



President requests the opposition to support the implementation of the IMF agreement

- **The country is being constructed by establishing rules and creating a foundation to prevent the recurrence of previous errors.**
- **Today, the international community has accepted that he acted to cross the economic vine bridge for Mother Sri Lanka.**
- **The results of the present hard work and dedication will soon pay-off.**
- **I pay my respects to the people who tolerated the difficulties and acted calmly.**

The President said delivering a special statement in Parliament

President Ranil Wickremesinghe urged the Opposition to unite and disregard political differences to assist in carrying out the IMF agreement, which would aid in the development of Sri Lanka's economy.

The President emphasized that his duty is not to condemn previous administrations but to concentrate on the development of the country. He also declared his dedication to constructing a better future by creating laws and frameworks that prevent the recurrence of past errors.

President Ranil Wickremesinghe delivered this message in a special address to Parliament this morning (22) regarding the receipt of the Extended Credit Facility from the International Monetary Fund.

He stated that despite allegations being leveled against him that his objective was not to rescue the country from an economic crisis but to safeguard the Rajapaksa family, the international community had acknowledged his efforts to carry the country across the economic vine bridge.

The President further said that he had faith in rebuilding the beloved country where he was born, brought up and educated, and said that many past experiences were the reasons for confirming that faith.

He pointed out that getting the IMF agreement was an opportunity to raise the motherland again and said that a new path has been opened to build the future of the country's youth.

The President acknowledged the societal pressure caused by inflation and claimed to possess a comprehensive understanding of it. He reassured that the ongoing challenges



are temporary and the public will soon reap the rewards of the current efforts and commitment.

The President also took this opportunity to pay tribute to all the people of the country who persevered with all the difficulties and pressures to get the IMF agreement.

Following is the full statement delivered by President Ranil Wickremesinghe in Parliament today

I wish to officially inform this august Assembly that we have been able to secure the Extended Fund Facility (EFF) of the International Monetary Fund (IMF). Full control over public finance has been vested in Parliament through the Constitution. Therefore, while tabling the IMF Agreement today, I wish to make my first official statement before Parliament regarding the EFF Sri Lanka has received.

On the 9th of July last year, I took over a country that was on fire. A country that was in chaos. A country that seemed to be without an iota of hope for the future. A country that had officially declared itself bankrupt. A country where inflation had risen to 73.7%. A country where people suffered for days in queues for fuel and gas. A country with schools closed. A country where ten or twelve hour power cuts were imposed. A country without fertilizer hampering cultivation by farmers. A country where anarchy prevailed in place of law and order. A country where outsiders had forcefully entered public buildings and were in occupation. A country where mob attacks were widespread. A country where homes of opponents were set ablaze. A country where people were assassinated on roads in broad daylight.

No one was willing to accept responsibilities in such an environment. Some were reluctant. Some asked for time to check their horoscopes. Some sneaked away. Some panicked. I was requested to take over the country at a time when nobody came forward to shoulder that responsibility.

I unconditionally accepted the challenge. I had no power in Parliament. I had no Members of Parliament from my Party to call my own. Even though I had none of these, I had just one strength. This was only my own conviction that I am capable of rebuilding my country. I had numerous experiences to support this conviction of mine.

In 2001 the economy of the country experienced a minus growth rate. However, I was able to shift the economy of the country to the right track, within a period of less than two years from the time I took over governance. At that juncture, I was able to secure aid worth 4 billion US\$ through the Tokyo aid summit. Unfortunately, that aid was not properly utilized by those who took over governance subsequently. In the same manner,



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ஜனாதிபதி ஊடகப் பிரிவு
PRESIDENT'S MEDIA DIVISION

when I took over the economy in 2015, it was in a weak state. But we were able to achieve a surplus in the budget primary balance by 2018. We also took action to increase salaries by approximately 106% while extending various other relief measures.

I only had the confidence gained from previous experiences when I accepted this serious challenge. I accepted the challenge with the conviction that even if I failed, the country would not.

Honourable Speaker,

With the receipt of the IMF Facility, it has paved the way for us to build the future of our youth. We have the opportunity to uplift our motherland again.

