Issue No. 376 15th SEPTEMBER 2026 CEYLON INDEPENDENT @+94 77 230 0305

NEWSLINE
Daily by Faraz

"Questioning The Answers"

SELECTIVE REGULATORY ACTION MUST DIE WITH THE OLD SRI LANKA

Circumstances alter cases as much as powder alters faces.

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SELECTIVE REGULATORY ACTION MUST DIE WITH THE OLD SRI LANKA

Circumstances alter cases as much as powder alters faces.

For 76 years Sri Lankans learned that when the system failed, you went upstairs. Find the Minister, the Chairman, the Secretary or ultimately the Boss. The Change Sri Lanka voted for requires something fundamentally different: the system itself must work, and it must work equitably for everyone.

NEWSLINE EDITORIAL

There is a concept that many Sri Lankans are understandably finding difficult to comprehend: selective regulatory action. For most of our 76 years since Independence, Sri Lanka developed a peculiar method of solving problems. When something went wrong, we did not necessarily ask what the rule said. We asked who could fix it.

If the clerk could not resolve it, one found the supervisor. If the supervisor could not, one found the director, the Secretary, the Chairman or the Minister. If the problem was sufficiently serious and the connections sufficiently good, somebody would eventually attempt to reach the President. In other words, find the Boss.

This became so deeply embedded in our national existence that it almost entered the DNA of how Sri Lanka functioned. People did not always go upwards because they wanted the law bent in their favour. Frequently they went upwards because experience had taught them that this was the only way to make the machinery move at all.

A pension delayed for months, a licence trapped on somebody's desk, a container sitting at the port, a hospital requiring medicine, a businessman unable to obtain an approval or an ordinary citizen confronting an official unwilling to make a decision could produce the same instinctive response. Find somebody higher who could intervene and get the thing done.

It would therefore be simplistic, and perhaps unfair, to assume that everyone who still instinctively seeks intervention from above is necessarily attempting to manipulate the system. Habits built over three-quarters of a century do not disappear because an election has taken place. Sri Lanka is traversing from one culture into another, and that inevitably takes some getting used to.

But Change must ultimately mean considerably more than changing the people occupying the offices at the top. It must change what happens inside those offices and, more importantly, what happens without anybody needing to telephone them.

A citizen should not require the President to make a regulator regulate. A businessman should not require a Minister to make a department follow its own procedure. A patient should certainly not require political influence to make the health system treat an urgent medical question with urgency, and nobody should require the friendship of somebody important to receive the same treatment that the law already promises everybody else.

This is where selective regulatory action becomes dangerous. A regulator cannot be ferocious about a requirement in one case and flexible about an equivalent requirement in another simply because the personalities, institutions or circumstances surrounding the decision have changed.

If a defect requires independent scientific testing in one case, comparable defects should ordinarily attract comparable scientific scrutiny in another. If one deviation can be assessed through evidence, proportionality, risk and patient need, the same reasoning should be available when the next product arrives. Where different treatment is justified by materially different facts, the regulator should be able to explain clearly what those differences are.

The principle extends far beyond medicine. If Customs investigates one importer over a particular transaction, another importer undertaking materially the same transaction should face the same standard. If a bank flags one suspicious transfer, another politically connected customer cannot receive a different rule. If a planning authority refuses one developer because regulations prohibit something, influence should not make the identical prohibition disappear for somebody else.

The same applies to the administration of justice. If the criminal law pursues one politician, it must be equally capable of pursuing another. President Anura Kumara Dissanayake has now declared in unmistakable terms that nobody is above the law, no matter who it may be. That is precisely how it should be.

But equality before the law is not demonstrated merely by the prominence of the people who are prosecuted. It is demonstrated by the consistency with which the law is applied when the names, politics and circumstances change. The same principle must govern regulatory and administrative action throughout the State.

Selective regulation destroys confidence because citizens eventually stop asking what the rule is and start asking who the rule is for. Once that happens, the credibility of the institution itself begins to disappear.

Regulators are entrusted with considerable powers precisely because society requires independent institutions to protect the public interest. A medicines regulator protects patients. A financial regulator protects the integrity of markets. Customs protects revenue and the border. Environmental regulators protect resources that belong not merely to today's politicians but to generations not yet born. Their legitimacy ultimately comes from the fairness and consistency with which those powers are exercised.

