

Sri Lanka

**TOBACCO
INDUSTRY INTERFERENCE
INDEX 2025**

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Tobacco Industry Interference Index being a global survey on industry interferences in countries and their respective governments' responses to these interferences, provides valuable insight into the level of tobacco industry lobbying and meddling in effective implementation of tobacco control policies within countries.

The index contributes significantly to strengthen tobacco control, support preventive measures, conduct media advocacy and create awareness among policy makers and other target groups in Sri Lanka. Therefore, we extend our gratitude to the Global Center for Good Governance in Tobacco Control (GGTC) for providing technical input in this study and assisting in compiling the index.

We greatly appreciate the efforts of the staff members of Alcohol and Drug Information Centre (ADIC), volunteers and members of Youth Action network (YAN), the youth wing of ADIC, for successful completion of the study in Sri Lanka. Our special thanks also go to the Faculty of Medicine, University of Colombo and the Centre for Combating Tobacco (CCT), Sri Lanka for making their resources available to obtain the information required in the study.

Maintaining the continuity of the study is highly important as monitoring the level of interferences by the tobacco industry is essential to block such incidents and accelerate the process of effective implementation of tobacco control policies.

Background and Introduction

Tobacco use causes significant health, economic, and social issues in Sri Lanka. According to the Global Adult Tobacco Survey (2020), 19.4% overall (3.2 million adults), 36.2% of men, and 4.9% of women currently use tobacco¹. Although the tobacco consumption rate in the country is low, statistics revealed by the National Authority on Alcohol and Tobacco (NATA) indicate that tobacco use is responsible for approximately 20,000 deaths in the country each year². Surveys conducted by the Alcohol and Drug Information Centre (ADIC) revealed that tobacco smokers spend Rs. 520 million on cigarettes per day. The expenditure on alcohol and tobacco incurs a staggering annual economic loss of LKR 241 billion, which is 1.5% of the country's Gross Domestic Product (GDP)³. The tobacco industry plays a significant role in promoting tobacco use in Sri Lanka, increasingly focusing on attracting the youth to create new customers to increase their profit.

Tobacco use is a major risk factor for the onset of non-communicable diseases (NCDs). NCDs account for 83% of all deaths in Sri Lanka, and tobacco use lies among the four major risk factors which contribute to NCDs in the country, indicating a significant health burden⁴. For tobacco-related cancers alone, the medical treatment is estimated to cost LKR 5.6 billion annually⁵. In addition, tobacco use can reduce workplace productivity due to the poor health conditions it causes in workers. Expenditure on tobacco use tends to displace household expenditure on basic needs, including food and education for children, which could push families into poverty and hunger. Therefore, this poses health and economic challenges particularly on the poor, women, youth and other vulnerable populations in the country.

The manufacture and production of tobacco is conducted by just a few companies in the country. Ceylon Tobacco Company (CTC) founded in 1932 has virtually a monopoly in manufacturing, importing and selling cigarettes. CTC owns 99% of the manufactured cigarette market in Sri Lanka, with the remaining 1% comprising of imported cigarettes⁶. It is a publicly listed company with 84% of its shares held by the U.K. based British American Tobacco (BAT) and another 8% by a subsidiary of Philip Morris USA. According to the CTC Annual Report (2023), the company has paid LKR 160.6 billion as taxes to the government. Even though the company highlights itself as "one of the highest tax revenue contributors" to the state, the health, economic and human development losses due to tobacco use imposes a cost of around LKR 214 billion each year, which is equal to 1.6% of the country's GDP⁷, which virtually dilutes the industry's tax contribution.

There are three other tobacco manufacturing companies namely, United Tobacco Processing Pvt Ltd, Thansher and Company and Agio Tobacco Processing Company Pvt

¹ Ministry of Health and Department of Census and Statistics. Non Communicable Diseases Risk Factor Survey (STEPS Survey) Sri Lanka. 2021. <https://bit.ly/44nsgo0>

² United Nations Development Program. Investment Case for Tobacco Control in Sri Lanka. 2019. <https://bit.ly/3G5QBVn>

³ Daily FT. ADIC reveals economic and health cost of liquor and tobacco use. 1st February 2025. <https://bit.ly/4lutljZ7>

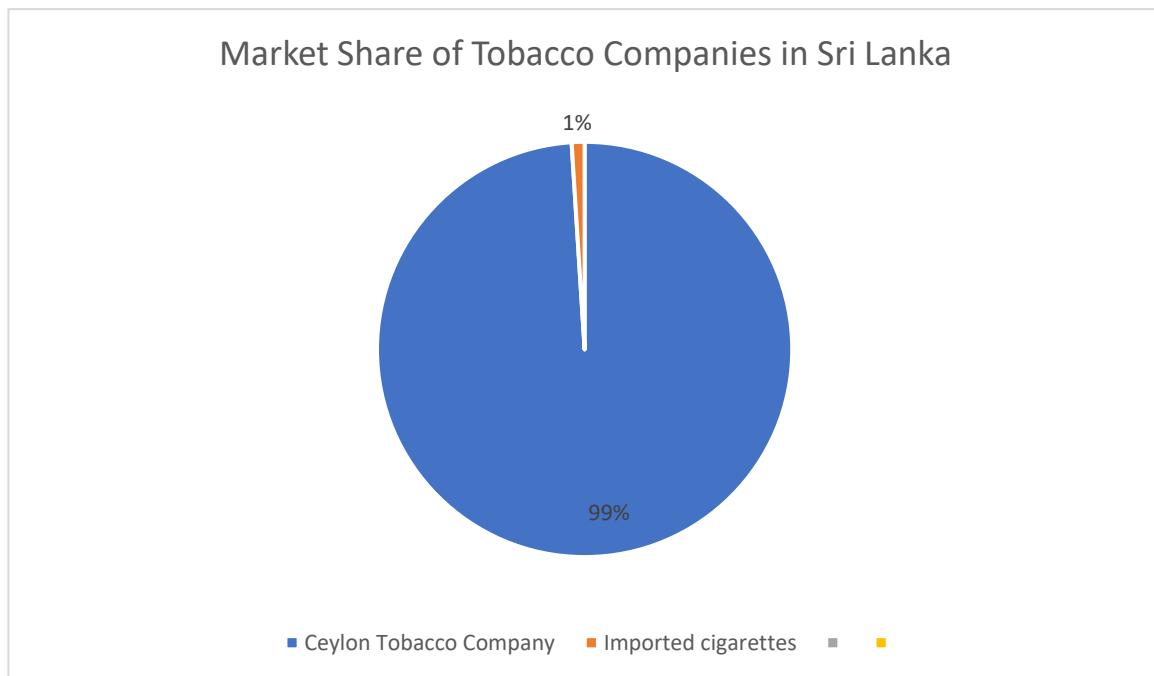
⁴ World Health Organization. Noncommunicable Diseases (NCD) Country Profiles, Sri Lanka. 2018. <https://bit.ly/4idsktW>

