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## **JOINT STAFF WORKING DOCUMENT**

**The EU Special Incentive Arrangement for Sustainable Development and Good Governance ('GSP+') assessment of Sri Lanka covering the period 2016 - 2017**

*Accompanying the document*

**Report from the Commission to the European Parliament and the Council**

**Report on the Generalised Scheme of Preferences during the period 2016 - 2017**

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# Sri Lanka GSP+ Assessment

## 1. Country Overview

Sri Lanka is a multi-ethnic and multi-religious nation with a population of 21 million. Longstanding tensions between the majority Sinhalese and minority Tamil communities spiralled into a civil war from 1983 to 2009. Since the end of the civil war in 2009, little was done to tackle the causes of the conflict and address grievances between communities. The election of Maithripala Sirisena as President in January 2015 was a turning point, reflecting a desire for change, and led to the formation of a National Unity Government in August 2015 on the basis of an agenda of good governance and national reconciliation.

The Government embarked on an ambitious reform agenda, recalibrated its foreign policy to re-engage with the wider international community, instituted significant improvements in fundamental freedoms, and committed to the development of a sustainable macroeconomic strategy. The Government set out a programme of major reforms to address reconciliation and accountability, democracy, the rule of law, better governance and economic development.

Sri Lanka has re-engaged with the international community and made a series of impressive commitments to national reconciliation, as articulated in its co-sponsorship of Human Rights Council Resolution 30/1 (2015) on promoting reconciliation, accountability and human rights in Sri Lanka. The Government has issued a standing invitation to all UN special procedures and several have visited the country. EU-Sri Lanka relations have also been rejuvenated and regular dialogue takes place under the 1995 Cooperation Agreement, including annual meetings of the Joint Commission and its working groups. This includes the Working Group on Governance, Rule of Law, and Human Rights, which has already met twice. It is the first time a Sri Lankan Government has entered into human rights dialogue with the EU.

Two years on, the Sirisena-Wickremesinghe National Unity Government is struggling to deliver on all aspects of its far-reaching reform agenda. In particular in the former conflict areas, there is disappointment over the slow progress in implementing UNHRC resolution 30/1. As stated in the February 2017 report by the Office of the UN High Commissioner for Human Rights, overall, some progress has been made in the human rights situation in Sri Lanka, but many of the reforms the Government has committed to have stalled or sufficient progress was not made. There has been insufficient progress on a number of major issues such as the continued use of torture, the repeal of the Prevention of Terrorism Act (PTA) and its replacement with counter-terrorism legislation that is in line with international standards, the amendment of the Code of Criminal Procedure to include the right of detainees to immediate access to legal counsel, the return of land occupied by the military, and establishing the truth about the fate of the missing and disappeared persons during the civil war and its aftermath.

GSP+ preferences for Sri Lanka were withdrawn in 2010 due to significant shortcomings in the country's implementation of three UN human rights conventions. Sri Lanka was readmitted to GSP+ as from 19 May 2017. Sri Lanka's reporting period for the purpose of Regulation 978/2012 therefore covers less than 6 months. In order to adequately present the issues, relevant developments during the period of 2016-2017 are reflected.

A GSP+ monitoring mission took place in Sri Lanka from 5 to 13 September 2017, including a visit to Jaffna, capital of the Northern Province.

## 2. Compliance with GSP+ Obligations

### 2.1. UN Human Rights Conventions (Conventions 1-7)

#### Status of ratification and reporting

Sri Lanka maintains ratification of all conventions and is up-to-date with its reporting obligations under the relevant UN human rights conventions. The next country report under CCPR is due on 31 October 2017. Sri Lanka underwent its 3<sup>rd</sup> Universal Periodic Review on 16 November 2017, where delegations raised concerns about the lack of implementation of Human Rights Council Resolution 30/1 and called for the swift establishment, according to clear timelines and benchmarks, of the other truth and reconciliation mechanisms foreseen in Resolution 30/1, operationalisation of the Office of Missing Persons, repeal of the Prevention of Terrorism Act and abolishment of the death penalty. Sri Lanka received 230 recommendations, of which 177 have been accepted and 53 noted.

#### Status of implementation of the conventions

The election of the National Unity Government in 2015 resulted in a significant opening up of democratic and civil society space. A Right to Information (RTI) law covering all public authorities came into force in February 2017. One of the first measures of the new Government was the 19<sup>th</sup> Constitutional Amendment which led to the reappointment and strengthening of independent oversight commissions, such as the Human Rights Commission of Sri Lanka (HRCSL).

The HRCSL has an important role to play on promoting and protecting human rights. Whilst it appears to be provided with the necessary financial, physical and human resources, it is not systematically consulted by the Government on draft legislation within the HRCSL's remit.

A National Action Plan for the Promotion and Protection of Human Rights 2017-2022 has been prepared but remains to be approved.

A process of constitutional reform started in January 2016, which looks at extensive and deep reform, including internal governance, electoral reform and a Bill of Rights. A wide-ranging public consultation has taken place and the Interim Report on the new Constitution was published on 21 September 2017. Constitutional reform can play a critical role in addressing systemic deficiencies and inadequate safeguards, which have facilitated past violations of human rights.

The Government has established the National GSP+ Monitoring Mechanism, chaired by the Permanent Secretary of the Prime Minister's Office (PMO). It has the task of coordinating the implementation of the international conventions and responses in the context of the EU's GSP+ monitoring.

#### *International Convention on the Elimination of All Forms of Racial Discrimination (CERD)*

In August 2016, the Committee on the Elimination of Racial Discrimination considered the combined 10<sup>th</sup> to 17<sup>th</sup> periodic reports of Sri Lanka, submitted in one document. It was the first time in 15 years that the Committee considered a periodic report of Sri Lanka. The Committee welcomed the adoption of legislation to establish the Office on Missing Persons, the steps taken to advance Sri Lanka's commitments through the co-sponsorship of the Human Rights Council Resolution 30/1 of 2015, the issuing of a standing invitation to special procedure mandate holders and recent facilitation of visits by mandate holders, the adoption of a trilingual policy in 2012 (10-year national plan for a trilingual Sri Lanka), efforts to

ensure public sector employees speak both Sinhala and Tamil, the adoption of the National Plan of Action for the Promotion and Protection of Human Rights 2011-2016 and the current consultations on the National Human Rights Action Plan for 2017-2021. The Government also approved a National Policy on Reconciliation and Coexistence in May 2017.

The Committee was concerned about reports of hate speech, incitement to violence and violent attacks, including riots, against minority groups and religious communities for which there seemed to be impunity as well as a lack of accountability. The Government informed the Committee that a statement was issued by the Cabinet of Ministers on combating hate speech and related activities, and that a police circular was issued on initiating and expediting investigations into incidents affecting religious harmony.

The Committee was concerned about the difficulties faced by minority groups in freely practising their right to freedom of religion. The Government has established an Inter-Religious Council to mediate between different religious and belief communities and to promote peaceful relations. The Committee also expressed concerns about the respective situations of Tamils of Indian origin, Adivasi people, internally displaced people, and minority women in war-affected areas, and recommended measures to address the challenges faced by these groups.

Though the situation has shown marked improvement since the end of the civil war, the economy in the affected areas, particularly the Northern Province, has been slow to recover. People living in former conflict areas continue to face difficulties with employment and effective access to public services. The Government has offered tax holidays to investors in these areas, but those incentives have not attracted significant capital investment. Investors report significant bureaucratic challenges in obtaining the necessary business permits. Problems are also related to the release of land that is still occupied by the military, as well as commercial activities of the military which crowd out local business and livelihood opportunities.

The Government has established a Ministry of Hill Country New Villages, Infrastructure and Community Development, and introduced a new National Plan of Action on Social Development of the Plantation Community (2016-2020). The Government has committed to provide title deeds for ownership of seven perches of land per household, and built 50,000 houses over five years. The Cabinet approved a Policy on Durable Solutions for the Displaced and Persons Affected by Conflict Displacement in August 2016.