Equitable treatment does not mean mindless bureaucracy or pretending every case is identical. Different facts can properly produce different decisions. Regulators must exercise judgement, assess risk and sometimes act with exceptional urgency. What equity requires is that comparable circumstances are judged by comparable standards and, where the treatment differs, the institution is capable of explaining why.

That explanation should exist in the file, not in somebody's telephone records.

This may be one of the hardest parts of the Change Sri Lanka says it wants. For generations we personalised government and looked for the individual powerful enough to solve the problem. The new culture must institutionalise government instead.

The President should not have to fix it, nor should the Minister, Chairman or Secretary. The system should fix it because that is what the system exists to do.

When it does not, there must be a transparent avenue of appeal that works just as effectively for "Kanthi" travelling hundreds of kilometres for cancer treatment as it does for the chairman of a billion-rupee company.

That is Change. It is not replacing yesterday's telephone numbers with today's.

Sri Lanka has spent 76 years learning whom to call. Be that as it may, perhaps the next chapter should be about building a country where nobody needs to make the call.

NAMAL IS IN JAIL. THE PRESIDENT SAYS THE LAW DOESN'T KNOW YOUR SURNAME

Namal Rajapaksa remains in remand over an alleged Rs 100 million payment linked to the SriLankan Airlines Airbus procurement. Now President Anura Kumara Dissanayake has entered the argument with an uncompromising proposition: mother, grandmother, son or political heavyweight if there is a case, the law must apply. The principle is difficult to quarrel with. The real test is whether it applies to everybody.

NEWSLINE

Namal Rajapaksa will spend at least several more days in remand custody.

The SLPP National Organiser and Hambantota District MP was arrested by the Commission to Investigate Allegations of Bribery or Corruption on September 4 and subsequently remanded until September 18 in connection with an alleged Rs 100 million payment arising from the controversial procurement of Airbus aircraft for SriLankan Airlines.

CIABOC's case goes considerably further than a bald allegation that Rs 100 million changed hands.

According to material placed before court, investigators allege that €1,454,651.24 was received into an account maintained at Standard Chartered Bank in Singapore in the name of BIZ Solutions Inc.

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NAMAL IS IN JAIL...

They further allege that US$800,000 was subsequently transferred to an OCBC Bank account in Singapore belonging to Sabre Vision Holdings Ltd, a company owned by a Sri Lankan businessman.

CIABOC alleges that Namal Rajapaksa subsequently received a total of Rs 100 million from that businessman on several occasions during 2014 and 2015. The Commission says its investigation includes a statement from the businessman, statements obtained from Airbus officials in France and documentary and other material gathered during the inquiry.

These are allegations. They have not been proved against Rajapaksa and remand is not a finding of guilt.

That distinction matters enormously, particularly now that an investigation has become a political confrontation.

The SLPP has condemned the arrest and alleged that the proceedings are politically motivated. Its supporters have increasingly sought to portray the detention of Namal Rajapaksa as part of a broader campaign against the Rajapaksa family.

President Anura Kumara Dissanayake has effectively answered that argument.

Speaking on September 12, the President said allegations of political revenge and appeals for sympathy would not prevent legal action against those accused of corruption or misappropriating public money. His language was deliberately unsentimental: fathers should have advised their sons not to steal, he said, rather than complain when they were caught.

Behind the political theatre lies a much more important proposition.

No one should be above the law.

Not Namal Rajapaksa. Not a former President. Not a Cabinet Minister. Not an NPP politician. Not a senior public servant. Not a regulator. Not a businessman with the right telephone numbers. Not anybody.

And that is precisely why this case may ultimately test the Government as much as it tests Namal Rajapaksa.

If there is admissible evidence that he received money connected with the Airbus transaction, investigators must pursue it without fear, favour or political interference. If prosecutors believe that evidence establishes criminal liability, they must put it before a court.

But the reverse is equally important.

Namal Rajapaksa is entitled to the presumption of innocence. Remand must never be allowed to become punishment by another name, and an arrest must never be presented to the public as though it were already a conviction.

There is also a larger question for President Dissanayake.

Once a Head of State declares that nobody is above the law, he creates a standard against which his own administration will inevitably be measured.

The public will therefore watch what happens when allegations involve people without a Rajapaksa surname. They will watch investigations involving government institutions. They will watch regulators. They will watch procurement. They will watch whether files move with the same urgency when the politically inconvenient person happens to be standing on the Government's side rather than the Opposition's.