⁵United Nations Development Program. Investment Case for Tobacco Control in Sri Lanka. 2019. <https://bit.ly/3G5QBVn>

⁶ Tobacco Unmasked. Tobacco Industry Country Profile – Sri Lanka. Accessed on 14th April 2025. <https://bit.ly/44oc6uB>

⁷United Nations Development Program. Investment Case for Tobacco Control in Sri Lanka. 2019. <https://bit.ly/3G5QBVn>

Ltd, which produce cigar, tobacco cuts and semi-manufactured tobacco mainly for the export market.⁸



Sri Lanka has made significant progress in establishing control measures on tobacco smoking over the years. The establishment of the National Authority on Tobacco and Alcohol (NATA) Act No. 27 of 2006 established a legal framework for tobacco control in the country. Under this law, smoking is prohibited in many indoor public places and workplaces, and on public transport. Cigarette packages are required to have pictorial and text health warnings that cover 80% of the top front and back of packages and rotate every six months. In addition, the manufacture, import, sale and offer for sale of smokeless tobacco products which contain nicotine (electronic cigarettes) has been prohibited under an amendment to the NATA Act in 2016. However, other policy measures which were proposed to be introduced for tobacco control, such as the implementation of tobacco tax indexation, the introduction of plain packaging, the ban on the sale of cigarettes as single sticks, and the ban on tobacco cultivation has not been approved yet. Tobacco industry interference and lobbying over the years have contributed to the delay in the implementation of these control policies.

Moreover, the tobacco industry uses various tactics to polish their image and create an attraction towards the products among various vulnerable communities. For instance, CTC has been assisting the government to destroy illicit cigarettes smuggled into the country over the years. Such collaboration between the government and the tobacco industry is a violation of Article 5.3 of the WHO Framework Convention on Tobacco Control (FCTC) which Sri Lanka ratified in 2003. Conflicts of interest are also likely to result from government officials holding positions in the tobacco business. In 2022, the Chairman of CTC was appointed as the head of a subunit under the Ministry of Finance, Planning and Economic Development. Similarly, the newly appointed chairman of the key state-owned retail chain in Sri Lanka has held roles in CTC and British American Tobacco. These

⁸Tobacco Unmasked. Tobacco Industry Country Profile – Sri Lanka. Accessed on 14th April 2025. <https://bit.ly/44oc6uB>

individuals could bring in their influences and relationships that they have developed with the tobacco industry into government decision making procedures.

The WHO FCTC Article 5.3 guidelines is a tool to assist the government to protect its tobacco control measures from tobacco industry interference. This report provides information on how well the government is implementing the recommendations outlined in the guidelines. This country profile is prepared by using publicly available information from the period of 1st of April 2023 to 31st of March 2025, but also includes incidents prior to 2023 that still have relevance today. This year's index highlights the need for strong implementation of the WHO FCTC Article 5.3 which is essential to reduce the conflicts of interest and unethical collaboration by the tobacco industry with government entities.

This is Sri Lanka's fifth report in the series. This year's overall score is **45** points, a slight deterioration from the last report where the score was 42. This is mainly due to a deterioration in questions 9 and 14 concerning the government's acceptance of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling, where three such incidents were found in relation to the destruction of illicit cigarettes, and concerning retired senior government officials forming part of the tobacco industry where two such officials were present.

This report uses a questionnaire developed by the Southeast Asia Tobacco Control Alliance (SEATCA) based on Article 5.3 Guidelines. A scoring system is applied to make the assessment. The score ranges from 0 - 5, where 5 indicates the highest level of industry interference, and 1 is low or no interference. Hence lower the score, better for the country. The information contained in this report will form part of the Global Tobacco Industry Interference Index, a global survey of how public health policies are protected from the industry's subversive efforts, and how governments have resisted this influence.

Summary of Findings

1 INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

There is no evidence to support that the government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control. The Ministry of Health remains committed to implementing strong tobacco control measures. In January 2025, the excise taxes were increased by 6%, and the prices of cigarettes were increased under four categories to discourage tobacco consumption.

2 INDUSTRY CSR ACTIVITIES

The Ceylon Tobacco Company (CTC) has reported that it has delivered reforestation projects for degraded land in collaboration with the Sri Lanka Climate Fund. In addition, the government has approved leasing a plot of land to the CTC for a 30-year period. Some projects from the past such as the Sustainable Agriculture Development Programme (SADP) are still being carried out, and under this program, CSR initiatives from the past, as well as new ones are being implemented.