The report by the Special Rapporteur on minority issues (January 2017) recommended that the Government establishes an independent commission on minorities under the Constitution in addition to specific policy interventions to address the needs of different minority groups, based on accurate and disaggregated data.

### *International Covenant on Civil and Political Rights (CCPR)*

The most recent review by the Human Rights Committee (HRC) dates back to November 2014. Sri Lanka's next country report was due on 31 October 2017. The HRC raised concerns related to, *inter alia*, the 18<sup>th</sup> Constitutional amendment, the Prevention of Terrorism Act, the situation of former combatants, enforced disappearances, torture and ill-treatment, freedom of expression and freedom of assembly and association in particular as concerns the Tamil minority. In its concluding observations on 27 January 2017, the Committee against Torture also expressed serious concern in relation to the Prevention of Terrorism Act, enforced disappearances as well as fundamental legal safeguards.

Building on the recommendations of the reports of the High Commissioner and the OHCHR Investigation on Sri Lanka, the Government co-sponsored Human Rights Council Resolution 30/1 (2015) with recommendations on the judicial and non-judicial measures necessary to advance accountability and reconciliation. The resolution contains commitments by the Government to confront the past, end impunity, ensure justice, achieve reconciliation, and prevent the recurrence of human rights violations. In March 2017, Sri Lanka was given a further two years to implement the resolution.

In line with the Human Rights Committee's concluding observations, Sri Lanka repealed the 18<sup>th</sup> Amendment to the Constitution, and on 28 April 2015, passed the 19<sup>th</sup> Amendment to the Constitution. The 19<sup>th</sup> Amendment re-established a Constitutional Council which led to the reappointment and strengthening of independent oversight commissions, including the Elections Commission, the Public Service Commission, the National Police Commission, the Human Rights Commission of Sri Lanka, and the Commission to Investigate Allegations of Bribery or Corruption. The 19<sup>th</sup> Amendment also reintroduced a two-term limit on the office of the President.

The Prevention of Terrorism Act (PTA) is seen by many as legislation that permits human rights abuses and one that has disproportionately been used against minorities. The PTA has many problematic issues such as the definition of terrorism, administrative detention resulting in people being held for up to 15 years without legal due process, the permissibility of confessions often extracted through torture, prompt access to a lawyer, and the right to challenge the legality of detention. The lack of adequate legal safeguards under the PTA, such as access to a lawyer and confessions, is also an issue under normal criminal investigations. The Government has started a process of repealing and replacing the PTA with a Counter-Terrorism Act (CTA), and stated its commitment to ensure that the CTA is in line with international human rights law including CCPR and CAT. The process of drafting the legal framework for the CTA has been criticised by civil society for not being transparent and is an example of legislation that would have benefited from a review by the Human Rights Commission of Sri Lanka. In his preliminary findings following his visit to Sri Lanka in July 2017, the UN Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism stated that the current version of the draft CTA legal framework, while presenting some significant improvements, also contained a number of central flaws, many of which are related to the abovementioned fundamental legal safeguards.

The Government has also started a process of amending the Code of Criminal Procedure to ensure the right of detainees to have immediate access to a lawyer, which is also relevant for the CTA legal framework. An amendment, which was unsatisfactory in complying with international human rights norms, was tabled in Parliament in June 2017, but was challenged in court, and later withdrawn.

According to the Government there are no persons in administrative detention under the PTA as of 9 March 2017, and of the 91 persons still detained under the PTA, 77 are facing trial and 21 are in remand custody awaiting a final decision to be indicted or released. While some persons were arrested under the PTA in 2016, this has, according to the Government, not been the case in 2017.

Clarifying the fate of thousands of missing persons, most of whom went missing during and immediately after the end of the civil war, is also an essential element in truth-seeking, reconciliation and accountability. The Office on Missing Persons (OMP) Act was adopted by

Parliament on 11 August 2016. It was the first law on Sri Lanka's commitment to transitional justice. The OMP became operational on 15 September 2017. Sri Lanka has ratified the International Convention for the Protection of All Persons from Enforced Disappearance and has introduced a Bill in Parliament to incorporate it into national legislation. The Bill has been scheduled twice for approval by the Parliament, but was postponed on both occasions, the latest on 21 October 2017.

Freedom of expression improved notably after the January 2015 Presidential elections. Censorship in the form of website blocking was rolled back, and media self-censorship went down. Freedom of movement for journalists improved. Threats against journalists have diminished, although some incidents were reported in 2016 and 2017. Moves to introduce a Media Standards Act and to establish an Independent Council to monitor the implementation of that Act are of concern. According to the draft law, the Supreme Court can order a journalist to reveal sources on grounds of national security. There are also reports of incidents of surveillance and harassment of civil society actors and human rights defenders, particularly in the North, including people protesting about land returns and missing persons.

Sri Lanka voted in favour of the UN General Assembly resolution on a universal moratorium on the death penalty in 2016, and is a *de facto* abolitionist state, although the death penalty remains in the statute books and death sentence convictions continue.

#### *International Covenant on Economic, Social and Cultural Rights (CESCR)*

In June 2017, the Committee on Economic, Social and Cultural Rights considered Sri Lanka's 5<sup>th</sup> periodic report. The Committee welcomed efforts to promote the implementation of economic, social and cultural rights, including the successive National Human Rights Action Plans covering the periods of 2011-2016 and 2017-2021, the National Policy on Durable Solutions for Conflict-Affected Displacement in 2016, the establishment of the Ministry of Hill Country New Villages, Infrastructure and Community Development in 2015, and the decision to sing the national anthem in Sinhala and Tamil on Independence Day for the first time since the early 1950s. The Committee recommended expediting the constitutional reform process, including the adoption of a comprehensive Bill of Rights that fully incorporates economic, social, and cultural rights.

Sri Lanka has achieved, although with regional disparities, most Millennium Development Goals (MDGs), particularly with regard to poverty reduction, health, and environmental sustainability. Primary school coverage is nearly universal, while secondary and tertiary enrolment has substantially increased. Maternal and infant mortality rates are at very low levels and life expectancy is at 74 years. Sri Lanka was ranked 73<sup>rd</sup> in the Human Development Index in 2015.

Land release is a key issue for reconciliation and long-term peacebuilding efforts. The Committee expressed concerns that, although significant areas of land have been released since 2015, the military still controls substantial areas of private and state land in the North and East and continues to engage in commercial activities deriving from control of this land. While the military continues to release land, it is yet to present a release plan with benchmarks and timelines. According to the Government, land release from 1 January 2017 to 31 August 2017 by all branches of the military in the Northern and Eastern Provinces amounted to 4,894 acres, most of which is state-owned land, bringing the total of land released since May 2009 to 81,908 acres (of which 70% is state-owned).



The Committee expressed concerns that a comprehensive anti-discrimination law has not yet been adopted and also recommended that Sri Lanka amends the Penal Code with a view to decriminalizing consensual same-sex conduct.

*Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)*

In February 2017, the Committee on the Elimination of Discrimination against Women considered the 8<sup>th</sup> report of Sri Lanka. It welcomed positive developments, including: the Amendment of the Local Government Elections Act to include a 25% quota for women elected in office in Local Government bodies; the finalisation of the National Human Rights Action Plan (2017-2021), which contains a separate chapter on the protection and promotion of women's rights; the adoption of the National Strategic Plan to Monitor and Combat Human Trafficking; and the adoption of the Policy Framework and National Plan of Action to address Sexual and Gender-Based Violence (2016-2020).

Cabinet has approved a proposal to establish an Independent National Commission on Women, a policy on Women-Headed Households, and the establishment of Gender Mainstreaming Programmes and Coordinating Officers in each Ministry (2017).

The Committee remained concerned that the existing domestic legal framework is not sufficiently comprehensive to ensure women's exercise of all rights enshrined in CEDAW and drew attention to discriminatory provisions in several laws, including the Muslim Personal Law, Thesavalamai law, Kandyan Law, and the Land Development Ordinance. According to the Committee, the legislation contains discriminatory provisions regulating ownership, inheritance, transfer and disposal of land and property, as well as provisions regulating legal capacity, marriage, divorce, and child custody. The Committee was also concerned that the Muslim Marriage and Divorce Act (MMDA) did not specify a minimum age of marriage, and girls under 12 years were permitted to marry.