That is the beauty and the danger of equality before the law.

It cannot be selective. The next scheduled court date in the present case is September 18.

What happens then will matter to Namal Rajapaksa.

What happens everywhere else may matter considerably more to Anura Kumara Dissanayake. Because the President has now articulated the standard himself.

No matter who you are.

Be that as it may, Sri Lanka does not need one set of people finally brought beneath the law. It needs a country in which nobody was ever above it.

DIESEL IS DISAPPEARING FROM SOME PUMPS. THE PRICE FORMULA HAS MET HORMUZ.

Private fuel retailers say selling diesel at the present regulated price could cost them as much as Rs 160 a litre as international fuel, freight, insurance and security costs surge. Some stations have already run short. Sri Lanka may be discovering very quickly that a pricing formula works beautifully until the world changes faster than the formula.

NEWSLINE

Sri Lanka's fuel market is beginning to show the first physical signs of the international energy shock.

Private fuel retailers have reduced diesel supplies to parts of their networks, with some filling stations reportedly running dry as operators argue that the present pricing structure no longer reflects the extraordinary increase in the cost of getting fuel to Sri Lanka.

The numbers explain the anxiety.

Private operators are claiming that, at current international prices and associated costs, they could face losses of as much as Rs 160 on every litre of diesel sold at the existing regulated retail price. It is not merely the price of the petroleum product that has changed. Freight, insurance and security costs have also risen as instability surrounding the Strait of Hormuz feeds directly into the economics of moving oil.

Energy Minister Anura Karunathilaka said yesterday that the Government was considering the available options as part of its fuel-price review.

That review has suddenly become rather more important than an exercise in adjusting numbers on a spreadsheet.

Sri Lanka's fuel-pricing mechanism was designed in part to prevent the enormous hidden subsidies and accumulated losses that helped cripple state finances in the past. Consumers therefore cannot reasonably expect the Treasury permanently to absorb every increase in international oil prices.

But neither can a functioning fuel market operate indefinitely if retailers genuinely lose substantial sums on every litre they sell.

The Government consequently faces three unpleasant possibilities: allow prices to rise, absorb some portion of the additional cost, or devise an interim mechanism capable of keeping private suppliers operating until international conditions stabilise.

There is also a fourth possibility.

Do nothing and discover what happens when filling stations stop receiving enough diesel.

Sri Lanka has already lived through that experiment.

The queues of 2022 are still recent enough to require no history lesson. Fuel shortages did not merely inconvenience motorists. They paralysed transport, disrupted businesses, damaged agriculture, closed schools and became one of the most visible symbols of a state that had run out of economic road.

The circumstances today are very different. Sri Lanka has substantially rebuilt its foreign reserves, the financial system is functioning and there is no suggestion that the country has returned to the foreign-exchange catastrophe of four years ago.

But oil above US$100, instability around Hormuz and sharply higher shipping and insurance costs are exactly the sort of external shock for which those rebuilt buffers exist.

The immediate question is therefore not whether Sri Lanka has fuel.

It is whether the commercial mechanism for getting that fuel from the international market, through the importer, into the filling station and eventually into a vehicle continues to make economic sense.

If it does not, the Government needs to fix it quickly. Because motorists do not queue outside pricing formulas.

They queue outside filling stations.

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FOREIGN MONEY IS COMING BACK. RS 92 BILLION IN 13 WEEKS.

Foreign investors have bought Sri Lankan rupee Government securities for thirteen consecutive weeks, taking net purchases over the period to approximately Rs 92 billion. It is a significant vote of confidence in a country investors once fled but with the rupee still down 5.7 percent this year and oil above US$100, confidence can travel in both directions.

NEWSLINE

Something interesting is happening in Sri Lanka's Government debt market.

Foreign investors bought another net Rs 2.75 billion approximately US$8.5 million of rupee-denominated Government securities during the week ending September 11.

On its own, that is hardly an earth-shattering amount.

The more significant number is thirteen.

Foreign investors have now been net buyers of Sri Lankan rupee Government securities for thirteen consecutive weeks, beginning in June, with cumulative purchases during that period reaching approximately Rs 92 billion, or around US$280 million.

Foreign holdings have consequently climbed to approximately Rs 213.4 billion.

For Sri Lanka, that matters.