3 BENEFITS TO THE INDUSTRY

Irregularities remain in tobacco taxation in Sri Lanka. Although it was announced that tobacco tax indexation would be introduced to adjust the prices of cigarettes in line with inflation and GDP growth rates, this policy has not been implemented yet. Furthermore, proposed policies such as the introduction of plain packaging, the decision to ban tobacco cultivation by the year 2020 and banning the sale of cigarettes as single sticks have not yet been implemented. The ban on the sale of flavored cigarettes has also been violated by the tobacco industry, despite government interventions.

4 UNNECESSARY INTERACTION

The government has repeatedly collaborated with CTC to destroy illicit cigarettes smuggled into the country. Notable instances 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—all conducted at CTC premises under Customs supervision. These efforts also involved stocks seized in earlier years, including 2022 and 2018.

5 TRANSPARENCY

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

6 CONFLICT OF INTEREST

The Regulation of Election Expenditure Act 3 of 2023 imposed restrictions on election expenditure by political parties, groups and candidates. It further prohibits

the acceptance and receipt of donations and other contributions by registered companies. There are instances where people who work with the tobacco industry concurrently hold government positions, retired government officials currently being part of the tobacco industry, and instances where people who worked with the tobacco industry in the past have joined government positions at present. The government does not specify a period of non-involvement to persons previously employed by the tobacco industry.

7 PREVENTIVE MEASURES

The government has not put in place a procedure for disclosing the records of interactions with the tobacco industry. However, NATA has developed guidelines to implement Article 5.3 in 2019 but its administrative orders and laws have not been formulated yet. Tobacco production, imports and the quantum 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 code of conduct for government / 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 tobacco industry.

Recommendations

1. Implement a comprehensive ban on all forms of tobacco industry related CSR activities as recommended in the WHO FCTC Article 13 guidelines.
2. Include the national guidelines on Article 5.3 of WHO FCTC as an amendment to the National Authority on Tobacco and Alcohol (NATA) Act, thereby making any violations legally enforceable offenses.
3. Prioritize tobacco taxation as a key control measure, grounded in evidence-based and scientific methodologies. The government must avoid conceding to tobacco industry narratives—such as the claim that illicit cigarette trade stems from tax increases—which are often used to undermine effective regulation and policy.
4. Expedite implementation for the code of conduct for government officials. This should be followed up by awareness programs on WHO FCTC Article 5.3 to be conducted regularly for government officials and across all its departments.
5. Implement a 5-year exit policy on term limits for retiring government officials so they do not join the tobacco industry immediately and a cooling-off period is also specified for former tobacco industry executives who want to serve in public office.
6. Require disclosure rules for tobacco industry-affiliated organizations as well as individuals acting on behalf of the tobacco industry and lobbyists.

Sri Lanka

Tobacco Industry Interference Index 2025

Results and Findings

	0	1	2	3	4	5
INDICATOR I: Level of Industry Participation in Policy-Development						
I. The government ⁹ accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry or any entity or person working to further its interests ¹⁰ in setting or implementing public health policies in relation to tobacco control ¹¹ (Rec 3.4)			I			
There is no evidence to support that the government accepts, supports or endorses any offer for assistance by or in collaboration with the tobacco industry in setting or implementing public health policies in relation to tobacco control.						
2. The government accepts, supports or endorses <u>policies or legislation</u> drafted by or in collaboration with the tobacco industry. (Rec 3.4)			I			
The government does not accept or endorse policies or legislation drafted by or in collaboration with the tobacco industry.						
Tobacco Taxation: Cigarette brands have close to 70% of tax (Excise + Value-Added Tax (VAT)) imposed from retail price. However, the tax-in-price for cigarettes in Sri Lanka has reduced since 2020, falling below both the international benchmark of 75% and past norms in the country. The tax-in-price fell to 68.8% for the most-sold brand (MSB) of cigarettes and 69.9% for the lowest priced brand (LPB) of cigarettes. Rs.9.4 billion in tax revenue was lost in 2024 on the MSB and transferred instead as profit to the producer (Ceylon Tobacco Company) ¹² .						
A smoke free environment: National Authority on Tobacco and Alcohol (NATA) Act Article 39 has established a smoke free environment.						
Packaging & Labelling: Pictorial Health Warnings are already in place for 80% of the pack with tar and nicotine content.						
Advertising, Promotions and CSR: Most forms of advertising, promotions and CSR activities for the tobacco industry have been banned under article 35 & 36.						
Free distribution: It is prohibited to distribute or supply any tobacco product free of charge, and offer tobacco products as prizes, gifts, or discounts as a part of any contest or game according to article 37 of the Act ¹³ .						

⁹ The term “government” refers to any public official whether or not acting within the scope of authority as long as cloaked with such authority or holding out to another as having such authority

¹⁰ The term, “tobacco industry” includes those representing its interests or working to further its interests, including the State-owned tobacco industry.