The minimum age for marriage in Sri Lanka is 18 years for all citizens. However, Article 16(1) in the Fundamental Rights chapter of the 1978 Constitution provides an exception allowing for certain communities to keep their laws, such as the MMDA. Human rights groups and women's groups argue that Article 16 needs to be abolished, and all women should be protected by the minimum age for marriage stipulated in the constitution. In October 2016, the Government appointed a new Committee to review the MMDA (a Committee was already in place in 2009, but did not submit any proposals to reform the MMDA). The Committee has recommended Sri Lanka to prepare a unified family code, guaranteeing equal rights for men and women and increasing the minimum age of marriage for all women to 18 years of age.

The prevalence of violence against women is said to be high and widespread, cutting across class, ethnicity, and religion, but is drastically underreported. Proposals to strengthen the Domestic Violence Act, to decriminalise abortion, and to allow the medical termination of pregnancies in specific circumstances have now reached the Prime Minister's office.

In order to promote women's participation in political and public life, the Government amended the Local Authorities Election Act to include a 25% quota for women elected to local government office, while a similar quota for women's representation in parliament is under discussion. The Government also approved, in 2016, a proposal to amend the Provincial Councils Elections Act to enact a (minimum) 25% quota for women on political parties' nomination papers for each province.

The Committee also drew attention to the low level of women's participation in the labour market and the high unemployment rate among women.

*Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT)*

In November 2016, the Committee against Torture considered the 5<sup>th</sup> periodic report of Sri Lanka. The Committee welcomed the ratification of the Convention for the Protection of All Persons from Enforced Disappearance, other legislative and normative measures previously mentioned in this report, and the standing invitation to the special procedures of the Human Rights Council. The Committee regretted that recommendations identified for follow-up had not been implemented, namely accountability for past violations, investigation of torture allegations, fundamental legal safeguards and forced confessions.

The Committee expressed serious concern about consistent reports indicating that torture is a common practice in normal criminal investigations, as observed by the Special Rapporteur on torture following his visit to Sri Lanka in 2016. The Committee also expressed concern about several instances of deaths in police custody under suspicious circumstances, and the insufficient amount of compensation awarded by the Supreme Court to victims of torture since 2011. The Ministry of Law and Order established a Committee to prevent torture and to monitor incidents, following the visit of the Special Rapporteur, in July 2016. This Committee requires police to forward monthly reports on cases of torture reported to the police, provides tools and mechanisms to enhance capacities for scientific investigation to prove cases of torture, provides suggestions and recommendations to improve the skills of investigation officers and oversees the implementation of a monitoring mechanism to prevent torture. The Government states that there is a 'zero tolerance' policy on the use of torture and the President, as well as the Commanders of the different armed forces have issued instructions to their personnel that strict actions will be taken against human rights violations, and that all persons detained are to be treated humanely. According to the Government, since the Committee issued its concluding observations, 41 police officers have been convicted for acts of torture (50 cases are pending) and 33 have faced disciplinary actions (100 cases pending).

The Committee expressed serious concern about the failure to carry out an institutional reform of the security sector. The Committee was also deeply concerned that, according to numerous reports from the UN and non-governmental sources, impunity prevails in most cases of torture. The Committee recommended that a body independent of the police hierarchy be established to investigate complaints against law enforcement officers. According to the Human Rights Commission of Sri Lanka, it has access to places of detention and receives on average 350-400 complaints per year related to torture. Arrests under the PTA are reported to the Commission within 48 hours. Furthermore, according to the Government, the National Police Commission, an independent body outside the police force, can receive and investigate complaints from the public. However, greater awareness is needed regarding this redress possibility.

There have recently been cases in which the judiciary has taken more resolute action. The Court of Appeal Decision condemning incidents of torture of persons in police custody in Puttalam resulted in a police circular issued on 25 July 2017 to all police stations, divisions and units. This circular instructed investigations to be conducted in line with the decision's guidelines, when a complaint of torture is received by the police. In June 2017, the Supreme Court ordered the State to pay a total of Rs. 2 million (approximately EUR 11,400) to the parents of two men who disappeared while in custody of the Batticaloa police. The Court also ordered the officer-in-charge of the police station to pay a fine to the petitioners "for having failed to provide equal protection of the law to their missing sons who were subject to torture".



The Committee expressed alarm at the preliminary assessment of the Special Rapporteur on torture following his visit to Sri Lanka that the conditions of detention in prisons and detention facilities, in particular those of the Terrorist Investigation Division, could amount to cruel, inhuman and degrading treatment. The Government plans to adopt new legislation on Prisons Administration; the draft Bill was approved by Cabinet in August 2016. A taskforce on Judicial Causes for Prison Overcrowding was to present its report to Parliament in March 2017. In a 2017 report on prison congestion, the Government estimates the total congestion percentage to be 153% as per the population of the year 2015. In the same report, the Government recognizes that prison congestion is an obstacle to fulfilling the basic human needs of detainees, and sets out its plans on prison relocation (new constructions), use of drug addict rehabilitation centres and strengthening the community-based correction systems.

### *Convention on the Rights of the Child (CRC)*

The latest Concluding Observations on Sri Lanka's implementation of the Convention date back to 2010. Sri Lanka submitted its 5<sup>th</sup> and 6<sup>th</sup> periodic country reports on 8 June 2016.

Overall the Government is committed to the implementation of the CRC. The reform of the juvenile justice system has been an issue of longstanding concern. The Government has prepared a Children Judicial Protection Bill, which is currently being vetted by the Attorney-General's office. The Bill provides for the best interests of the child to be given predominant consideration in all matters concerning the child, and defines a child as a person below 18 years. The Bill does not repeal Part III of the Children and Young Persons Ordinance applicable to children in Remand Homes, Approved Schools and Certified Schools, thus not addressing systemic issues in juvenile justice.

The Government has developed and adopted the National Plan of Action (NPA) for Children (2016-2021), which covers child protection, early childhood development, health, education, water supply and sanitation sector plans for children, including monitoring and evaluation. However, the NPA was approved by the Cabinet without any reference to a budget for its implementation. Child labour was considerably reduced from 12% to 2%. In 2016, the Government re-established the Monitoring Committee on Children's Rights and recently mapped child protection systems. Whilst the draft Children Judicial Protection Bill is not yet enacted, the judiciary, based on a Government decree, applies the age of 12 years for criminal responsibility.

Ending violence against children is high on the national agenda. Sri Lanka launched the National Partnership to End Violence against Children in Sri Lanka and, as a first step, set up a Secretariat to oversee the establishment and management of the National Partnership through the Ministry of Women and Child Affairs.

Sri Lanka's legislative framework on child trafficking is consistent with international standards, although law enforcement is weak. Sri Lanka is mainly a source country for forced labour and sex trafficking, and is on the Tier 2 watch list for the 4<sup>th</sup> consecutive year due to lack of overall improvement in its anti-trafficking efforts. In 2015, more than 12,000 child abuse cases were recorded by the National Child Protection Authority (NCPA). There is limited information on commercial sexual exploitation of children; data collection is ongoing in six districts as part of a study by the ILO at the request of the NCPA.

## Future actions and priorities

The Government is working towards a new Constitution which it expects to pass in Parliament and, potentially, put to a referendum in 2018. Constitutional reform should offer the opportunity to address some of the root causes that led to the civil war and ensure that the rights of all citizens are protected, including social, cultural and economic rights. Since Sri Lanka has finalised its National Action Plan for the Promotion and Protection of Human Rights 2017-2022, its implementation should commence soon. Following the operationalisation of the Office on Missing Persons (OMP), the Government will start establishing some of the other mechanisms recommended in the report of the Office of the High Commissioner for Human Rights, such as a Commission for truth, justice, reconciliation and non-recurrence, and the Office for Reparations.

