



Examples of ways to address the twin deficits

**How can we
rise together?**



**Fiscal deficit.
Not enough
revenue to
cover state
expenditure**

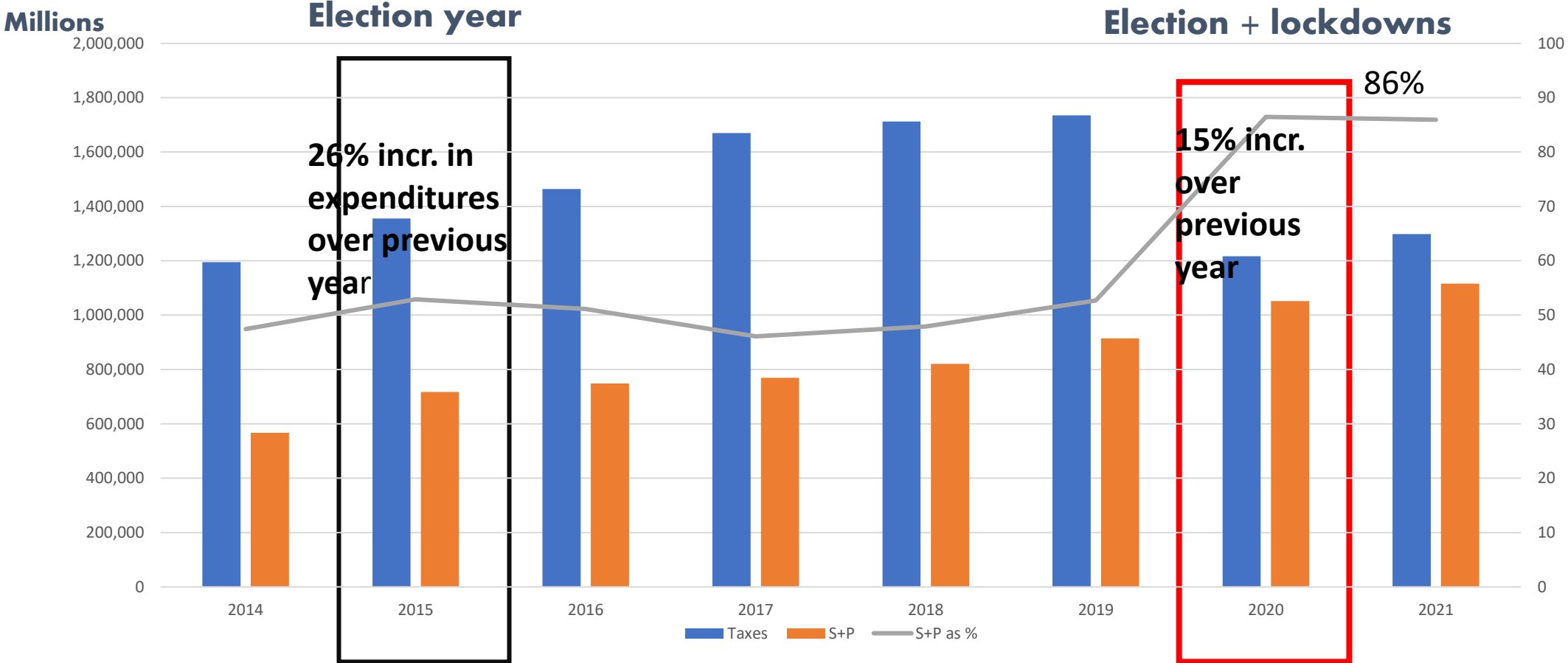
**Solution: Raise revenues;
reduce costs**



What's left after paying salaries & pensions?

	2014	2015	2016	2017	2018	2019	2020	2021	2022 (9 mo.)
Taxes	1,195,206	1,355,779	1,463,689	1,670,178	1,712,318	1,734,925	1,216,542	1,298,019	1,448,500
Salaries	440,982	561,730	576,471	588,518	626,045	686,452	794,158	845,680	714,300
Pensions	126,136	155,320	171,903	181,059	194,495	227,670	257,833	269,827	228,600
% for salaries + pensions	47.45	52.89	51.13	46.08	47.92	52.69	86.47	85.94	65.09
State workers	1,345,093	1,375,130	1,389,767	1,424,146	1,434,150	1,467,008	1,461,071	1,493,472	n/a

Not much left of taxes after paying salaries & pensions.