¹¹ “Offer of assistance” may include draft legislation, technical input, recommendations, overseas study tour

¹² Daily Mirror. Stealth reduction of cigarette tax rates. 27th January 2025. <https://bitly.cz/vcjEi>

¹³ National Authority on Tobacco and Alcohol Act, No. 27 of 2006. 29th August 2006. <https://bitly.cz/vzY3>

	0	1	2	3	4	5
However, there is ambiguity regarding the policies and legislation related to the use of Electronic Nicotine Delivery Systems and Electronic Non-Nicotine Delivery Systems (ENDS/ENNDS or Electronic Cigarettes) in Sri Lanka. Gazette Extraordinary No.1982/33, published on 1 September 2016, under the NATA Act No.27 of 2006, introduced regulations prohibiting the manufacture, import, sale, or offering for sale of specific tobacco-related products in Sri Lanka. These regulations were issued by the Minister of Health, Nutrition, and Indigenous Medicine under Sections 30 and 33 of the Act. However, during the Committee on Public Finance (COPF) meeting held in March 2025, the Deputy Commissioner of Excise Channa Weerakkody said that there was no law at present under which users could be charged. He also noted that major tobacco companies were pushing for regulation and import approval, as vaping had begun to affect the sales of traditional cigarettes ¹⁴ . However, during the period of the report, there is no evidence of government policies being made through the influence of these industry narratives.						
3. The government allows/invites the tobacco industry to sit in government interagency/ multi-sectoral committee/ advisory group body that sets public health policy. (Rec 4.8)		1				
The government does not allow/invite the tobacco industry to sit in government interagency/ multi sectoral committee/ advisory group that sets public health policy.						
4. The government nominates or allows representatives from the tobacco industry (including State-owned) in the delegation to the COP or other subsidiary bodies or accepts their sponsorship for delegates. (i.e. COP 4 & 5, INB 4 5, WG) ¹⁵ (Rec 4.9 & 8.3) For non-COP year, follow the previous score of COP year.		1				
There have not been instances where the tobacco industry (or its representatives) was in the delegation to COP or its related meetings.						
INDICATOR 2: Industry CSR activities						
5. A. Government agencies or their officials endorse, support, form partnerships with or participates in activities of the tobacco industry described as socially responsible . For example, environmental programs. (Rec 6.2)						
B. The government (its agencies and officials) receives CSR contributions ¹⁶ (monetary or otherwise, including CSR contributions) from the tobacco industry or those working to further its interests (eg political, social, financial, educational, community or other contributions (Rec 6.4) including environmental or EPR activities (COP10 Dec)). NOTE: exclude enforcement activities as this is covered in another question						5
National						
It has been reported that the Ceylon Tobacco Company has delivered more than 350 projects through CSR initiatives ¹⁷ .						

¹⁴ Madhusha Thavapalakumar. The Morning. Vaping is 'illegal,' but where is the law? 16th March 2025. <https://bitly.cx/LSII>

¹⁵ Please annex a list since 2009 so that the respondent can quantify the frequency, <http://www.who.int/fctc/cop/en/>

¹⁶ political, social financial, educations, community, technical expertise or training to counter smuggling or any other forms of contributions

¹⁷ Ceylon Tobacco Company PLC. Annual Report 2023. <https://bitly.cx/ZEBp>

CTC has connected their 1 MW capacity solar panel project at the GLTP Kandy to the national grid in July 2023 and the 1.8 MW solar panel project at their Colombo site was connected to the national grid at the beginning of 2024. The waste oil and lubricants of CTC are recycled through government approved waste recyclers.

Provincial level

The Ministers of Cabinet has approved to lease a plot of land from Maduwanwela Nindagam Watte to Ceylon Tobacco Company PLC for a forest farming project. The land, the size of 87 acres is owned by the Land Reforms Commission, and it was given out on a lease for a period of 30 years. The Minister of Tourism and Lands Harin Fernando presented the proposal to the Cabinet of Ministers to release the plot of land, and it received unanimous approval. It was reported that the approval was given after “careful evaluation of the project report” submitted by the CTC¹⁸.



Figure 1: Maduwanwela Walawwa plot of land. Photo Source: <https://bitly.cx/cSdJ>

CTC’s “Sustainable Agricultural Development Programme” is being carried out for the 17th year. The “Udaharitha Programme” carries out reforestation projects for degraded land in the areas of Dambulla and Naula. During 2023, CTC obtained Cabinet approval to rejuvenate 87 acres of degraded forest in the Panamure Embilipitiya area, in collaboration with the Sri Lanka Climate Fund. The Sri Lanka Climate Fund is a government owned company established under the Companies’ Act No.7 of 2007 of Sri Lanka.

The Department of Forest Conservation collaborates with the CTC in forest conservation efforts:

12 Acres of degraded forest land in Dambulla was reported to be rehabilitated and maintained since 2020 in collaboration with the Department of Forest Conservation.

120 Acres of biodiversity site in Matale was maintained since 2012, in collaboration with the University of Peradeniya.

INDICATOR 3: Benefits to the Tobacco Industry

6. The government accommodates requests from the tobacco industry for a longer time frame for implementation or postponement of tobacco control law. (e.g. 180 days is common for PHW, Tax increase can be implemented within 1 month) (Rec 7.1)							4
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There has been no evidence of the government directly accommodating requests from the tobacco industry for implementation or postponement of tobacco control law during the period of this report. However, the public health measures and tobacco control policies which were approved previously such as tobacco tax indexation, the ban on single stick cigarette sale, plain packaging, and the ban on tobacco growing are yet to be implemented. Furthermore, the ban on

¹⁸ Newswire. Historical building land to be provided for CTC forest farming project. 28th November 2023. <https://bitly.cx/cSdJ>

the sale of flavored cigarettes has been violated by the tobacco industry during the reporting period, despite the government's interventions.

In March 2019, a policy aimed at systematically indexing the prices of cigarettes in line with nominal GDP growth was announced during the budget speech, however, it has not yet been implemented. This decision has been delayed for a period of 5 years, which has proved advantageous for the industry. Instead of introducing a standard taxation formula to adjust the prices of cigarettes according to inflation and GDP growth of the country, the tax has been increased by certain amounts throughout the years. For instance, in 2023 it was increased by 20%, and in 2024 it was increased by 14%, and in 2025 it was increased by 6%. Despite these increases, the lack of a systematic tax formula provides unfair benefits to the tobacco industry. For example, it was found that Rs.9.4 billion in tax revenue was lost to the government and transferred to the Ceylon Tobacco Company even after the tax increase in January 2025¹⁹. CTC reported it adopted "a tiered approach for John Player House, offering smokers the same brand proposition at different price points, as a measure to counteract the impact of escalating prices."²⁰

The introduction of plain packaging was proposed in 2016 and approved by the Cabinet in 2018. It is still not being implemented, and this delay in passing the bill benefits the tobacco industry. However, there are health warnings in the form of pictures and text warnings on the front and back of packages covering 80% of the pack. Rotation is also required for these health warnings.