Only a few years ago the country was associated internationally with sovereign default, depleted reserves, import restrictions and queues for essentials. Foreign capital did precisely what frightened capital normally does: it headed for the exit.

Its gradual return therefore represents more than another line in the Central Bank's weekly statistics.

Investors buying rupee Government debt are making a judgement about several things simultaneously: interest rates, inflation, currency risk, monetary policy, the ability of the Government to honour its domestic obligations and, ultimately, whether the return available in Sri Lanka adequately compensates them for the risk of putting money here.

For thirteen weeks, some investors have apparently decided that it does.

Sri Lanka has recorded approximately Rs 72.1 billion in net foreign inflows into rupee Government securities so far this year, following a net inflow of about Rs 71.5 billion during 2025.

That is encouraging.

It is not, however, an invitation to declare victory.

The rupee has depreciated approximately 5.7 percent against the US dollar this year. Inflationary pressure has returned after the extraordinary period of falling prices, and the Central Bank raised its key policy rate by 100 basis points in May as it sought to contain pressures generated partly by stronger demand.

Now another variable has entered the equation.
Oil.

With international crude prices again above US$100 and the Middle East crisis affecting fuel, freight, insurance and shipping, Sri Lanka's external account could face precisely the sort of pressure that quickly changes investor calculations.

A foreign investor earning an attractive yield on a Sri Lankan Treasury instrument can still lose money in dollar terms if the rupee falls sufficiently.

That is why these thirteen consecutive weeks of inflows deserve attention without celebration.

Foreign capital is returning.

Sri Lanka should ask why, understand what is attracting it and ensure that the economic conditions producing that confidence are protected.

Because international investors have no sentimental attachment to Colombo.

The money that arrived in thirteen weeks can leave considerably faster.

THE BUDGET IS BACK IN THE RED. RS 119 BILLION IN ONE MONTH.

Sri Lanka's public finances have improved markedly this year. But July produced a warning: a Rs 119.23 billion Budget deficit wiped out the small surplus accumulated up to June. The Government is collecting substantially more money. The question remains whether it can control what happens after the money arrives.

NEWSLINE

Sri Lanka's fiscal recovery has produced an uncomfortable reminder that improved revenue does not automatically mean the Budget problem has disappeared.
The Government recorded a Budget deficit of approximately Rs 119.23 billion in July, reversing the Rs 9.51 billion cumulative surplus it had managed to record during the first six months of the year.

By the end of July, the cumulative Budget position had consequently swung back into deficit by approximately Rs 109.72 billion.

There is an important qualification.

The overall fiscal performance during the first seven months of 2026 remains considerably stronger than during the corresponding period last year. Government revenue has increased sharply and the primary balance which measures the Budget position before interest payments remains positive.

That is significant for a country whose fiscal indiscipline was one of the ingredients of the economic catastrophe of 2022.

But July tells another story.

A Government can improve tax collection, widen the revenue base and pursue delinquent taxpayers, but ultimately fiscal recovery depends on both sides of the ledger.

Money coming in matters. So does money going out.
Sri Lanka is now collecting substantially more from its citizens and businesses. VAT, income tax and other revenue measures introduced during the economic adjustment have imposed a considerable burden on households and companies, many of which are still recovering from the collapse in real incomes that followed the crisis.

That creates a corresponding obligation on the State.

Every additional rupee collected must be treated as public money rather than government money. The distinction is important.

Higher revenue cannot become an invitation for ministries, departments, corporations and political authorities to rediscover the spending habits that helped create the problem in the first place.

Nor should improved headline fiscal numbers obscure the extraordinary burden of interest payments.

Sri Lanka continues to spend an enormous proportion of Government revenue servicing debt accumulated over decades.

The country therefore remains trapped between two realities.

It needs enough taxation to repair the State's finances.

But excessive taxation can suppress investment, consumption and economic activity ultimately weakening the very revenue base the Government is attempting to strengthen.

That is why the Rs 119 billion July deficit deserves attention without panic.

One month's figure does not reverse Sri Lanka's fiscal recovery. But it does provide a useful warning. The public has already been asked to tighten its belt.

Government must make certain it has not quietly loosened its own.

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IS THERE AN EXTORTION RACKET INSIDE CUSTOMS?

The Opposition has levelled an extraordinary allegation: that some importers are being pressured for payments through an organised system operating within Sri Lanka Customs. It is an allegation, not an established fact. But if businesses importing legally into Sri Lanka believe unofficial payments determine how quickly their goods move, somebody needs to establish the truth quickly.