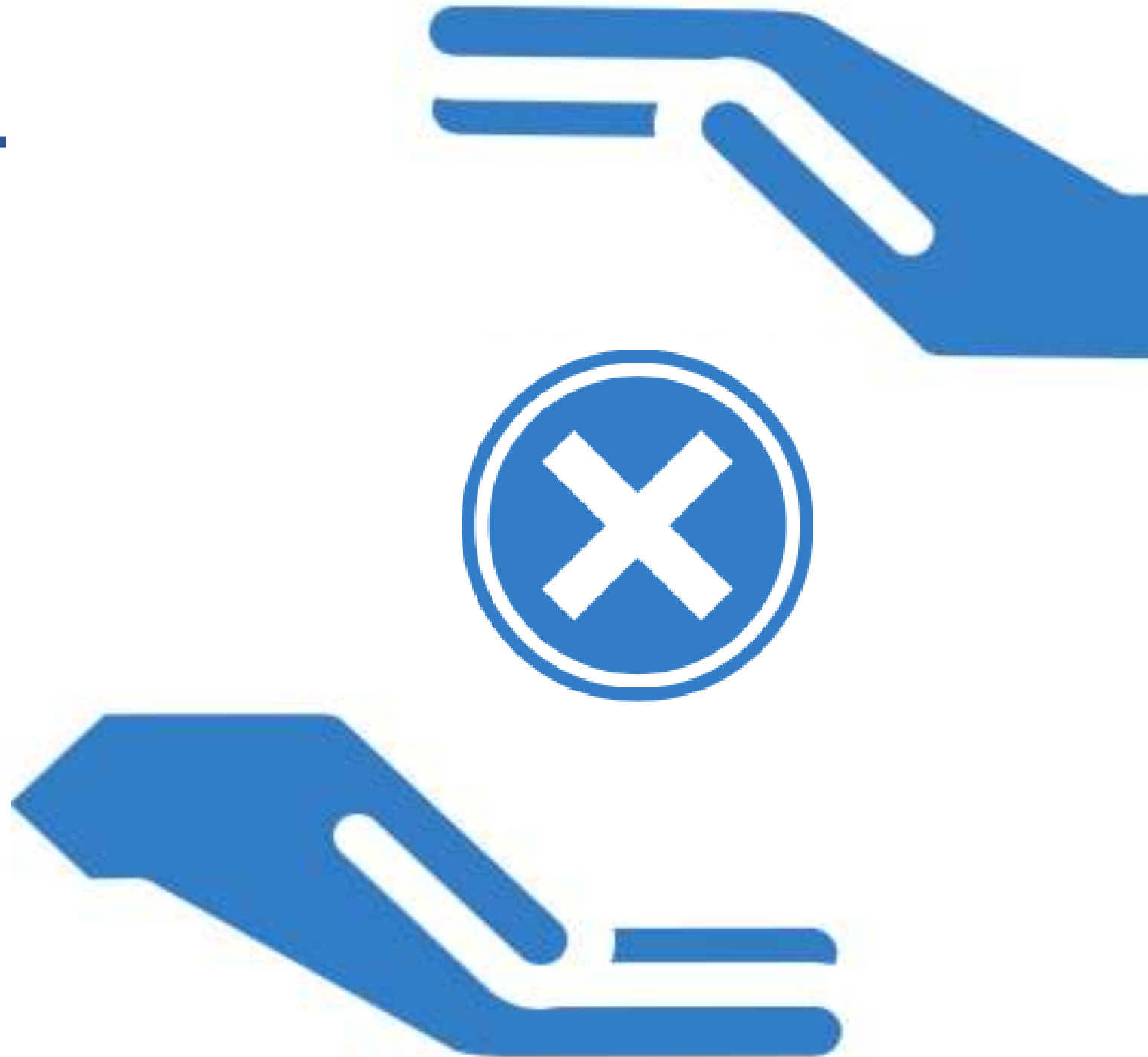
Effects of bids in auction of non-existent resources compared with 2023 tax