In 2017, the government of Sri Lanka decided to ban tobacco cultivation by the year 2020, though it is not yet implemented.²¹ Almost 100% of the tobacco used for cigarette manufacturing in Sri Lanka is cultivated locally.²² In 2018, the total area under tobacco cultivation was only 1,338 hectares, or 0.06 per cent of agricultural land. Leaf production has also declined dramatically, and the Ministry of Agriculture estimates there are only about 300 families growing tobacco.²³ Delay in carrying out this ban benefits the tobacco industry directly and indirectly influencing against this ban.

In November 2023, the National Authority on Tobacco and Alcohol (NATA) filed complaints in the districts of Matara, Anuradhapura, and Colombo alleging the sale of certain flavored tobacco products (Dunhill Switch cigarettes; Dunhill Double Capsule; and John Player Gold Pro Cool Cigarettes) violated the NATA Act, No. 27 of 2006, which expressly prohibits the manufacture, distribution, or sale of flavored cigarettes. The court mandated the cessation of sales for these products. Ceylon Tobacco Company appealed the decision, requesting interim orders suspending the decision. Moreover, 'Sudath Perera Associates', a law firm had written a letter to the attorney general asking to stop the raid of flavored cigarettes by NATA authorities until a decision is given by the Supreme Court. There is no legal authority for a private law firm to conduct such a request, which is legally and morally wrong. Evidently, the Court denied the request for interim orders, instructing NATA to proceed²⁴.

However, on November 24 2023, CTC has issued a confidential notice to retailers informing them that they are allowed to sell Dunhill Switch, Dunhill Double Capsule, Dunhill Switch Limited Edition and John Player Gold Pro Cool cigarettes and CTC agents will distribute those. It further mentioned to inform CTC if there is any obstruction regarding their sales such as "illegal" threats

¹⁹ Daily Mirror. Stealth reduction of cigarette tax rates. 27th January 2025. <https://bitly.cz/vcjEj>

²⁰ Ceylon Tobacco Company PLC. Annual Report 2023, p. 49. <https://bitly.cz/ZEBp>

²¹ Sandasen Marasinghe and Disna Mudalige. Daily News. Tobacco cultivation to be banned by 2020. 7th June 2017. <https://bitly.cz/bMvC>

²² Nimesha Dissanayaka, Dilani Hirimuthugodage and Manoj Thibbotuwawa. Institute of Policy Studies of Sri Lanka. Transforming tobacco farming in Sri Lanka, pg 4. January 2023. <https://bitly.cz/7Ztm>

²³ United Nations Development Program. Investment Case for Tobacco Control in Sri Lanka. 2019. <https://bit.ly/3G5QBVn>

²⁴ Tobacco Control Laws. Ceylon Tobacco v. National Authority on Tobacco and Alcohol. 27th November 2023. <https://bitly.cz/9lpsk>

or raids related to CTC products²⁵. Investigations by the field level implementers of the Alcohol & Drug Information Centre (ADIC) found that flavored cigarettes were available for online purchases through leading supermarket chains in the country until May 2024²⁶. Therefore, there has been a delay in the implementation of the ban on flavored cigarettes despite government intervention, although such cases are not being reported at present.

In addition, the Chairman of the National Authority on Tobacco and Alcohol (NATA) has said in December 2021 that they plan to raise the minimum age of sale, purchasing and promotion of tobacco products from 21 to 24 among several other changes after an amendment to the Tobacco and Alcohol Act²⁷. However, until now there has been no changes to the minimum age of sale, purchasing and promotion of tobacco products which remains at 21 years of age.

7. The government gives privileges, incentives, tax exemptions, subsidies, financial incentives, or benefits to the tobacco industry (Rec 7.3)

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The government does not give any privileges, incentives, tax exemptions or benefits to the tobacco industry. In 2023, Sri Lanka had collected LKR 287 million in excise duty revenue from alcohol and tobacco products²⁸.

In January 2025, the prices of cigarettes were increased with the aim of increasing government revenue and discouraging consumption. However, during the Committee on Public Finance held on 14th March 2025, the Committee stated that the increase in the excise duty on cigarettes cannot be approved without concrete data and emphasized the need for justification regarding the steps taken to increase the excise duty on cigarettes²⁹. The reason that they have provided is that studies conducted on excise revenue from cigarettes indicate that this calculation method has led to a decline in government revenue while increasing the profits of manufacturing companies.

On 8th December 2020, the Bank of Ceylon (BOC) had approved a loan of LKR 2150 million to D.S. Gunasekara Pvt. Ltd. to stockpile additional cigarettes, so the tobacco company would be able to take advantage of the increase in cigarette prices as set through the budget for the year 2021³⁰. The Bank of Ceylon is owned by the Sri Lankan Government and is the largest commercial bank network in the country. According to the loan documents, the BOC has approved the loan being aware of the company's interests and motive. When investigations were carried out regarding this incident, the bank has been non-responsive. However, a presidential commission was appointed to investigate this issue³¹.

