more. (Economy Next)