NEWSLINE

The Samagi Jana Balawegaya has raised serious allegations concerning the treatment of importers by Sri Lanka Customs, claiming that an organised system of extortion is operating within the institution.

The allegations were raised in Parliament by SJB MP Mujibur Rahman, who claimed that some importers were being pressured into making payments to secure the release of consignments and avoid delays.

These are allegations made by the Opposition.

NEWSLINE has seen no finding by a court or independent investigation establishing that Sri Lanka Customs, as an institution, operates an extortion racket. Nor should individual Customs officers be condemned on the basis of a political allegation.

But the accusation is sufficiently serious that it cannot simply disappear into another day's Hansard.

Customs occupies one of the most commercially sensitive points in the Sri Lankan economy.

Every unnecessary delay at the border costs somebody money. Containers accumulate demurrage and storage charges. Raw materials fail to reach factories. Retailers wait for goods. Exporters dependent on imported inputs can lose production time.

That creates an obvious vulnerability.

Where an official possesses substantial discretion over whether a shipment moves today, tomorrow or next week, delay itself can become leverage.

That is precisely why Customs procedures need to be transparent, predictable and increasingly automated.

An importer complying with the law should know what documents are required, what duties are payable, why a consignment has been stopped and what mechanism exists to challenge an unreasonable decision.

There should be as little room as possible for the outcome to depend upon whom somebody knows.

Sri Lanka has spent years speaking about becoming a regional logistics hub, improving ease of doing business and attracting foreign investment.

Those ambitions become meaningless if businesses believe goods cannot cross the country's principal commercial gateway without unofficial negotiation.

The allegation also arrives at an interesting moment.

The Government has made anti-corruption one of the defining themes of its administration. President Anura Kumara Dissanayake has repeatedly insisted that political status and influence will no longer shield people from investigation.

That principle cannot stop at politicians.

If the allegations concerning Customs are false, the institution and its officers deserve to have their names cleared.

If there is evidence supporting them, those responsible deserve something rather different.

The simplest answer is an independent investigation capable of establishing which it is.

Sri Lanka does not need another rumour about corruption. It needs either proof or exoneration.

SRI LANKA IS BACK ON THE INVESTMENT MAP. JPMORGAN JUST PUT IT THERE.

Sri Lanka is set to become one of the largest country weights in JPMorgan's new frontier-market local-currency Government bond index. Four years after default made Sri Lanka virtually untouchable to sections of international capital, global investors are being given another reason to look at Colombo.

NEWSLINE

Sri Lanka's rehabilitation in international capital markets has taken another significant step, with the country expected to become one of the largest components of JPMorgan's new frontier-market local-currency Government bond index.

The GBI-EM Edge index is expected to be launched at the end of September and will track local-currency Government debt across a group of frontier economies. Sri Lanka is expected to enter close to the maximum country weighting permitted by the index, placing it alongside some of the largest markets in the new benchmark.

That may sound like the obscure machinery of international finance. It is anything but.

Global bond indices influence where enormous pools of institutional money are allocated. Funds that track or benchmark themselves against an index must pay attention to the countries included in it, and inclusion can consequently increase international visibility and create additional demand for eligible Government securities.

For Sri Lanka, the timing is particularly interesting.

Foreign investors have already been returning to the domestic Government securities market, recording thirteen consecutive weeks of net purchases. The JPMorgan development could strengthen that trend by placing Sri Lankan rupee debt directly in front of a wider universe of international investors.

It is also an extraordinary change in perception from 2022.

Then, Sri Lanka was a sovereign defaulter with almost exhausted usable reserves, severe shortages and an economy in free fall. International investors were calculating how much they might recover from Sri Lankan debt rather than contemplating how much more of it they should buy.

Four years later, the conversation has changed.

That does not mean the risk has disappeared. Sri Lanka remains heavily indebted, the rupee has weakened this year and the renewed Middle East crisis threatens the country through higher oil, freight and insurance costs. Foreign investors buying rupee debt must therefore weigh attractive yields against the possibility that currency depreciation erodes those returns.

There is another reason for caution.

Foreign portfolio capital is useful, but it is not the same thing as long-term foreign direct investment. A factory, hotel or technology operation cannot leave Sri Lanka at the press of a computer key. Money invested in Government securities can.