## Conclusions

*Sri Lanka has made some progress on human rights in the past two years. It has restored the independence of key oversight institutions. There has been a significant opening of democratic and civil society space. A process of constitutional reform, including a Bill of Rights, has started, and action is underway towards accountability for enforced disappearances. A national human rights action plan has been prepared. Furthermore, women will have a larger stake in local governments. A National Plan of Action for Children has been adopted, and reform of the juvenile justice system is being prepared.*

*The Government is engaged with the UN system. With the co-sponsorship of UNHRC Resolution 30/1, Sri Lanka has made far-reaching commitments on promoting reconciliation, accountability and human rights. Nevertheless, according to UN reports, relevant reforms have stalled or slowed down considerably. Measures taken so far to fulfil Sri Lanka's transitional justice commitments have brought insufficient progress, including bringing perpetrators of war crimes to justice and resolving longstanding 'emblematic cases'.*

*The Government has to urgently deliver on a number of important reforms that are of direct relevance for the effective implementation of the human rights conventions listed in the GSP+ Regulation. The Prevention of Terrorism Act (PTA) must be repealed and if needed replaced by legislation that is fully in line with international human rights law, including CCPR and CAT. The Code of Criminal Procedures Act needs to be amended to ensure fundamental legal safeguards. The Government should ensure that alleged torture by the police and security forces comes to an end, that perpetrators are brought to justice and that its policy of zero-tolerance to the use of torture is implemented. This is essential in addressing reports of prevalent impunity in most cases of torture.*

*The operationalisation of the Office on Missing Persons (OMP) is welcome and should deliver truth and accountability to the families of those that disappeared during and at the end of the armed conflict. The OMP needs to be equipped with the necessary resources and capabilities to fully carry out its functions and mandate. Transposing the Convention on Enforced Disappearances into national law will contribute to this process. Whilst progress has been made in the return of land in the former conflict areas, the Government should speed up this process.*

*The Government should, in line with recommendations from the UN Treaty Bodies, actively take forward the Children (Judicial Protection) Bill, provisions on the minimum age of marriage, the amendments to the Land Development Ordinance and other laws that discriminate against women. The Government should take steps to amend laws that discriminate against Sri Lankans from the LGBTIQ community.*

*The Government should increase public transparency and consultation on legislation being prepared and in this respect, should pro-actively and consistently consult the Human Rights Commission of Sri Lanka on all draft legislation within the remit of the Commission's mandate.*

## **2.2. ILO Labour Rights Conventions (Conventions 8-15)**

### **Status of ratification and reporting**

Sri Lanka maintains the ratification of all eight ILO fundamental conventions relevant to the GSP+. All outstanding reports were submitted to the ILO in August 2017. Nevertheless, efforts should be sustained to improve the quality and speed of the reporting, including through strengthening of the administrative capacities of responsible bodies.

### **Status of implementation of the conventions**

Sri Lanka has a relatively small labour market involving 8.3 million economically active persons, of whom 7.9 million are employed. Out of a population of over 16 million over the age of 14, this reflects a low labour market participation rate of barely over 50%. An estimated 66% of all employed people engage in informal work. Informal sector workers are not covered by any wage board and thus only earn the new (and lower) nationwide minimum wage. Labour market participation of women is very low; at 35.9% it is significantly lower than that of men (75.1%). Around 1.8 million Sri Lankans, mainly unskilled, work abroad, often in the Middle East. Remittances from migrant workers of about USD 7 billion per year make up the largest source of foreign exchange.

Labour legislation has been consolidated in a labour code. A labour legislation gap analysis has led to amendments related to compensation for occupational injuries, use of contract workers, maternity benefits and night work for women. It is essential to sustain the efforts in addressing the remaining gaps, including with the social partners. Regarding key outstanding labour legislation shortcomings, there is a need to (1) ensure access to judicial complaints in

cases of anti-union discrimination and unfair union practices, in particular related to the exercise of strike, (2) ensure the collective bargaining mandate in cases when the required representation threshold of 40% is not reached, and (3) align the minimum age for trade union membership with the minimum age for employment.

A policy framework is in place for the elimination of child labour in Sri Lanka. The National Child Protection Authority is carrying out programmes on combating sexual exploitation of children in tourism. Legislative and non-legislative measures have been taken to improve gender equality in employment. Nevertheless, the protection against discrimination is only guaranteed at the level of the Constitution and should cover all aspects of employment and occupation. The Government has expressed the commitment to address this issue.

#### *Freedom of Association and Collective Bargaining (Conventions 87 and 98)*

Following the observations made by the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR), Sri Lanka is planning to address the discrepancy between the minimum age for employment set at 14 years and the minimum age set for trade union membership at 16 years. Furthermore, the Government is committed to increase the legal working age to 16 years to ensure consistency with the age for compulsory education, which was raised to 16 years in 2016.

In the past, the CEACR noted difficulties with regard to the exercise of workers' rights to organise and collective bargaining, and access of labour inspectors to Economic Processing Zones (EPZs). Among the key observations was the need to take all the necessary measures to ensure a safe climate for the development of a free and independent trade union environment. There has been some progress in this regard. According to the Government, access of labour inspectors to EPZs is granted and capacity building is planned for industrial relations officers and police officers to better identify and manage the situations in cases of demonstrations and strikes.

Further actions are also required to ensure adequate protection against the acts of anti-union discrimination. The CEACR has requested Sri Lanka to ensure the effectiveness and expeditiousness of the procedures of unfair labour practices, which encompass the acts of anti-union discrimination, and to take the necessary measures to ensure that workers and trade unions can lodge a complaint before judicial courts. In addition, considering the backlogs in judicial processes, the use of out-of-court settlement mechanisms should be encouraged. The extent of the application of compulsory arbitration and limiting recourse to this mechanism, in line with the ILO conventions, need to be clarified.

The CEACR found that the high minimum requirement for trade union representativeness of 40% to negotiate collective agreements remained a concern. The CEARC recommended that in case where such a share of representativeness cannot be achieved, trade unions should either be given the possibility of forming a grouping to achieve the required representation or to nevertheless negotiate on behalf of their members. These amendments are needed to secure and promote the full development and utilisation of collective bargaining.

With ILO support, a gap analysis of labour legislation in relation to the ILO Conventions has been carried out. This has resulted in the National Labour Advisory Council, which works as a national tripartite consultative mechanism, to propose amendments related to: (1) increase the compensation in cases of occupational injuries, (2) prohibit contract workers for core business, and (3) amend legislation on maternity benefits and night work for women with a

view to align with international conventions. It is essential to sustain the efforts in addressing the remaining gaps, including with the social partners.

#### *Abolition of Forced Labour (Conventions 29 and 105)*

National legislation prohibits all forms of forced and compulsory labour and the policy on prison labour requires that those prisoners willing to work are compensated for their work. The shortcomings regarding the implementation of the ILO conventions on forced labour relate mainly to trafficking in persons, including labour exploitation. Migrant workers are also in a vulnerable situation and there have been concerns over reported abusive practices and working conditions of Sri Lankan migrant workers abroad. The CEACR requested Sri Lanka to ensure that the perpetrators of human trafficking are subject to effective investigation and prosecution, and that penalties are adequate and effective. Some limited progress has been made in this area. Specialised anti-trafficking investigation units and shelters for human trafficking and domestic violence victims have been established in 2016. In addition, a special unit to investigate human trafficking was set up at the Sri Lanka Bureau of Foreign Employment.

Another concern relates to sanctions imposing compulsory labour. According to the ILO conventions no such punishment should be applied to cases of peaceful participation in a strike or for holding or expressing political and ideological views. However, compulsory labour can be imposed under the PTA, and concerns have been raised about sanctions imposing compulsory labour for participation in strikes in essential services under the Industrial Disputes Act. According to the Government, no imprisonment was imposed for expressing political views or for the mere participation in a strike. The Government has also indicated that it would consider measures in order to further ensure that no such sanctions are imposed, including legislative amendments.

Sri Lanka recently ratified the ILO Maritime Labour Convention and the Seafarers' Identity Documents Convention, which are important steps in combatting forced or compulsory labour. The authorities also consider ratification of the ILO Protocol 29 and intend to prepare a roadmap to do so, thus linking forced or compulsory labour with human trafficking.