Under this credit facility, we will receive approximately three billion US Dollars within a period of 4 years. We have now received its first tranche of 333 million US Dollars. We expect about 7 billion dollars more of rapid credit support from the World Bank, ADB and other parties that extend credit facilities.

There are people who interpret the EFF of the IMF as simply another loan. There are also those who clamor saying that the total debt of the country cannot be paid off with this amount we are to receive. Such statements show either their ignorance, or that they are ready to betray even the country to earn political mileage.

With the grant of the EFF from the IMF, we regain recognition in the international arena. We get an assurance that Sri Lanka would no longer be a bankrupt country. Our banks will return to the status with international recognition. International financial institutions will respect our bank's letters of credit. The basis for obtaining credit from other international financial institutions at low interest rates will be created. Foreign investors' confidence in Sri Lanka will be regained. Numerous comprehensive opportunities in the international arena will come available. The foundation to build a strong new economy will be laid.

Further, because of this Agreement, financial discipline in our country will become legislated. Stringent new laws for the prevention of corruption will be introduced. A new financial culture and environment that had not prevailed previously in Sri Lanka will be created through this Facility.

Honourable Speaker,

Some tried to make the country totally dysfunctional before the IMF took the decision regarding our country. There were plans to create a continuous wave of strikes, to destroy the economy and create anarchy in the country. They expected to prevent the receipt of IMF assistance through such sabotage. Certain political parties, some trade unions and



some media labored to cause disruption. They claimed that we will not receive IMF support because the country was unstable.

They said IMF support will not be forthcoming because local government elections were not being held. They tried their best to make the people of the country to take to the streets with various false propaganda of this nature.

But the majority of the public did not support such acts of subversion. The majority of the public were not willing to disrupt the progress of the country for misplaced initiatives of various power hungry political parties. The people acted with sheer responsibility for the country.

Amidst numerous hardships, bearing all kinds of pressure, and undergoing suffering with equanimity, the people of this country remained calm and patient. Their commitment was a great strength in achieving the IMF Facility. Therefore, I firstly wish to extend my gratitude to my people of this country.

In this effort, our officials labored day and night. The Ministers worked with unstinted commitment. Most of the Members of this august Assembly extended their support. Some in public. Some in private. I am extremely thankful to all of them for their support.

Concomitantly, our key creditors from foreign countries and international organizations championed obtaining of this EFF. I extend the appreciation of Sri Lanka to them all.

Honourable Speaker,

We are now starting a new journey. We have to introduce many economic reforms throughout the process. The foundation for our success will be through this path. Some of these reforms have already been proposed and implemented through the interim budget of 2022 and the budget for 2023. We will introduce numerous other reforms. I wish to emphasize some important related matters, including the reforms process that we are implementing and plan to do so in the future.

Increasing Public Revenue

- We hope to reduce the primary deficit to 2.3% of the GDP by 2025.
- The Sri Lankan government's revenue is currently 8.3% of the GDP, making it the country with the lowest revenue collection compared to other countries in the world.

We expect to increase the government's revenue up to 15% of the GDP by 2026 through our measures.

- We have now raised the standard corporate income tax rate to 30% without sectoral tax holidays.



- The PAYE tax rate was increased from 8% to 15%.
- The measures required to reduce the existing tax exemptions on Value Added Tax (VAT) will come into effect by 2025. Further, necessary measures will be taken to remove the simplified VAT system and expedite its reimbursement.
- Steps have also been taken to introduce tax on awards / substitutes and to introduce Estate Duty as a property tax by 2025, while providing an appropriate tax exemption allowance at a minimum.

Managing Expenditure

- We hope to increase the allocations provided to cover the expenses through proper management of expenditure.
- It would also pave the way for adjustments in certain salary scales and pension schemes as part of the impact of inflation within the primary deficit targets.

