(Ninth Parliament - Fifth Session)

No. 1(13).]

ADDENDUM TO THE ORDER BOOK No. 1

OF

PARLIAMENT

Issued on Thursday, June 27, 2024

Tuesday, July 09, 2024

NOTICE OF MOTIONS AND ORDERS OF THE DAY

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The Prime Minister and Minister of Public Administration, Home Affairs, Provincial Councils and Local Government,— Resolution for the Implementation of External Debt Restructuring Agreements,— Whereas, in March 2022, Sri Lanka faced a severe debt sustainability crisis as Foreign Exchange Reserves experienced continuous depletion and consequently, on the advice of the Monetary Board of Sri Lanka, Sri Lanka suspended public external debt repayments to prevent further deterioration of the economic situation;

And whereas, the Government of Sri Lanka (GOSL) initiated negotiations with the International Monetary Fund (IMF) to restructure the debt and find a solution to the crisis, following a transparent disclosure of the severe issue to the public and upon stakeholder consultation, the Government of Sri Lanka (GOSL) appointed Lazard as Financial Advisors and Clifford Chance LLP as Legal Advisors to represent GOSL in negotiations with the IMF;

And whereas, the IMF conducted a comprehensive review of Sri Lanka's financial situation and issued a Debt Sustainability Assessment, delineating the challenges and potential solutions and in accordance with the IMF's roadmap, a rigorous debt restructuring procedure was subsequently initiated by Sri Lanka;

And whereas, despite the suspension of foreign debt repayments, which included bilateral creditor repayments and payments to Sovereign Bondholders, Sri Lanka remained committed to servicing multilateral creditor payments;

And whereas, pursuant to the decision of the Cabinet of Ministers dated 28th June 2023, Parliament resolved that the domestic public debt of Sri Lanka be optimized to ensure public debt sustainability;

And whereas, the domestic debt restructuring process was successfully conducted and concluded by Sri Lanka in accordance with the IMF's debt sustainability assessment and consequently, the remaining two components of the foreign loans consist of payments to bilateral creditors and payments to Sovereign Bondholders;

And whereas, in order to restructure the bilateral loans in accordance with the IMF's debt sustainability parameters, an Official Creditor Committee (OCC) was established under the leadership of France, Japan, and India and concurrently, Sri Lanka engaged in discussions with the Export-Import Bank of China (EXIM Bank) within the same parameters as the OCC;

And whereas, on June 26, 2024, the Minister of Finance, Economic Stabilization and National Policies presented the memorandum to the Cabinet of Ministers outlining the successful conclusion of debt restructuring negotiations with the Official Creditor Committee (OCC) and the Export-Import Bank of China (EXIM Bank), paving the way for potential future positive credit reviews;

And whereas, Sri Lanka is expected to achieve improved credit ratings as a result of this strategic and measured approach, which will facilitate access to the international financial markets;

And whereas, on June 26, 2024, the Government of Sri Lanka (GOSL) and the Official Creditor Committee (OCC) reached the final agreement on debt restructuring agreement in Paris, and the Government of Sri Lanka (GOSL) and Export-Import Bank of China (EXIM Bank) reached the final agreement on debt restructuring agreement in Beijing, marking a significant breakthrough following a series of successful negotiations by the GOSL and these agreements pave the way for Sri Lanka to resume its bilateral economic relationships with creditor countries with renewed commitment;

And whereas, the Debt Restructuring Agreements are instrumental in regaining debt sustainability in alignment with the IMF Debt Sustainability Analysis and furthermore, they are poised to significantly transform Sri Lanka’s economy, facilitating a swift economic recovery and fostering sustainable growth; and

Therefore, this Parliament resolves that as per the decision of the Cabinet of Ministers dated 26.06.2024 to grant all requisite approvals to the Minister of Finance, Economic Stabilization and National Policies to implement the following agreements:—

(i) The Final Agreement reached between the Democratic Socialist Republic of Sri Lanka and the Official Creditor Committee (OCC) on the Debt Restructuring of the Democratic Socialist Republic of Sri Lanka on 26th June 2024; and

(ii) The Final Amendment Agreement to Loan Agreements reached between the Democratic Socialist Republic of Sri Lanka and the Export-Import Bank of China (EXIM Bank) on 26th June 2024.

**** Indicates Government Business.***