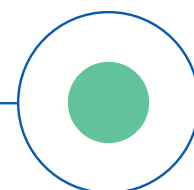


Sri Lanka



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SUMMARY OF FINDINGS

1. Industry Participation in Policy Development

There is no evidence that the government accepted, supported, or endorsed any offer of assistance from the tobacco industry (TI) in setting or implementing public health policies. The Ministry of Health remains committed to implementing strong tobacco control measures. In January 2025, excise taxes were increased by 6 percent, and cigarette prices were raised across four categories to discourage tobacco consumption.

2. Industry CSR Activities

The Ceylon Tobacco Company (CTC) reported that it has delivered reforestation projects for degraded land in collaboration with the Sri Lanka Climate Fund. The government also approved leasing a plot of land to CTC for a 30-year period. Projects such as the Sustainable Agriculture Development Programme (SADP) continue to operate, combining older and newer corporate social responsibility (CSR) initiatives under this framework.

3. Benefits to the Industry

Tobacco taxation irregularities remain a challenge in Sri Lanka. Although tobacco tax indexation was announced to adjust cigarette prices in line with inflation and GDP growth, the policy has not yet been implemented. Furthermore, several proposed policies have not been carried out, including the introduction of plain packaging, the ban on tobacco cultivation (targeted for 2020), and the prohibition of single-stick cigarette sales. The ban on flavored cigarettes has also been repeatedly violated by the TI despite government interventions.

4. Unnecessary Interaction

The government has collaborated with CTC to destroy illicit cigarettes smuggled into the country. Notable examples include the destruction of counterfeit cigarettes worth Rs. 748 million in August 2023, 2.6 million sticks of various foreign brands in November 2024, and 12 million sticks in March 2025. These activities were conducted at CTC premises under Customs supervision and included stocks seized in earlier years.

5. Transparency

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

6. Conflict of Interest

The Regulation of Election Expenditure Act 3 of 2023 imposes restrictions on election spending by political parties, groups, and candidates, and prohibits the acceptance of donations and contributions from registered companies. However, there are documented cases of individuals working concurrently with the TI and holding government positions, retired officials joining the TI, and former TI employees taking up government posts. The government does not specify a cooling-off period for officials previously employed by the TI.



7. Preventive Measures

The government has not established a formal procedure for disclosing records of interactions with the TI. The National Authority on Tobacco and Alcohol (NATA) developed guidelines to implement Article 5.3 of the WHO FCTC in 2019, but administrative orders and laws to operationalize them have not yet been formulated. While tobacco

production, imports, and manufactured cigarette quantities must be disclosed for tax purposes, there is no requirement for the TI to report on lobbying, philanthropy, or political contributions. Although a code of conduct exists to restrict public officials from accepting gifts or contributions outside what is permitted under establishment codes or departmental protocols, it does not prohibit their participation in TI-sponsored events or study visits.

RECOMMENDATIONS

1. Implement a comprehensive ban on all forms of TI-related CSR activities, in line with Article 13 of the WHO FCTC.
2. Include the national guidelines on Article 5.3 of the WHO FCTC as an amendment to the NATA Act to make violations legally enforceable offenses.
3. Prioritize tobacco taxation as a key control measure, grounded in evidence-based methodologies. The government must avoid conceding to TI narratives such as claims that illicit cigarette trade stems from tax increases, which are often used to undermine regulation.
4. Expedite implementation of a code of conduct for government officials and introduce regular awareness programs on Article 5.3 of the WHO FCTC across all departments.
5. Implement a five-year exit policy for retiring officials to prevent immediate employment in the TI, and establish a cooling-off period for TI executives seeking public office.
6. Require disclosure rules for TI-affiliated organizations, as well as individuals and lobbyists acting on behalf of the TI.