The JPMorgan inclusion should therefore be regarded for what it is: an important signal that international financial markets are beginning to treat Sri Lanka differently.

That is an achievement worth recognising. Keeping them interested will be considerably harder.

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THE PRISONS ARE SHORT OF OFFICERS. SO SRI LANKA MAY BRING THE RETIRED ONES BACK.

Sri Lanka’s prison system is considering recalling retired officers to fill serious staffing shortages, while the old Bogambara Prison is being prepared once again to accommodate inmates. When prisons require pensioners and previously closed facilities to keep the system functioning, the problem may be considerably larger than recruitment.

NEWSLINE

Sri Lanka’s overcrowded and overstretched prison system is looking backwards for personnel as it attempts to cope with the pressures confronting it today.

The Department of Prisons is considering bringing retired prison officers back into service to address an existing shortage of personnel, according to Commissioner General of Prisons Prasad Hemantha.

At the same time, the old Bogambara Prison is being prepared to receive inmates, with refurbishment work reported to be around 90 percent complete and officers now being assigned to the facility.

Taken separately, each measure can be explained as a practical administrative response.

Taken together, they raise a more uncomfortable question about the condition of Sri Lanka’s prison system.

Sri Lankan prisons have struggled for years with overcrowding, inadequate staffing and large numbers of people held on remand. A substantial prison population therefore consists not only of convicted offenders serving sentences but people awaiting the completion of criminal proceedings.

That distinction matters.

Remand exists principally to ensure that an accused person appears before court and, where appropriate, to protect an investigation or the public. It is not supposed to operate as an advance instalment of a sentence that has never been imposed.

Yet when a justice system becomes congested, the consequences eventually arrive at the prison gate.

More prisoners require more accommodation, more officers, more transport, more food, more medical services and more public money. Reopening or repurposing prison capacity deals with the immediate physical problem, but it does not necessarily address why so many people need to be accommodated in the first place.

The proposal to bring retired officers back may prove sensible as an interim measure. Experienced personnel can fill gaps more quickly than newly recruited officers who require training.

But it should remain an interim measure.

A modern correctional system cannot be built indefinitely around retirees being summoned back because the State failed to recruit, train and retain sufficient personnel for the institution it actually operates.

Bogambara may provide additional space. Retired officers may provide additional hands.Neither answers the larger question.

Why is Sri Lanka’s prison system under such pressure that it needs both?

SRI LANKA WANTS TO PLUG INTO ASIA. THE QUESTION IS WHETHER ASIA NEEDS US.

Sri Lanka will put regional trade, investment and supply-chain integration at the centre of its Economic and Investment Summit next month. Geography has always given the country a magnificent sales pitch. Turning that location into factories, exports and jobs remains the unfinished business.

NEWSLINE

Sri Lanka is preparing another major attempt to position itself inside Asia’s rapidly expanding trade and investment networks, with regional supply chains and economic corridors set to feature prominently at next month’s Sri Lanka Economic and Investment Summit.

The summit, organised by the Ceylon Chamber of Commerce for October 12 and 13, will examine how Sri Lanka can strengthen its connections with Asian markets, attract investment and participate more effectively in regional value chains.

The argument for Sri Lanka is familiar and compelling.

The country sits beside one of the world’s busiest maritime routes, immediately south of India and within reach of some of the fastest-growing economies in Asia. Colombo already possesses a significant transshipment port, Sri Lanka has comparatively strong human-development indicators and the country has spent decades describing itself as a potential gateway between East and West.

The difficulty is that geography is an advantage, not an economic policy.

Ships passing close to Sri Lanka do not automatically create Sri Lankan wealth. Neither does proximity to India guarantee investment. Companies choose locations after examining electricity prices, taxation, labour productivity, logistics, policy stability, the speed of government approvals and whether contracts and property rights can be enforced predictably.

Sri Lanka therefore competes not with its own past but with other countries seeking exactly the same factories, technology companies, logistics centres and export-oriented investment.

Vietnam understands that competition. So does Malaysia. Thailand understands it. India itself increasingly understands it.

Sri Lanka must decide whether it does too.

The country has repeatedly produced investment conferences, development plans and presentations explaining its strategic location. The more useful measurement is what happens after the delegates leave.

How many investments are actually signed? How quickly do they begin operating? How many jobs are created?