Annual/ monthly income	Current		JVP bid		SJB (36% cap) bid		JVP caused loss	SJB caused loss
	Tax (LKR)	Tax %	Tax (LKR)	Tax %	Tax (LKR)	Tax %	LKR	LKR
LKR 1.5m/yr (1.25L/mo)	18,000	1.2	-	-	-	-	18,000	18,000
LKR 3m/yr (2.5L/mo)	252,000	8.4	36,000	1.2	-	-	216,000	252,000
LKR 6m/yr (0.5m/mo)	1,278,000	21.3	684,000	11.4	630,000	10.5	594,000	648,000
LKR 12m/yr (1m/mo)	3,438,000	28.7	2,124,000	17.7	2,790,000	23.3	1,314,000	648,000
LKR 24m/yr (2m/mo)	7,758,000	32.3	5,004,000	20.9	7,110,000	29.6	2,754,000	648,000

**Will we suffer the short-term pain, or partake
in the goodies offered at the periodic auction
of non-existent resources?**



**Current- account
deficit: Not
enough export
revenue to
cover imports +
interest &
principal on
loans**



If we are to continue essential imports

Top 50 Imports (2021)



Source: Sri Lanka Customs

Need to do more diversified exports

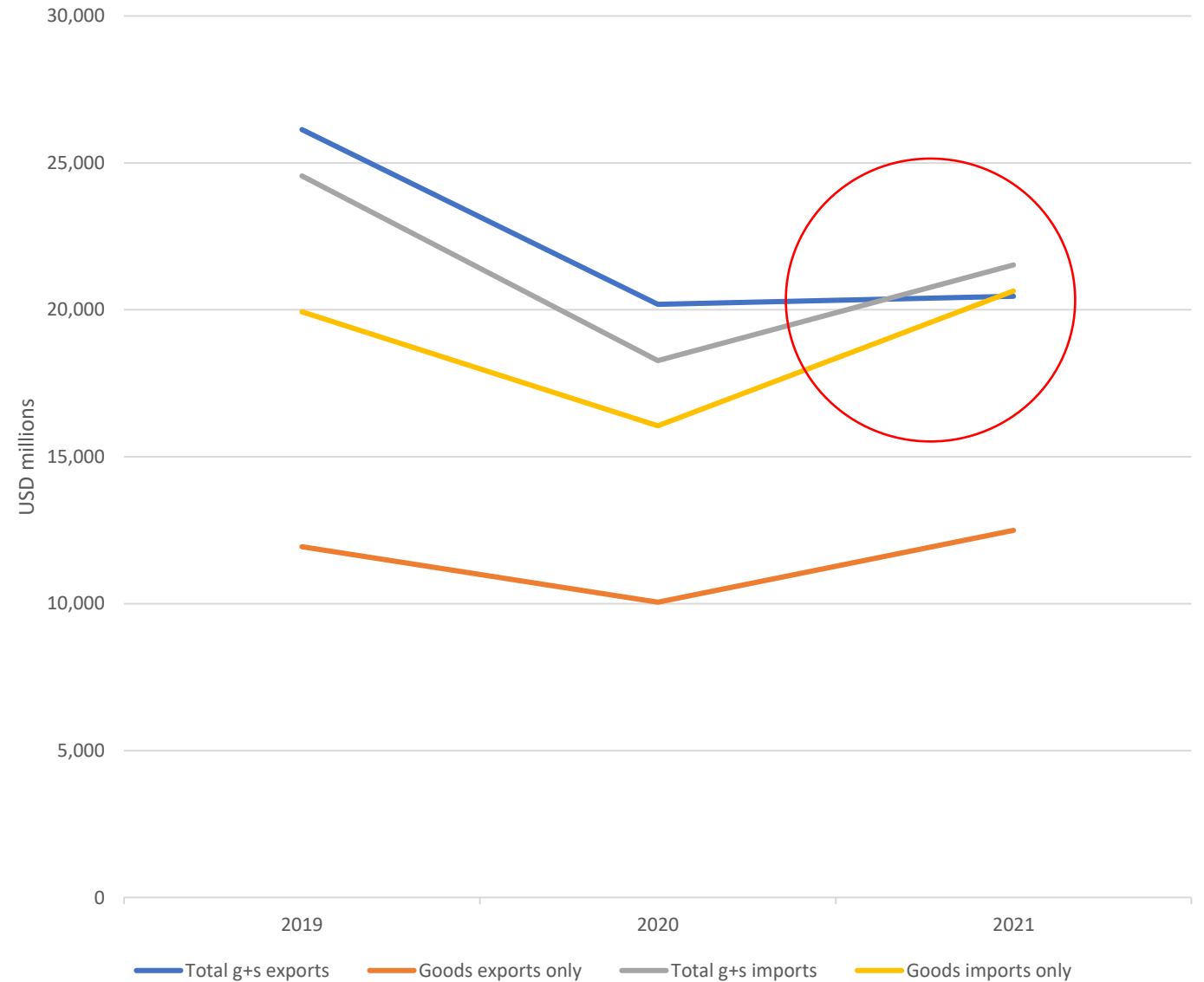
Articles of Apparel, Knit or Crocheted	Coffee, Tea, Mate and Spices	Electrical, Electronic Equipment	Pearls, Precious Stones, Metals,...	Fish, Crustaceans, Molluscs, Aquatics Invertebrates	Mineral Fuels, Oils, Distillation Products			
		2.7%	2.6%	2.4%	1.9%			
		Vegetable, Fruit, Nut Food Preparations	Vegetable Textile Fibers Not Specified Elsewhere, Paper Yarn, Woven Fabric	Machinery, Nuclear Reactors, Boilers	Edible Fruits, Nuts, Peel of Citrus Fruit,...	Miscellaneous Chemical Products		
Articles of Apparel, Not Knit or Crocheted	Rubbbers	1.8%	1.8%	1.6%	1.6%	1.3%		