#### *Minimum Age for Work and Worst Forms of Child Labour (Conventions 138 and 182)*

There has been a significant decrease in child labour in Sri Lanka. According to the Sri Lanka Child Activity Survey 2016, children engaged in child labour represent 1% of the total child population (43,714 children). Therefore, it is important to sustain the efforts on the elimination of child labour, including the engagement of children in hazardous work.

There is a National Policy on Elimination of Child Labour to eliminate child labour in Sri Lanka, in particular its worst forms. In addition, Sri Lanka intends to increase the legal working age from 14 to 16 years. Nevertheless, there are some outstanding legislative gaps on hazardous forms of child labour. Current legislation identifies 51 occupations and working conditions, but no activities which fall into the category of hazardous labour. Furthermore, there is no specification of hours of work for different age groups, the maximum weight a child can carry, the maximum height to which a child can ascend and prescribed leisure hours. In order to respond to these issues, a committee has been appointed by the Department of Labour which will be responsible for reviewing the list of hazardous work occupations.



To address the issue of sexual exploitation of children for prostitution, the National Child Protection Authority has engaged in programmes to fight child sex tourism, including through trainings and awareness raising activities. The CEACR has urged Sri Lanka to strengthen its efforts to combat child sex tourism and to ensure that the perpetrators are brought to justice.

Children working in the informal sector remain out of the scope of legal protection. In 2017, the CEACR recalled that Sri Lanka should take further effective measures to strengthen the capacity and expand the reach of the labour inspectorate to better monitor children working in the informal economy. The National Policy on Elimination of Child Labour sets out a specific policy implementation strategy to enforce the outreach of labour inspection to the informal sector, including in rural areas.

### *Elimination of Discrimination (Conventions 100 and 111)*

The Constitution of Sri Lanka provides for the right to equality without discrimination on the basis of race, religion, language, caste, sex, political opinion, or place of birth. However, there is no special anti-discrimination law in place, including a law guaranteeing prohibition of discrimination with respect to employment and occupation. The CEACR expressed concerns about the absence of legislation ensuring equal remuneration for men and women for work of equal value. The absence of discrimination cases may also reflect the lack of an appropriate legal framework and practical difficulties of access to the procedures.

As already mentioned, the labour market participation of women remains very low, including in comparison with that of men. In 2016, it represented 35.9%, as compared to 75.1% for men. The authorities took some measures in the field of gender equality such as the adoption of a comprehensive National Plan of Action for Women and by including gender equality in employment in the National Action Plan for the Protection and Promotion of Human Rights. According to the Government, the Women's Commission Bill is pending adoption and the establishment of day care and child care centres is underway. The efforts already undertaken in this field should be sustained.

While there have been no outstanding issues reported on gender discrimination in recruitment in the public sector, the number of women in management roles remains limited. As the main language of work in the public sector is Sinhala, people belonging to minorities who are not fluent in the Sinhala language are still at a disadvantage.

### **Future actions and priorities**

Sri Lanka has shown good level of engagement and commitment to address some of the key issues related to the implementation of the ILO fundamental conventions. Particularly important is the fulfilment of reporting obligations to the ILO. On some of the most pertinent issues, the authorities consider actions. There are plans to recruit additional labour officers to improve labour inspection, in particular in the economic processing zones. On child labour, the list of hazardous occupations will be revised by a special body set up for this purpose. Sri Lanka is also considering developing a roadmap for ratification of the Protocol to ILO Convention 29 on forced labour. Furthermore, the authorities have indicated that they are considering options to lower the representativeness requirement of 40% to negotiate collective agreements. Less commitment has been expressed for measures which would ensure that compulsory labour is not imposed as a penalty for peaceful participation in strikes or expressing political opinions, and for the introduction of special anti-discrimination legislation. It is paramount that the aspirations for reforms are sustained and that commitments materialise.

## **Conclusions**

*The most pertinent challenges with regard to the implementation of core labour standards relate to the exercise of freedom of association and collective bargaining, in particular with regards to representativeness and access to judicial remedies. There have been improvements in access of labour inspectors to the EPZs. Adequate protection against the acts of anti-union discrimination needs to be ensured and measures need to be taken to ensure that workers and trade unions can lodge a complaint in court.*

*The excessively high threshold of 40% for trade union representativeness necessary for collective bargaining should also be lowered.*

*Sri Lanka raised the age of compulsory education and is currently working to increase the legal working age to 16 years. The policy framework on child labour is in place and a special body for revising the list of hazardous occupations has been established. Some further actions have been taken to raise awareness and address child sex tourism. While forced labour is prohibited, legal gaps remain with prison sentences imposing compulsory labour for participation in strikes and expressing political views. Despite the Government's assurances that such cases do not occur in practice, it has indicated that amending the legislation may be considered. Some actions have been taken to investigate human trafficking.*

*Enforcement of legislation, including thorough investigation and prosecution, needs to be ensured.*

*While non-discrimination is guaranteed by the Constitution, adequate anti-discrimination legislation should be introduced to ensure protection from discrimination in employment and occupation, including guaranteeing the principle of equal remuneration for men and women for work of equal value. Further measures to improve the protection and labour market participation of women would be an important step towards equality in employment.*

*Finally, compliance with the reporting obligations should be sustained, including through strengthening administrative capacities.*

## **2.3. UN Conventions on Environmental Protection and Climate Change (Conventions 16-23)**

### **Status of ratification and reporting**

Sri Lanka maintains ratification of all conventions and is up-to-date on reporting requirements, except for the UNFCCC and the Cartagena Protocol.

## Status of implementation of the conventions

### *Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)*

Sri Lanka is currently a Category 3 country, meaning that the country has "legislation that is believed generally not to meet requirements for the implementation of CITES". Sri Lanka acknowledges that current legislation is insufficient to meet the requirements of CITES and is working on amending its legislation in order to be placed in category 1 ("legislation that is believed generally to meet the requirements for implementation of CITES"). Sri Lanka has also submitted a timeline for this work, but has not been able to maintain it. The CITES Secretariat expects that Sri Lanka will provide it with an update before mid-September 2017. According to the Government the necessary enacting legislation is being taken forward, including a public consultation.

Sri Lanka has become an advocate for the anti-poaching cause in the region, being the first South Asian nation to publicly destroy ivory obtained through elephant poaching. It is now the 16<sup>th</sup> country in the world to destroy confiscated elephant tusks so that they cannot be traded on the black market.

### *Basel Convention*

Import and transit of waste is restricted, and export is carried out under convention provisions, although no specific export restrictions exist. Sri Lanka has no facilities for hazardous waste disposal. The Government established a public-private partnership to set up the National Corporate E-waste Management Programme. The Central Environmental Authority (CEA) regulates waste; requires a license for all discharge, emission and deposit of waste requires local authorities to enforce the prohibition of unauthorised waste disposal, and regulates waste sites. A National Coordination Committee supported by the Basel Convention was created allowing all amendments to the Basel Convention to be ratified. The Government is working on developing a Hazardous Waste Management Policy.

### *Convention on Biological Diversity (CBD)*

In 2014, Sri Lanka has submitted its 5<sup>th</sup> National Report to the Convention and has formulated a National Biodiversity Strategic Action Plan (2016-2020).

There are various causes of biodiversity loss in Sri Lanka, including Sri Lanka's increasing population and dense human habitation of certain parts of the country (particularly the wet zone); pollution, for example due to the use of agro-chemicals; lack of solid waste management; overexploitation of fish, introduction of invasive alien species and human-wildlife conflict; and climate change impacts.<sup>1</sup> Infrastructure development also poses a serious threat to Sri Lanka's biodiversity. However, ecotourism is a specific attraction for visitors to the country, and the authorities are confronted with how to integrate biodiversity considerations in infrastructure projects. The Government has recently designated further marine areas and wetlands as protection areas. The Government takes due account of the importance of Sri Lanka as a biodiversity hot-spot, but noted that there still is very little research on species identification.