In Sri Lanka, there is no duty-free allowance for tobacco products. This means that all tobacco items, including cigarettes, cigars, and other tobacco-related products, are subject to customs duties and taxes upon importation, regardless of quantity or value.³² It's important to note that tobacco products are subject to additional regulations and taxes. Sri Lanka imposes excise duties and special excise levies on tobacco products, including cigarettes. These products are also

²⁵ Tobacco Unmasked. The Case Study on Flavoured Cigarettes in Sri Lanka. 15th August 2024. <https://bitly.cx/btbK>

²⁶ Ibid.

²⁷ Chathuranga Pradeep. Daily Mirror. Minimum age of sale for tobacco products to be raised to 24. 30th December 2021. <https://bitly.cx/0qu8c>

²⁸ Ministry of Finance, Economic Stabilization & National Policies Sri Lanka. Final budget position report (Annual Report), p. 76. 2023. <https://bitly.cx/C95i>

²⁹ Parliament of Sri Lanka. Officials the Finance Ministry present the steps taken to increase excise duty on cigarettes before the CoPF. 14th March 2025. <https://bitly.cx/XX2E>

³⁰ Newshub.lk. BOC approves loan worth Rs. 2150 Mn. to stock pile cigarettes ahead of budget increase. 8th December 2020. <https://bitly.cx/S11A>

³¹ Tobacco Unmasked. Rajitha Senaratne. 17th November 2021. <https://bitly.cx/tzFvO>

³² Sri Lanka Customs (2025) Travellers – Sri Lanka Customs. Available at: <https://bitly.cx/0ES2> (Accessed: 25 April 2025).

	0	1	2	3	4	5
excluded from any duty-free allowances, meaning that travelers cannot bring tobacco products into the country without incurring duties and taxes. ³³						
INDICATOR 4: Forms of Unnecessary Interaction						
8. Top level government officials (such as President/ Prime Minister or Minister ³⁴) meet with/ foster relations with the tobacco companies such as attending social functions and other events sponsored or organized by the tobacco companies or those furthering its interests. (Rec 2.1)	0					
For the period of this report instances of top government officials meeting with/fostering relationships with tobacco companies were not found.						
9. The government accepts assistance/ offers of assistance from the tobacco industry on enforcement such as conducting raids on tobacco smuggling or enforcing smoke free policies or no sales to minors. (including monetary contribution for these activities) (Rec 4.3)					4	
The government seeks assistance from the Ceylon Tobacco Company to destroy illicit cigarettes smuggled into the country ³⁵ . On 12 th August 2023, a stock of counterfeit cigarettes worth Rs. 748 million was destroyed using the crushing machine at the CTC premises under the supervision of Customs Officials ³⁶ .						
On 8 th November 2024, 2.6 million sticks of a range of foreign brands of cigarettes smuggled into the country was destroyed by the Customs authorities with the CTC ³⁷ .						
On 3 rd March 2025, Sri Lanka Customs destroyed 12 million sticks of illicit cigarettes smuggled into the country at the CTC compound in Kotahena ³⁸ . The stock of cigarettes seized by the Customs in 2024, 2022 and 2018 were reported to be confiscated and destroyed following Customs investigations.						
 						

³³ International Trade Administration (2024) *Sri Lanka - Import Tariffs and Taxes*. U.S. Department of Commerce. Available at: <https://bitly.cx/4jIT3> (Accessed: 25 April 2025).

³⁴ Includes immediate members of the families of the high-level officials

³⁵ Faizer Shaheid. The Morning. Illicit cigarettes and liquor: The long-standing battle continues. 19th January 2025. <https://bitly.cx/BWZ0K>

³⁶ Chaminda Perera. Daily News. Customs destroy Rs. 748 million worth counterfeit cigarettes. 12th August 2023. <https://bitly.cx/dx5W>

³⁷ Kurulu Koojana Kariyakarawana. Daily Mirror. Customs, CTC destroy Rs. 390 Mn worth illicit fags seized from BIA. 8th November 2024. <https://bitly.cx/0O6vZ>

³⁸ Adaderana.lk. Illegally imported foreign cigarettes worth Rs 1.2 billion destroyed. 4th March 2025. <https://bitly.cx/2swZG>



Figure 2: Stocks of counterfeit cigarettes being destroyed using the crushing machine at the CTC premises. Photo Source: <https://bitly.cxBWZ0K> / <https://bitly.cxd5W>

10. The government accepts, supports, endorses, or enters into partnerships or **non-binding** agreements with the tobacco industry **or any entity working to further its interests.** (Rec 3.1)

NOTE: This must not involve CSR, enforcement activity, or tobacco control policy development since these are already covered in the previous questions.

0

No such incidents were reported

INDICATOR 5: Transparency

11. The government does not publicly disclose meetings/ interactions with the tobacco industry in cases where such interactions are strictly necessary for regulation. (Rec 2.2)

0

There is no evidence to denote that the government had undisclosed meetings or interactions with the tobacco industry during the period of the report.

12. The government requires rules for the disclosure or registration of tobacco industry entities, affiliated organizations, and individuals acting on their behalf including lobbyists (Rec 5.3)

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Tobacco product manufacturers need registration. Since CTC is a publicly listed company, under security exchange commission (SEC) rules, Company CEO, Directors, Company Secretary, Registrars need to be disclosed. Joint ventures, mergers, acquisitions and take-overs should be disclosed as well.³⁹ However the government does not require affiliated organizations, individuals acting on behalf of the tobacco industry and lobbyists to be disclosed. This is nothing specific to the tobacco industry and it is common for all public enterprises in Sri Lanka.