		Residues, Wastes of Food Industry, Animal Fodder	Miscellaneous Edible Preparations	Vehicles Other Than Railway, Tramway	Optical, Photo, Technical, Medical Apparatus	Toys, Games, Sports Requisites	Plastics	
		1.2%	0.84%	0.78%	0.75%	0.72%	0.64%	
Articles of Apparel, Not Knit or Crocheted	Rubbbers	Animal, Vegetable Fats and Oils, Cleavage Products	Essential Oils, Perfumes, Cosmetics, Toiletries	Wadding, Felt, Nonwovens, Yarns, Twines, Cordage	Furniture, Lighting Signs, Publiscated Buildings	Printed Books, Newspapers, Pictures	Milling Products, Met. Scrap, etc.,...	Admiralty
		1.1%	0.55%	0.51%	0.49%	0.41%	0.38%	0.37%
		Knitted or Crocheted Fabric	Articles of Iron or Steel	Miscellaneous Manufactural Articles	Figs of Wood, Fibres, Cultural Wood...	Decorative, Spills and Viegels	Cotton	Wood and articles of Wood, Wood...
		1.0%	0.54%	0.34%	0.29%	0.27%	0.22%	0.22%
		Paper and Paperboards, Articles of Pulp, Paper and Board	Other Made Textile Articles, Sets, Worn Clothing	Shoes, Boots, and Other Footing	Ceramic	Headgear and	Iron, Steel, etc.,...	
		0.54%	0.31%	0.21%	0.17%	0.17%		
Other Made Textile Articles, Sets, Worn Clothing	Aircraft, Spacecraft							
0.97%	0.30%							
Tobacco and Manufactures Tobacco Substitutes	Special Woven or Tufted Fabrics, Lace, Tapes	Articles of Glass	Articles of Glass	Vegetables	Stems	Cereals		
0.53%	0.30%	0.29%	0.29%	0.19%	0.19%			
0.92%	0.51%	0.29%	0.29%	0.19%	0.19%			

<https://comtrade.tradingeconomics.com/comtrade/share?r=lka&c=0000&v=treemapcategories&t=2&title=>

But simply exporting goods not enough; we must export services too.