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<sup>1</sup> <https://www.cbd.int/doc/world/lk/lk-nbsap-v2-en.pdf>. From p. 59 onwards

### *Stockholm Convention on Persistent Organic Pollutants*

The submission of three updates (2012, 2014 and 2016) of the NIP is still pending. Sri Lanka submitted the three required national reports on implementation in accordance with the schedule. Sri Lanka drafted a National Implementation Plan under the Stockholm Convention on POPs, under the guidance of GEF/UNEP.

### *Cartagena Protocol on Biosafety*

From 2003 to 2005, there was a UNEP/GEF funded National Biosafety Framework Development Project for Sri Lanka in place.<sup>2</sup> Sri Lanka is currently in the very initial planning stage of the implementation of the National Biosafety Framework in accordance with the Cartagena Protocol.

### *Conventions on Climate Change*

Sri Lanka has ratified the Montreal Protocol, and is up-to-date on reporting. The National Environmental Act established the Central Environmental Authority (CEA) with the power to specify air quality standards, emission standards and maximum atmospheric conditions. Sri Lanka also established the National Ozone Unit to oversee reduction measures and report chlorofluorocarbon emissions to the Climate Change Secretariat at the Ministry of Development and Environment.

Sri Lanka has not yet ratified the October 2016 Kigali Amendment to the Montreal Protocol, which seeks to cut the production and consumption of hydrofluorocarbons (HFCs). Sri Lanka's Cabinet of Ministers has approved the decision of the President to appoint a committee to take the necessary action for ratifying the amendment and expects to submit the ratification to the registrar in November 2017.<sup>3</sup>

In order to fulfil commitments under the Convention and the Kyoto protocol, the Ministry of Development and Environment, which is the national focal point for the Convention, established a Climate Change Secretariat, and a National Advisory Committee on Climate Change. Sri Lanka adopted a National Climate Change Adaptation Strategy (2011-2016), a National Climate Change Policy (2012), and a subsequent National Adaptation Plan for Climate Change Impacts (2016-2025). In 2012, Sri Lanka submitted its Second National Communication on Climate Change.<sup>4</sup>

Sri Lanka submitted an improved version of its Intended Nationally Determined Contribution (INDC) in April 2015, at the time of signing the Paris Agreement. The INDC will be implemented under the guidance of the Climate Change Commission of Sri Lanka, in coordination with relevant ministries. The readiness phase till 2020 is to prepare for the full-scale implementation of the INDC in order to achieve the set greenhouse gas emission reduction targets by 2030.

Sri Lanka's challenge lies in that climate change vulnerabilities cut across many sectors, which are linked to existing development disparities and problems, as well as resource

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<sup>2</sup> [http://unep.ch/biosafety/old\\_site/development/countryreports/LKNBFrep.pdf](http://unep.ch/biosafety/old_site/development/countryreports/LKNBFrep.pdf)

<sup>3</sup> <https://www.dgi.gov.lk/news/cabinet-decisions/1270-decisions-taken-by-the-cabinet-of-ministers-at-its-meeting-held-on-13-06-2017>

<sup>4</sup> [http://unfccc.int/essential\\_background/library/items/3599.php?rec=j&preref=7647#beg](http://unfccc.int/essential_background/library/items/3599.php?rec=j&preref=7647#beg)

mobilization for adaptation action. Further mainstreaming of climate change adaptation into national planning is needed in order not to hamper the development drive and the sustainability of current achievements.

## **Conclusions**

*Sri Lanka's commitment to the implementation of the environment and climate change conventions is noteworthy. The main challenges lie in how to address issues of capacity, accountability and management, in addition to public education and awareness. Sri Lanka is working on improving its legislation to meet the requirements for the implementation of CITES, and is encouraged to improve its implementation of the National Biosafety Framework in accordance with the Cartagena Protocol.*

## **2.4. UN Conventions on Good Governance (Conventions 24-27)**

### **Status of ratification and reporting**

Sri Lanka maintains ratification of the conventions fighting illegal drugs and is up to date on reporting obligations under these conventions.

Sri Lanka maintains ratification of the Convention against Corruption and is in its second review cycle. The country visit for the review of Sri Lanka's implementation of Chapters II and V of the Convention took place in Colombo from 29-31 March 2017. The report of this review has not yet been made public.

### **Status of implementation of the conventions**

#### *UN Conventions Fighting Illegal Drugs*

Sri Lanka has a small but ever increasing drug problem and narcotics continue to be smuggled into Sri Lanka on a large scale via sea routes from South India and from Pakistan, thus creating the risk of the county becoming a transit country for drug smuggling. The Government remains committed to targeting drug traffickers and implementing nationwide demand reduction programs.

Since 2015, Sri Lanka has become a major regional player in the field of prevention of illicit traffic in narcotic drugs, and considerable progress is seen in interdictions and seizures of narcotic drugs by Sri Lankan authorities. In 2016 there was a major increase in seizures of cocaine. Seizure data for the first half of 2016 indicated a sharp increase over the same period of the previous year. Indeed, 2016 has been a major success story for drug enforcement in Sri Lanka as the Police Narcotics Bureau with the support of the other law enforcement agencies seized over 1,550 kg of cocaine. As a result Sri Lanka holds the record for the largest quantity of seizures of cocaine and heroin in the whole of South Asia. On 30 March 2017, the Police Narcotics Bureau and the Sri Lanka Navy, in a joint operation at sea, seized 101 kg of heroin, which is the largest seizure of heroin in a maritime operation by an Indian Ocean island state.

The INCB annual report was launched in Colombo on 2 March 2016 in collaboration with the National Dangerous Drugs Control Board. Sri Lanka also takes an active role in regional cooperation. In October 2016, the Government and the United Nations Office on Drugs and Crime (UNODC) co-hosted the last High Level Meeting of Interior Ministers of the Indian Ocean Region to Counter Drug Trafficking in Sri Lanka.



President Sirisena appointed a Special Presidential Task Force for the recovery of illegally acquired state assets. This task force was also given the task of drafting crime legislation in relation to drug trafficking. The UNODC is currently working on a project to support the drafting process.

### *UN Convention against Corruption (UNCAC)*

Sri Lanka is the first country in South Asia and the second country globally to have signed the United Nations Convention against Corruption (UNCAC).

The current government and the President came to power in 2015 on a good governance ticket, which primarily focussed on getting rid of corruption by carrying out investigations of past cases and putting in place systems that would deter corruption in the future. In this context the passing of the 19<sup>th</sup> amendment to the Constitution enabled the Government to set up nine independent commissions, including the Commission to Investigate Allegations of Bribery or Corruption (CIABOC). The Constitution requires the Commission to take measures to fully implement the UNCAC in Sri Lanka.

CIABOC has the power to file its own motions (not just following complaints), an indication of the Commission's independence. However, the Commission is yet to exercise this power. CIABOC reports that 27 cases have led to convictions in 2017 (compared to 20 in 2016) and there are around 60 cases pending in the courts. According to CIABOC it has in 2017 resolved 1,140 of the 1,710 complaints received. CIABOC reports that it is increasing its capacities and intends to recruit 200 additional investigators. Steps are also being taken to amend legislation that will allow the sharing of information between agencies and thus enhance coordination. In these respect, CIABOC is working with other countries and international partners.

At the same time there exists a vast network of organisations involved in the fight against corruption. This includes among others, the Presidential Commission of Inquiry to Investigate and Inquire into Serious Acts of Fraud, Corruption and Abuse of Power, State Resources and Privileges (PRECIFAC). The Presidential Task Force on Stolen Assets Recovery was established to recover stolen assets belonging to the State.

Sri Lanka joined the Open Government Partnership (OGP) in 2015, and thereafter developed a National Action Plan (NAP) through an inclusive consultative process, which witnessed community-based dialogues in all nine provinces of the country. The National Action Plan, approved by Cabinet, contained policy reform commitments in about nine different thematic areas of governance. The Government is to appoint a multi-stakeholder monitoring council comprising government officials, civil society, and the private sector representatives to monitor the implementation of the mandatory and non-mandatory recommendations of Sri Lanka's UNCAC Implementation Action Plan.