State Enterprises and Energy Cost

- Fuel prices will be determined based on the 2018 Price Formula. The adjustment will take place once a month to cover the cost. Therefore, determination of fuel prices will be bereft of politicization.
- Measures will also be taken to adjust the tariff on electricity every six months to cover the cost after considering the estimated future cost.
- Key loss making state ventures of the balance sheet namely the Road Development Authority, Sri Lankan Airlines, Ceylon Petroleum Corporation and Ceylon Electricity Board will be restructured. Measures will also be taken to exchange the foreign loans obtained on overdue sovereign guarantees mentioned in the balance sheets of the state-owned enterprises, as payable debt of the Government of Sri Lanka.

Price Stability and Fiscal Policies

- Inflation rate will be brought back between 4% - 6%. We were able to reduce the inflation that had skyrocketed, to a considerable level. Further, we hope to bring back the inflation rate to a single digit by mid-2023.
- When these measures are in progress the country would have to gradually refrain from printing money (Financing the Government by borrowing from the Central Bank to cover the budget deficit). Therefore, the Treasury will have to reduce the budget deficit by a significant amount and utilize various market instruments for this purpose.
- While allowing activities of the forex market to be determined on market criteria the existing thresholds and guidelines of that market will be relaxed.
- In order to build the foreign reserves according to the set targets the Central Bank intends to purchase foreign currency.

Good Governance



- The IMF is engaged in the process of preparing a Governance Assessment Report in consultation with local experts. This would allow identifying the loopholes that exist in the frameworks of Sri Lankan administration and the institutions that combat corruption.
- Laws will be drafted against corruption in line with UN conventions.
- It is also expected to include the provisions with regard to the acquisition of assets to the legislative framework by March 2024.
- A new Public Finance Management bill that includes strong fiscal policies, laws, thresholds with regard to obtaining foreign loans and government securities will also be drafted.
- The individuals who had obtained permits to import vehicles on concessionary tax basis along with the institutions that enjoy tax concessions / tax holidays of the Board of Investment will be made public. Further, large scale government procurement contracts will also be made public.

Progress

- Reforms in the IMF-related program also include improving medium and long-term economic growth. Measures with regard to trade reforms, steps to improve participation of women in work force, skills development, minimizing inefficiency and cost in the energy sector through reforms and changes that take place as a result of climate change will be taken into consideration in this regard.

Future Measures

- During this period the Government intends to submit a comprehensive report on liberalizing the economy and digitalization, sustainable recovery as well as multiple aspects, that go beyond the IMF programs to achieve medium and long-term high growth paths.
- Concurrently, talks with our bilateral creditors will begin. We will continue our discussions with them in an open and transparent manner, using the same methods we have used in the past.
- Before making final decisions on loan repayment terms, we use an open system that informs all bilateral creditors. The same procedure is followed by other foreign creditors. We hope to carry out the restructuring in a way that is fair to all creditors.
- As I stated in an open letter to our official shareholders, we are unconcerned about any creditor. They are fair to everyone. So far, we've been open and friendly with all of them. I will continue to do so.
- Reports are published on our pro-Grayas on a regular basis. There is no information about the country's debt hidden.

Honorable Speaker,



We are currently going through a difficult period. We are well aware that a certain section of the society is facing immense hardships due to the tax burden. We also know the entire society is suffering due to inflation. However, we cannot distance ourselves from the policies that have been implemented at this crucial juncture.

The Government and the IMF will review the programme every six months. The first review will take place in June. We have already focused our attention on amending the existing tax mechanism. The Treasury is already in the process of preparing amended proposals. Further, intellectuals and economic experts have already submitted their views in this regard, which we hope to discuss, and reach an agreement.

We are discussing with the IMF to include these tax reforms in our plans at the review in June. In addition, we are discussing the other policy reforms which we think are necessary at present.

Some people try to portray that these issues can be solved through beliefs and confrontations. However, these problems have to be solved through caution, care and wisdom.

Hon.Speaker,

We are at a difficult period of time. However, our difficulties and hardships will be short lived. We can reap the benefits of the commitments and toil within a short period of time. We have to make these sacrifices for the young people of the country, the future generation who are to inherit this nation tomorrow.

Therefore the onus is on all of us to build our country. We have to work together towards this end by setting aside criticism of the past.