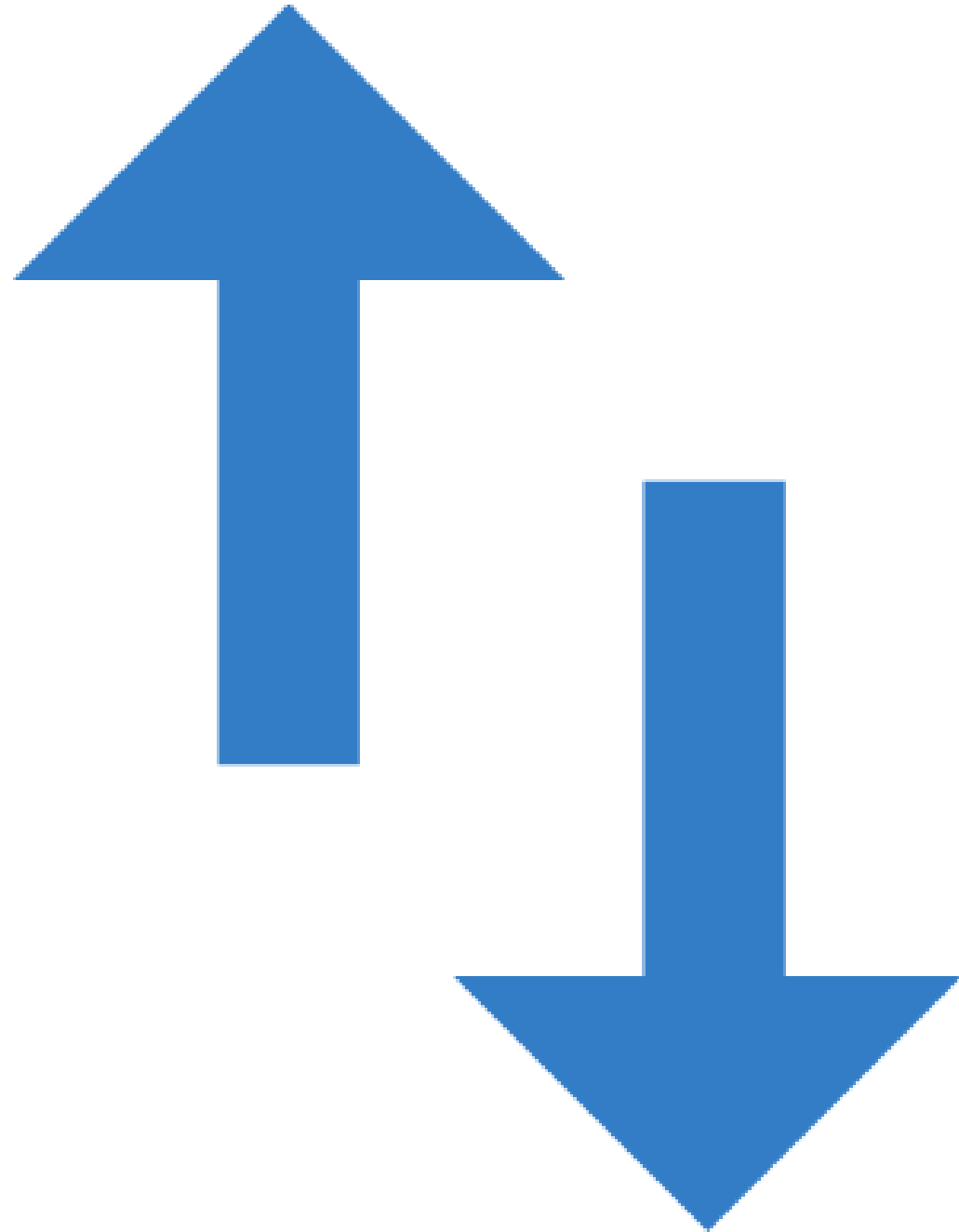
	2019 (USD millions)	2020	2021
Goods exports	11,940	10,047	12,499
Goods imports	19,937	16,055	20,637
Services exports	7,474	3,035	2,475
Services imports	4,625	2,216	889
Worker remittances	6,717	7,104	5,491
Total g+s exports	26,131	20,186	20,465
Total g+s imports	24,562	18,271	21,526

**Before crisis,
goods + services
exports could
cover imports
(loans rolled over);
changed in 2021
despite improved
goods export
performance**



Are you willing to export architectural services, in competition with the world?