Sri Lanka's ranking in Transparency International's Corruption Perception Index was 95 out of 176 countries, meaning that it dropped 11 places compared to 2015 when it was ranked 83<sup>rd</sup> out of 167 countries.

## **Conclusions**

*Sri Lanka is taking the fight against illegal drugs trafficking seriously and has produced considerable improvement in drug interdictions and seizures since 2015. Similarly, efforts have been made to raise the awareness of society on the risks of drug taking, and on drug treatment and rehabilitation programmes. Sri Lanka should consider how coordination*

*efforts between involved agencies can be further improved. Improvements in digital forensic capacities, addressing the lack of judges in the High Court, and reducing prosecution bottlenecks at the Attorney General's Department would increase the effectiveness of Sri Lanka's anti-narcotics related activities. Sri Lanka should also reconsider the imposition of the death penalty for drug-related offences, which is not seen by the UN as a 'serious crime' in relation to the award of the death penalty, but also limits information sharing between Sri Lankan authorities and other counter-narcotics agencies.*

*Restoring the independence of the Commission to Investigate Allegations of Bribery or Corruption is welcome as are the plans to strengthen its capacities and information sharing possibilities. The number of agencies involved in corruption, bribery, money laundering etc. raises questions about effective coordination and use of resources in relation to ensuring prosecution and conviction of cases. Sri Lanka is encouraged to consider a more focused and concerted approach, with full political backing.*

### **3. Trade and Economy**

#### **3.1. Trade Picture**

The Sri Lankan economy grew by 4.4% in real terms during 2016 compared to a growth of 4.8% in 2015. The industrial sector grew by 6.7%, mainly driven by the construction sector, while services related activities grew by 4.2%, mainly due to the expansion of the financial services, insurance and telecommunications sectors. The growth in agriculture-related activities decreased by 4.2% in 2016, mainly due to the disruptions caused by floods in the second quarter and drought conditions during the final quarter of 2016.

Sri Lanka's overall trade grew by 12% between 2015 and 2016 to EUR 25.2 billion with an overall trade deficit of EUR 6.6 billion. In 2016, the EU was Sri Lanka's largest trading partner with almost 19% of the total (EUR 4.7 billion), ahead of India (16%), the USA (12%) and China (8%). The EU is by far Sri Lanka's main export destination with over 30% of the total (EUR 2.8 billion). This is followed by the USA (27%) and India (only 7%). In terms of imports, India dominates by far with almost 22%, followed by China and the EU (each around 12%).

The IMF was satisfied with Sri Lanka's fiscal and quantitative targets up to December 2016, and recognised that the Government's stepping up of revenue collections and automating revenue administration had contributed directly to achieving these initial fiscal targets.

For Sri Lanka to reach the status of an Upper Middle-Income Country, which it is currently aspiring to, it will have to strengthen its economy's competitiveness and ability to pursue an export-led growth model. The continuing fall in exports earnings represents a significant challenge. The 2017 budget showed little evidence that the Government had a strategy to address this problem.

Sri Lanka attracted a much lower volume of Foreign Direct Investment than competitors in the region. The faster implementation of reforms to privatise the state-owned enterprises, and measures to strengthen accountability, increase transparency, and improve the ease of doing business in Sri Lanka could make Sri Lanka more competitive.

### **3.2. GSP+ Statistics**

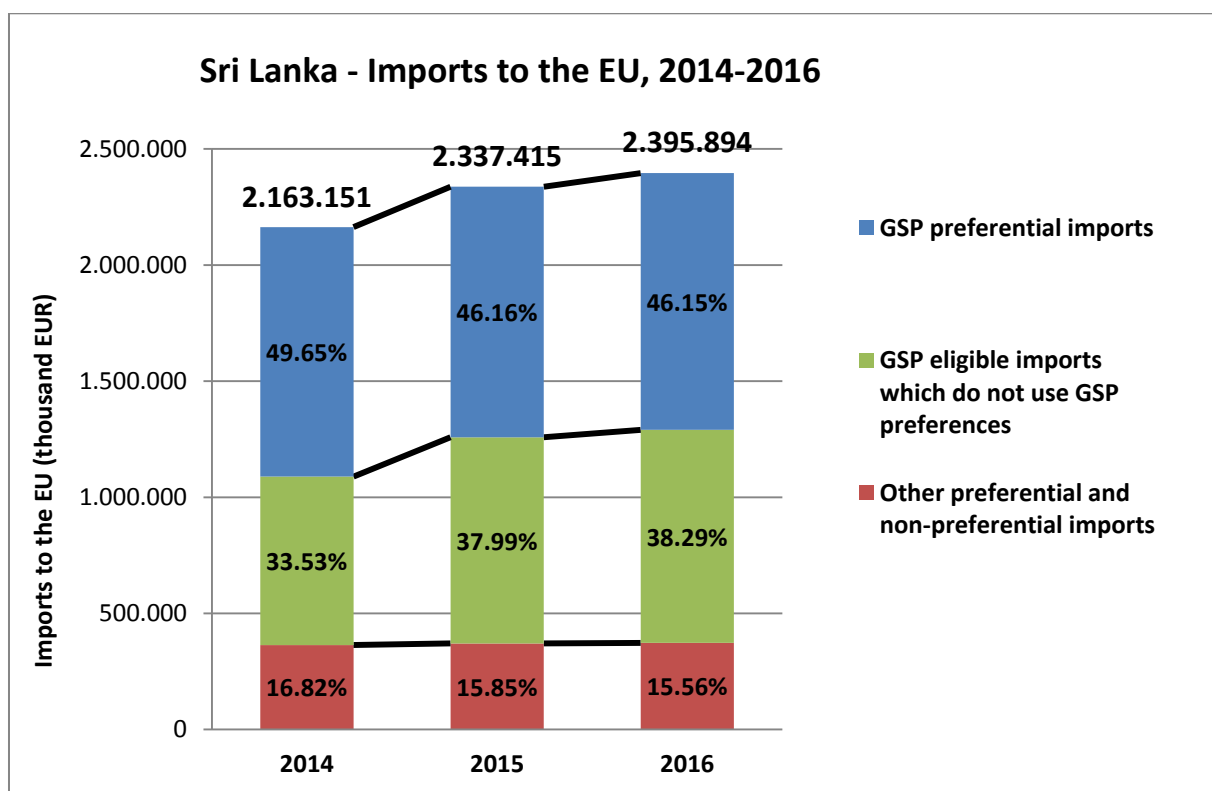
Figures 1-3 below describe Sri Lanka's utilisation of Standard GSP in the context of the EU's overall imports from Sri Lanka (Sri Lanka was awarded GSP+ from 19 May 2017). Sri Lankan exports to the EU are dominated by textile and clothing which amount to about 51% of the total GSP+ exports. Rubber accounts for a further 22%.