If we implement the economic reforms with proper financial discipline throughout the next four years in accordance with this Agreement, a strong economic foundation will emerge for the future of the country. If we deviate from this path, the entire country will find itself in a worse situation in April, than it was in, sometime back.

We hope to schedule the Parliamentary debate on this Agreement in the third week of March. I request the support of all of you in this House in this regard.

I also wish to draw the attention of this House to another important matter. We cannot simply be satisfied with only the IMF agreement. This is not the end. This is just the beginning of yet another long journey. We have to traverse that path with vigour.

Discussing with our creditors and restructuring the loans as well as recommencing the process of repayment, is a massive challenge. Increasing the income of the country too should happen simultaneously.



The local production should be increased. More avenues of foreign income should be explored. We should not only expand our share in the world market but also in our region. A colossal economic reform process should be implemented fearlessly and continuously.

All these are not easy goals. However, we have to move forward by making sacrifices for the country. This difficult journey should be made with care. Our primary goal should be building the country. Firstly, secondly and thirdly our sole target should be to build the country. If we follow that line of thinking we can make this journey a success, expeditiously.

Honourable Speaker,

The IMF-approved plan should be implemented and completed in four years. However, depending on our strength and determination, we should be able to finish it in three to three and a half years. Let's give it a try. Let us put in the effort.

We need to emphasize a few points here. First, we must prioritize the establishment of a robust social security system for the most vulnerable individuals in our society.

Second, we are currently executing plans and strategies to enhance the value of the rupee.

Strategies and a formal plan to strengthen the rupee are being implemented.

Third, anti-corruption legislation must be passed and implemented immediately.

Fourth, we should focus on implementing necessary structural reforms in our society. These reforms should be identified and carried out accordingly.

Honourable Speaker,

Our country received no foreign aid during D. S. Senanayake's premiership. Later, instead of working with our country's income, a tradition of running the country on foreign borrowings was adopted. It became a cancer that led to our current suffering.

We can't keep borrowing money all the time. We should strive to be a debt-free country. Therefore, we must all unite to get out of this difficult period. We must pay off all of our previous debts over the next ten years. I am confident that if we stay on the right track, we will be able to achieve that goal.

After we pay off the debt, we should build our capacity to generate enough income to meet the country's expenses. If we continue on this path, we can make our country one of the most developed in the world by 2048, when we will celebrate 100 years of independence.



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PRESIDENT'S MEDIA DIVISION

Here I would like to draw your attention to another point. Recently, an opinion was published. Theravada Buddhist countries are always economically poor.

Thailand is now working hard to change this perception. We, as the Theravada centre of the world, should work to change that perception. We can change that opinion as children of one mother if we work together. We can re-establish Sri Lanka as a global economic powerhouse.

Honourable Speaker,

When I became the Prime Minister I wasted no time in requesting the support of the Opposition towards the effort of rebuilding the economy of the country. However I did not receive that support. Subsequently, at the occasion of opening of Parliament as the President I once again requested their support but it was to no avail. During the Budget debate too I requested the same of the Opposition, but they did not come forward. Yet again, at the occasion of the opening of this Parliament Session too I sought their support. But that request too frittered away.

They refused to extend their support citing various reasons. They said that my appointment was unconstitutional. They opined that Prime Ministers cannot be appointed from the National List. They even went to the extent of saying that my ambition was not to salvage the country from the economic crisis but to save the Rajapakses. They said that it was not Sri Lanka that I was trying to take across the obstacle course, but Namal Rajapaksa. However, now the international community has endorsed that I strove to reconstruct the Sri Lankan economy. It has now been proved beyond doubt that accusations of the Opposition are baseless.

I do not intend to respond to those unfounded accusations. My task is not to criticize the past. My task is to build the future of the country. I am committed to building the nation by formulating laws to ensure that past errors would not recur.

Even today, I request the Opposition to join this effort of building the country. Leave your personal political aspirations aside. Think of empowering the country before gaining power for yourself. You can follow your own agenda on other political matters. However, it is imperative that you act out of the box politically with regard to building the economy of the country. Help me in the process of strengthening the economy.

I make that request again, and seek your valuable support in the implementation of IMF Agreement, and building the economy of our motherland.

President's Media Division
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