INDICATOR 6: Conflict of Interest

13. The government does not prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates, or campaigns or to require full disclosure of such contributions. (Rec 4.11) 1 Never 5 Yes

1

Regulation of Election Expenditure Act 3 of 2023 was introduced to regulate the expenditure incurred by recognized political parties, independent groups and candidates at every election

³⁹ Section 9. Related Party Transactions. pg 5,6. <https://bitly.cxnf9Po>

conducted under the Local Authorities Elections Ordinance (Chapter 262)⁴⁰. Under this Act⁴¹, there are restrictions on election expenditure by a recognized political party, an independent group and a candidate. It is also prohibited to accept or receive a donation or contribution whether in cash or kind from any company registered under the Companies Act No. 7 of 2007.

14. Retired senior government officials form part of the tobacco industry (former Prime Minister, Minister, Attorney General) (Rec 4.4)

4

Mr. Kushan D'Alwis who is an independent non-executive director of CTC was a member of the Law Commission of Sri Lanka from 2011 to 2015. He was also a member of the Panel of Legal Advisors to the Tax Appeals Commission. He has served as a member of the Public Representations Committee on Constitutional Reform, appointed by the Cabinet of Ministers. He has also served as Chairman of the Office of the National Unity and Reconciliation (ONUR) of Sri Lanka and was also a Director of the Colombo Lotus Tower Management Company (Pvt) Ltd, and a Member of the Financial System Stability Consultative Committee of the Central Bank of Sri Lanka⁴².

In addition, Mr. Suresh Shah the chairman of CTC served as the Commissioner of the Securities and Exchange Commission (SEC) of Sri Lanka, and Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and on the Council of the University of Moratuwa.

15. Current government officials and relatives hold positions in the tobacco business including consultancy positions. (Rec 4.5, 4.8, 4.10)

4

In September 2022, Suresh Shah was appointed as the Head of State-Owned Enterprise Restructuring Unit of the Ministry of Finance, Planning and Economic Development. During the time of the appointment, he was serving as the Chairman of the Ceylon Tobacco Company (CTC) and an Executive Director of Carson Cumberbatch⁴³. He concurrently holds both these positions at the present as well.

Kushan D'Alwis was appointed to the Board of Ceylon Tobacco Company PLC as an Independent Non-Executive Director with effect from 20th April 2022⁴⁴. He is concurrently serving as the Chairman of the Office of the National Unity and Reconciliation (ONUR) of Sri Lanka and he is a member of the Board of Investment of Sri Lanka and of the Financial System Stability Consultative Committee of the Central Bank of Sri Lanka⁴⁵.

In October 2024, Dr. Samitha Perera was appointed as the Chairman of Lanka Sathosa, which is the key state-owned retail chain in Sri Lanka. Dr. Perera has links with the tobacco industry. He has held key roles in the Ceylon Tobacco Company and British American Tobacco Malaysia. He has served as a human resources director and head of brand enforcement and security of British American Tobacco until 2011.

Nimal Gunawardena was a former governing board member of the Office for National Unity and Reconciliation which comes under the Ministry of Justice. From 2019, he serves as the founder,

⁴⁰ Laws of Sri Lanka. Act 3 of 2023 – Regulation of Election Expenditure Act. 2023. <https://bitly.cz/XH4s1>

⁴¹ Regulation of Election Expenditure Act, No. 3 of 2023. Published as a Supplement to Part II of the Gazette of the Democratic Socialist Republic of Sri Lanka of January 27, 2023. <https://bitly.cz/OoSAE>

⁴² Ceylon Tobacco Company PLC. Annual Report 2023. <https://bitly.cz/ZEBp>

⁴³ Ishara Gamage. Ceylon Today. Suresh Shah to head proposed SOE restructuring Unit. 10th September 2022. <https://bitly.cz/PAeE9>

⁴⁴ Ceylon Tobacco Company. Kushan D'Alwis Independent Non-Executive Director. Accessed on 14th April 2025. <https://bitly.cz/wmHfr>

⁴⁵ Board of Investment of Sri Lanka. Annual Report. 2022. <https://bitly.cz/fhEw>

chairman and chief strategist of NGage Strategic Alliance. It is an agency that provides consultancy services in public relations, marketing and advertising in Sri Lanka. This agency provides advocacy services to the Ceylon Tobacco Company. As of June 2024, NGage Strategic Alliance mentions Benson & Hedges, John Player Gold Leaf and Ceylon Tobacco under their clients and experiences in their website.

INDICATOR 7: Preventive Measures

SCORING for this section: 1. Yes, 2. Yes but partial only, 3. Policy/ Program being developed 4. Committed to develop such a policy/ program 5. None

16. The government has put in place a procedure for disclosing the records of the interaction (such as agenda, attendees, minutes and outcome) with the tobacco industry and its representatives. (Rec 5.1)				3	
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NATA has developed a National Guideline for implementation of Article 5.3 in 2019⁴⁶, but the administrative orders and laws have not been formulated still.

17. The government has formulated, adopted or implemented a code of conduct for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry. (Rec 4.2); <i>Yes – for whole of government code; Yes but partial if only MOH</i>			3		
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The government has formulated a national guideline for public officials with regard to dealing with any industry but there is no specific code of conduct implemented for public officials, prescribing the standards with which they should comply in their dealings with the tobacco industry.

18. The government requires the tobacco industry to periodically submit information on tobacco production, manufacture, market share, marketing expenditures, revenues and any other activity, including lobbying, philanthropy, political contributions <i>and all other TAPS activities such as CSR or EPR (COP10), as well as on tobacco industry entities, affiliated organizations and individuals acting on their behalf, and tobacco industry funded groups and their research and marketing activities</i> (Rec 5.2, 5.3, and COP9 and 10 Decision)				3	
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Production figures need to be submitted periodically for excise tax collection. Financial statements are made available to the public since CTC is a publicly listed company (which is the due process for other listed companies as well). However, there are no protocols in place to report lobbying, philanthropy and political contributions by CTC.