- **Answer will probably be yes in principle**
- **Because of depressed domestic demand, you are probably already doing it or thinking about it**



But are you (individually/collectively) willing to open the Sri Lanka market to providers of architecture & urban planning services?

- **That is what will be required if architecture and urban planning services are included in comprehensive trade agreements that are being negotiated with India, Thailand and China.**
 - **It will be possible to include all sorts of conditions as illustrated by India's commitments in India-Singapore Comprehensive Economic Cooperation Agreement (CECA).**
(<https://dot.gov.in/sites/default/files/India%20Singapore%20CECA%2001.08.2005.pdf>)

Architectural services (CPC 8671)	Mode 1: None except that implementation in India has to be carried out by a professional	Mode 1: None	
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	<p>architect physically present in India and licensed by the Council of Architecture</p> <p>Mode 2: None except that implementation in India has to be carried out by a professional architect physically present in India and licensed by the Council of Architecture</p> <p>Mode 3 : None, subject to incorporation in India as partnership firm constituted by architects and to fulfillment of other requirements as stipulated by the Council of Architecture.</p> <p>Mode 4 : Unbound except as in horizontal commitments for employees of juridical persons and for independent professionals with</p>	<p>Mode 2: None</p> <p>Mode 3 : None, subject to incorporation in India as partnership firm constituted by architects and to fulfillment of other requirements as stipulated by the Council of Architecture.</p> <p>Mode 4 : Unbound except as in horizontal commitments for employees of juridical persons and for independent professionals with a contract with a final client in India and subject also to condition of registration with the Council of Architecture</p>	
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Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
HORIZONTAL COMMITMENTS			
ALL SECTORS INCLUDED IN THIS SCHEDULE			
		1), 2), 3), 4): Unbound for all subsidies and grants and any conditions attached to the receipt or continued receipt of such subsidies or grants.	
		3) Commercial presence, right of establishment and movement of juridical persons are subject to compliance with the following provisions: - a foreigner who wishes to register a business firm must have a local manager who should be a Singapore citizen or a Singapore permanent resident or a Singapore Employment Pass holder. (However, a foreigner who is a Singapore permanent resident or a Singapore Employment Pass holder can register a business without	

7. In determining whether a Party is in conformity with the obligation under paragraph 6, account shall be taken of international standards of relevant international organisations⁷⁻⁶ applied by that Party.

8. In sectors where specific commitments regarding professional services are undertaken, each Party shall provide for adequate procedures to verify the competence of professionals of the other.

ARTICLE 7.11: RECOGNITION

1. For the purposes of the fulfilment of its standards or criteria for the authorisation, licensing or certification of services suppliers, a Party may recognise the education or experience obtained, requirements met, or licenses or certifications granted in the other Party.

2. In accordance with their prior agreement, the Parties shall ensure that their respective professional bodies in the service sectors of accounting and auditing, **architecture**, medical (doctors), dental and nursing negotiate and conclude, within twelve months of the date of entry into force of this Agreement, any such agreements or arrangements providing for mutual recognition of the education or experience obtained, requirements met, or licenses or certifications in those service sectors, the details of such agreements or arrangements, including the exact extent and scope of recognition. Any delay or failure by these professional bodies to reach and conclude agreement on the details of such agreements or arrangements shall not be regarded as a breach of a Party's obligations under this paragraph and shall not be subject to the Dispute Settlement Chapter of this Agreement. Progress in this regard will be continually reviewed by the Parties in the course of the review of this Agreement pursuant to Article 16.3.

3. After the entry into force of this Agreement, upon a request being made in writing by a Party to the other Party in any regulated service sector not covered in paragraph 2, the requested Party shall encourage its relevant professional, standard-setting or self-regulatory body in that service sector to enter into negotiations, within a reasonable period of time from the date of the request being received in writing, to negotiate agreements or arrangements providing for mutual recognition of education, or experience obtained,