

Sri Lanka



Summary of Findings

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

There is no evidence that the government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry (TI) in setting or implementing public health policies in relation to tobacco control. Furthermore, the Ministry of Health remains committed to implementing strong tobacco control measures. In January 2023, the Ministry of Finance raised duties on tobacco and alcohol to increase state revenue and discourage their consumption. In 2021, Sri Lanka had collected LKR 249.6 billion (USD \$687 million) in taxes from alcohol and tobacco products.

2. INDUSTRY CSR ACTIVITIES

Most forms of tobacco related-CSR activities are banned except those with publicity that does not use brand names or trademarks and publicity of sponsored individuals. British American Tobacco, the parent company of Ceylon Tobacco Company (CTC) has reported several environmental, social and governance (ESG) projects in their 2020 report, including installation of water filtration plants in partnership with the Sri Lankan navy during the COVID-19 pandemic. Government agencies have collaborated with CTC in reforestation projects. Some projects from the past are still being carried out and new projects have been initiated such as the vocational training scholarships by Outreach Projects (Guarantee) Limited a fully-owned subsidiary of Ceylon Tobacco Company.

3. BENEFITS TO THE INDUSTRY

There are still irregularities in tobacco taxation in Sri Lanka. Tobacco tax system is a tiered system based on stick length. There have been numerous plans to modify the tax; however,

none of them have been put into action. For example, the 2019 budget proposed indexing cigarette pricing systematically to nominal GDP growth and switching to a GST (at a rate of 40%) in 2021.

There were previous attempts to ban the sale of single cigarette sticks in the 2018 draft bill, but it was not successful. Since 2020, the ban on single stick sale is still delayed. The Finance Minister revealed the objection was because it may reduce the tax revenue due to reduced cigarette sales and switching to beedi.

In 2017, the government of Sri Lanka decided to ban tobacco cultivation by the year 2020, however this is not implemented yet.

4. UNNECESSARY INTERACTION

No instances of unnecessary interaction between the government and the TI were found or recorded.

5. TRANSPARENCY

Interactions with the TI are not publicly disclosed. The government does not require registration of TI entities, affiliated organizations, and individuals acting on their behalf including lobbyists.

6. CONFLICT OF INTEREST

The government does not prohibit contributions to political parties from the TI or any entity working to further its interests. There were instances where people who worked with the TI joined government positions in the past. The government does not specify a period of non-involvement to persons previously employed by the TI.



There are no campaign finance regulations in Sri Lanka, and so political candidates and parties are not obligated to publish details about the money they spend on campaigns or the donations they receive.

7. PREVENTIVE MEASURES

Government has not put in place a procedure for disclosing the records of any interaction with the TI. The National Authority on Tobacco and Alcohol has developed a guideline to implement WHO FCTC Article 5.3 in 2019 but is still being finalized.

Tobacco production, imports and the quantity of manufactured cigarettes must be disclosed for taxation purposes. However, there is no procedure to report lobbying, philanthropy and political contributions.

While there is a general code of conduct for government and public officials to restrict acceptance of gifts and contributions for their service other than what is already allowed in the establishment code or departmental protocols, this does not restrict government officials from taking part in events, study visits sponsored by the TI.

Recommendations

1. Implement a comprehensive ban on all forms of TI related CSR activities as recommended in the WHO FCTC guidelines.
2. The government should implement the national guidelines on WHO FCTC Article 5.3.
3. Tobacco related policies such as taxation must be given high priority as public health measures and should be evidence-based and on scientific methodologies to avoid industry manipulation. Guidelines for implementation of Article 6 of the WHO FCTC states specific uniform tax systems are easy to implement and administer, because only the volume, and not the value, of the product needs to be ascertained.
4. Awareness programs on WHO FCTC Article 5.3 should be conducted regularly for government officials and across all its departments.
5. There should be exit policy term limits for retired government officials for 5 years so that they do not join the TI immediately.
6. Expedite the adoption and implementation for the code of conduct for government officials.
7. Require rules for the disclosure of TI affiliated organizations, individuals acting on behalf of the industry and lobbyists.