CTC'S 2023 Annual Report mentions the promotion of “sustainable agriculture practices” among rural communities in Sri Lanka as a part of their flagship CSI project. For instance, it is mentioned that 26,994 beneficiary tobacco farmers were supported to grow alternate crops in their fields⁴⁷. But there is no information on the size of its charity to the rural communities.

Despite advertising and promotions being banned, BAT reported it launched its Dunhill Switch LEPP as a premium product in 2024.⁴⁸ In the cheap category of cigarettes, (Value for Money) launched its John Player Gold Pro brand with “a refreshed packaging design”. However, the government does not require the tobacco industry to declare how much it spends marketing.

⁴⁶ Ministry of Health, Nutrition & Indigenous Medicine, National Authority on Tobacco & Alcohol, World Health Organization Sri Lanka. Sri Lanka national guidelines on protection of public policies from commercial and other vested interests of the tobacco industry. 2019. <https://bitly.cz/LHsB>

⁴⁷ Ceylon Tobacco Company PLC. Annual Report 2023. <https://bitly.cz/ZEBp>

⁴⁸ Ceylon Tobacco Company PLC. Annual Report 2023, p. 48. <https://bitly.cz/ZEBp>

	0	1	2	3	4	5
19. The government has a program / system/ plan to consistently ⁴⁹ raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines. (Rec 1.1, 1.2)				3		
National Guideline for implementation of Article 5.3 has been developed but there is no such program/system/plan to consistently raise awareness within its departments on policies relating to FCTC Article 5.3 Guidelines.						
20. The government has put in place a policy to disallow the acceptance of all forms of contributions/ gifts from the tobacco industry (monetary or otherwise) including offers of assistance, policy drafts, or study visit invitations given or offered to the government, its agencies, officials and their relatives. (3.4)		1				
According to general Establishment Code and the bribery law government officials cannot accept all forms of contributions/gifts from any party including the tobacco industry. This is the code that all government servants should adhere to, breaching which is a punishable offense. However, there is nothing specific to tobacco according to Article 5.3.						
TOTAL	45					

ADDITIONAL QUESTIONS

Based on COP9 and COP10 Decisions highlighting Article 5.3 recommendations

A. LIABILITY: Government has adopted or enforced mandatory penalties for the tobacco industry in case it provided false or misleading information (Rec 5.4)
[5.4 Parties should impose mandatory penalties on the tobacco industry in case of the provision of false or misleading information in accordance with national law.]

Evidence

The National Authority on Tobacco and Alcohol (NATA) Act No. 27 of 2006, Article 17 (6) states that it is an offense to knowingly make any false or misleading statements either orally or in writing to authorized officers such as any food and drugs inspector, public health inspector, police officer or excise officer. Moreover, under Article 43 of the Act, any person who knowingly makes false statements in the provision of information is guilty of an offence under the Act⁵⁰.

The law imposes a fine not to exceed LKR 50000 and/or imprisonment not to exceed one year if the tobacco manufacturer does not display health warnings on tobacco products and statement of the tar and nicotine content in each tobacco product⁵¹. In 2019 an incident was reported where cardboard boxes containing cigarettes without displaying health warnings were seized and detained by authorized officers⁵².

⁴⁹ For purposes of this question, “consistently” means: a. Each time the FCTC is discussed, 5.3 is explained. AND b. Whenever the opportunity arises such when the tobacco industry intervention is discovered or reported.

⁵⁰ National Authority on Tobacco and Alcohol Act, No. 27 of 2006. 29th August 2006. <https://bitly.cx/vzY3>

⁵¹ Tobacco Control Laws. Legislation by Country/Jurisdiction Sri Lanka, Packaging & Labelling, Penalties. 11th February 2024. <https://bitly.cx/lUyad>

⁵² Court of Appeal of the Democratic Socialist Republic of Sri Lanka. Case No: CA/WRIT/492/2015. 12th September 2019. <https://shorturl.at/aiqc0>

B. KH RESOURCE DATABASE: Government adopted and implemented measures to ensure public access to information on TI activities

[5.5 Parties should adopt and implement effective legislative, executive, administrative and other measures to ensure public access, in accordance with Article 12(c) of the Convention, to a wide range of information on tobacco industry activities as relevant to the objectives of the Convention, such as in a public repository.]

Evidence

No.

Annex A: Sources of Information

	TOP TOBACCO COMPANIES	MARKET SHARE	BRANDS	SOURCE
1	Ceylon Tobacco Company PLC	99%	John Player Gold Leaf (80%), Dunhill, John Player Gold, Capstan (no filter)	World Bank Group. Sri Lanka. Overview of Tobacco Use, Tobacco Control, Legislation and Taxation
2	United Tobacco Processing Pvt Ltd		J. Cortès, Country, Neos, Amigos, Calvano, Oliva, Nub, Cain, De Olifant, Aliados	https://bitly.cx/aejkm
3	Agio Tobacco Processing Company Pvt Ltd			
4	Thansher and Company (no longer producing)			

	TOP TOBACCO INDUSTRY ALLIES/ FRONT GROUPS	TYPE (FRONT GROUP, AFFILIATE, INDIVIDUAL)	SOURCE
1	Research Intelligence Unit	Lobby Group	https://bitly.cx/MSwP
2	The All Island Cigarette Tobacco Barn Owner's Association (AICTBOA)	Front Group Ceylon Cigarette Tobacco Barn Owners' Association (Barn Owners' Association) is an association of the barn owners registered with the Ceylon Tobacco Company PLC (CTC) .	https://bit.ly/3oxTndb
3	Outreach Projects (Guarantee) Limited	Front Group Fully owned subsidiary of Ceylon Tobacco Company PLC	https://bit.ly/40OhG4h
4	Tobacco Retailers Association	Front Group	https://bitly.cx/T2P2x