**Source for all statistics: Eurostat data as of September 2017.**

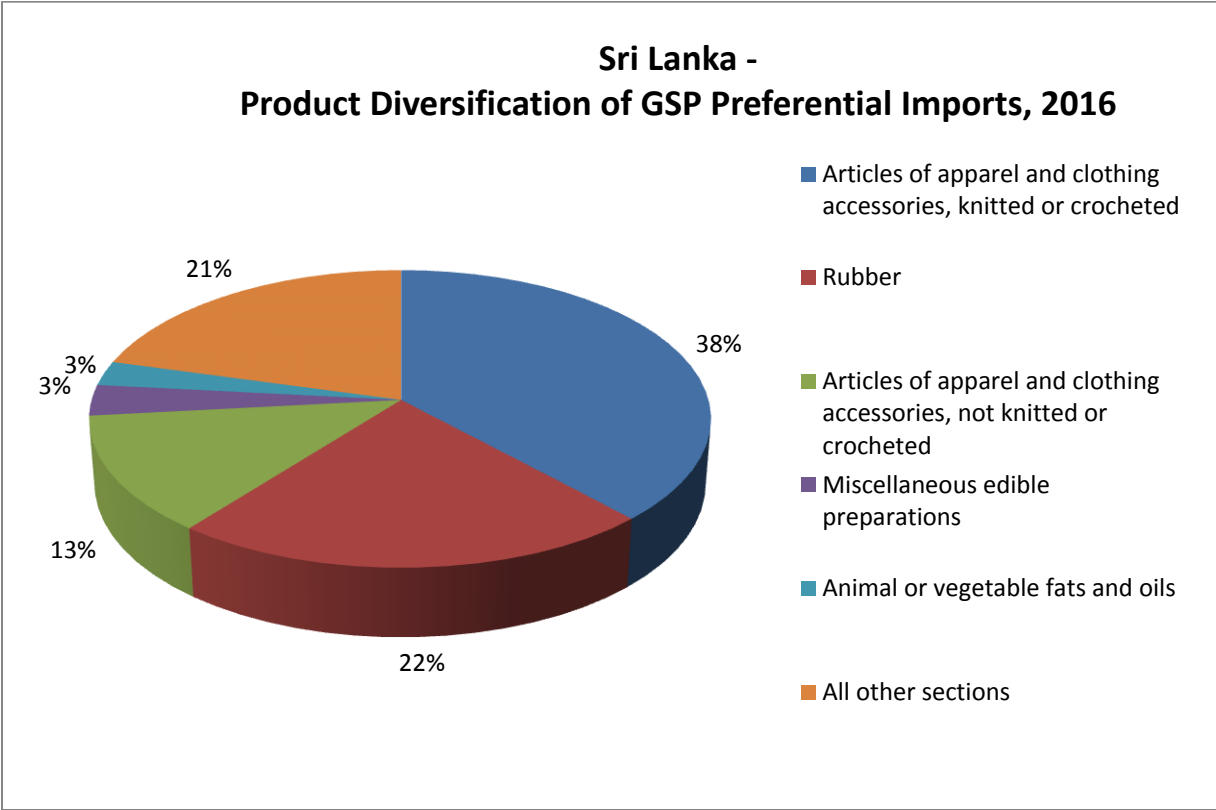
**Figure 1**

<b>Sri Lanka - Imports to the EU, 2014-2017</b>					
<i>Figures in thousand EUR</i>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 (Q1-2)</b>	<b>Trend 2014-2016</b>
<b>Total imports to EU</b>	2,163,151	2,337,415	2,395,894	1,308,441	10.8%
<b>GSP eligible imports</b>	1,799,337	1,966,849	2,022,993	1,118,348	12.4%
<b>GSP preferential imports</b>	1,073,969	1,078,955	1,105,615	608,288	2.9%
<b>GSP utilisation rate</b>	59.7%	54.9%	54.7%	54.4%	-8.4%

**Figure 2**



**Figure 3**





# ANNEX

## Sri Lanka – Treaty Ratification and Reporting

Convention	Status of ratification / reservations <sup>5</sup>	Compliance with reporting obligations to monitoring bodies
1. Convention on the Prevention and Punishment of the Crime of Genocide	Ratified No reservations	<b>No reporting obligations</b>
2. International Convention on the Elimination of All Forms of Racial Discrimination	Ratified: 18.02.1982 No reservations	<b>Compliant with reporting obligations</b> Last report submitted on 15.10.2015. Next report due on 20.03.2019.
3. International Covenant on Civil and Political Rights	Ratified: 11.06.1980 No reservations	<b>Compliant with reporting obligations</b> Last report submitted on 29.10.2012. Next report due on 31.10.2017.
4. International Covenant on Economic, Social and Cultural Rights	Ratified: 11.06.1980 No reservations	<b>Compliant with reporting obligations</b> Last report submitted on 07.10.2015. Next report due on 30.06.2022.
5. Convention on the Elimination of All Forms of Discrimination against Women	Ratified: 05.10.1981 No reservations	<b>Compliant with reporting obligations</b> Last report submitted on 30.14.2015. Next report due on 31.03.2021.
6. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment	Ratified: 03.01.1994 No reservations	<b>Compliant with reporting obligations</b> Last report submitted on 16.10.2015. Next report due on 07.12.2020.
7. Convention on the Rights of the Child	Ratified: 12.07.1991 No reservations	<b>Compliant with reporting obligations</b> Last report submitted on 08.06.2016.
8. Convention concerning Forced or Compulsory Labour, No. 29	Ratification: 1950	<b>Compliant with reporting obligations</b> Latest CEACR comments: Observation 2016; Direct Request 2016.
9. Convention concerning Freedom of Association and Protection of the Right to Organise, No. 87	Ratification: 1995	<b>Compliant with reporting obligations</b> Latest CEACR comments: Observation 2015; Direct Request 2015.
10. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No. 98	Ratification: 1972	<b>Compliant with reporting obligations</b> Latest CEACR comments: Observation 2016.
11. Convention concerning Equal Remuneration of Men	Ratification: 1993	<b>Compliant with reporting obligations</b>

<sup>5</sup> Reservations do not apply in the ILO system, so there is no relevance to providing information on reservations under each of these conventions.

and Women Workers for Work of Equal Value, No. 100		Latest CEACR comments: Observation 2014; Direct Request 2014.
12. Convention concerning the Abolition of Forced Labour, No. 105	Ratification: 2003	<b>Compliant with reporting obligations</b> Latest CEACR comments: Observation 2016; Direct Request 2016.
13. Convention concerning Discrimination in Respect of Employment and Occupation, No. 111	Ratification: 1998	<b>Compliant with reporting obligations</b> Latest CEACR comments: Observation 2014; Direct Request 2014.
14. Convention concerning Minimum Age for Admission to Employment, No. 138	Ratification: 2000	<b>Compliant with reporting obligations</b> Latest CEACR comments: Observation 2016.
15. Convention concerning Minimum Age for Admission to Employment, No. 182	Ratification: 2001	<b>Compliant with reporting obligations</b> Latest CEACR comments: Observation 2016; Direct Request 2016.
16. CITES	Accession: 04.05.1979 No reservations	<b>Compliance with reporting obligations</b> Last (2015 Annual) Report submitted on 21.09.2016. Annual Report for 2016 is due on 31.10.2017.
17. Montreal Protocol	Accession: 15.12.1989 No reservations	<b>Compliant with reporting obligations</b> Most recent data for 2016 was submitted.
18. Basel Convention	Ratification: 28.08.1992 No reservations	<b>Compliant with reporting obligations</b> Latest (2015 Annual) Report submitted on 14.03.2017.
19. Convention on Biological Diversity	Ratification: 21.06.1994 No reservations	<b>Compliant with reporting obligations</b> National Biodiversity Strategy and Action Plan updated on 17.10.2016. Fifth National Report submitted on 11.08.2014.
20. UN Framework Convention on Climate Change	Ratification: 23.11.1993 No reservations	<b>Lack of compliance with reporting obligations</b> First National Communication submitted on 06.11.2000. Second National Communication submitted on 16.03.2012. Third National Communication due. Biennial Update Report of 2014 and 2016 due as well.
21. Cartagena Protocol on Biosafety	Ratification: 28.04.2004 No reservations	<b>Lack of compliance with reporting obligations</b> Third National Report submitted on 01.12.2015. Interim National Report (2005) is overdue.
22. Stockholm Convention	Ratification: 22.12.2005 No reservations	<b>Compliant with reporting obligations</b> Latest report submitted on 04.11.2015 (Third Round National Report).
23. Kyoto Protocol	Ratification: 03.09.2002 No reservations	<b>No reporting obligations</b>

24. UN Single Convention on Narcotic Drugs	Ratification: 11.07.1963 No reservations	<b>Reviewing is fulfilled by the International Narcotics Control Board (INCB).</b>
25. UN Convention on Psychotropic Substances	Ratification: 15.03.1993 No reservations	
26. UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances	Ratification: 06.06.1991 No reservations	
27. UN Convention against Corruption	Ratification: 31.03.2004 No reservations	<b>Reviewing is fulfilled by the UN Office on Drugs and Crime (UNODC) in March 2017.</b>  The Executive Summary has not yet been published.