How much new export revenue follows? And how many prospective investors abandon Sri Lanka somewhere between the first meeting and the final approval?

Those numbers would tell the country considerably more than another declaration that Sri Lanka is strategically located.

It undoubtedly is. The challenge is finally to make that location pay.

HORMUZ TALKS ARE OFF. THE SHIPS AREN’T MOVING. OIL IS ABOVE US$107.

Oman’s attempt to bring Iran and the Gulf states together over a temporary arrangement for shipping through the Strait of Hormuz has stumbled before the meeting even began. Vessel traffic has collapsed from pre-war levels, Saudi Arabia’s alternative oil route has been attacked and the world’s most important energy passage is becoming more dangerous by the day.

NEWSLINE INTERNATIONAL

The diplomatic attempt to find a way through the Strait of Hormuz crisis has suffered a serious setback.

A meeting scheduled in Oman yesterday between Iran and Gulf states to discuss arrangements for commercial shipping through the Strait was postponed, extinguishing hopes of an immediate regional agreement capable of restoring confidence to one of the most important waterways in the world.

Oman had hoped to bring the parties together around a temporary framework governing shipping through Hormuz.

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HORMUZ TALKS ARE OFF...

The meeting was postponed amid an absence of sufficient regional consensus and growing tensions between Iran and Saudi Arabia.

While the diplomats struggle, the ships are already voting with their propellers.

Preliminary tracking data shows commodity-vessel movements through Hormuz fell into single digits per day over the weekend. Only four commodity vessels were recorded leaving the Gulf while ten entered, compared with a recent ten-day average of approximately 14 vessels a day in each direction.

The comparison with normal conditions is extraordinary. Before the Iran war began in February, approximately 125 large commercial vessels typically passed through the Strait every day. Tankers, LNG carriers, container ships and bulk vessels using the passage carried energy and goods that connected the Gulf with economies across Asia and the rest of the world.

Around one-fifth of global crude oil and liquefied natural gas supply normally moves through Hormuz.

The danger is no longer theoretical.

A commercial vessel was struck by an unidentified projectile while transiting the Strait over the weekend, adding another layer of risk for shipowners, crews and insurers already deciding whether the voyage is commercially or physically worthwhile.

There is now trouble at the other end as well.

Saudi Arabia's East-West pipeline, capable of moving crude from the Gulf side of the Kingdom to the Red Sea and thereby bypassing Hormuz, has been damaged by drone attacks and temporarily shut.

The pipeline had become increasingly important precisely because it offered Saudi oil an alternative route around the Strait.

Meanwhile, the conflict in Yemen has intensified, further threatening shipping around the Bab el-Mandeb and Red Sea.

The result arrived immediately on international markets.

Brent crude climbed more than three percent yesterday, trading around US$108 a barrel and touching approximately US$108.65 during the session. West Texas Intermediate moved above US$102.

For Sri Lanka, none of this is distant Middle Eastern geopolitics.

Every additional dollar on a barrel of oil eventually finds its way into the country's import bill. Higher marine insurance and freight charges affect considerably more than petroleum. The rupee, inflation, electricity, transport and the Government's fiscal calculations can all feel the consequences.

Sri Lanka spent years rebuilding after an economic crisis in which the inability to pay for imported fuel became one of the defining images of national collapse.

It now faces a very different problem. The country may have the dollars.

The question is what those dollars will buy if Hormuz continues to close.

BRITAIN THOUGHT INTEREST RATES WERE COMING DOWN. THEN OIL WENT BACK ABOVE US$100.

The Bank of England is expected to hold interest rates this week as the Middle East energy shock threatens another burst of inflation. British households who thought the long battle against rising prices was finally being won are discovering an old economic truth: a war thousands of miles away can arrive remarkably quickly in the monthly bills.

NEWSLINE INTERNATIONAL

Britain's battle against inflation has acquired an unwelcome new enemy.

Oil.

The Bank of England is expected to keep interest rates unchanged at its meeting this week as policymakers attempt to determine whether the latest surge in global energy prices will produce another sustained bout of inflation.

Until recently, the direction of travel appeared considerably more comfortable.

Inflation had been brought down from the extraordinary levels reached during the earlier cost-of-living crisis, and attention had increasingly shifted towards when monetary policy could be loosened further.

The Middle East has complicated that calculation. Brent crude has returned to above US$100 a barrel as attacks on energy infrastructure, disruption around the Strait of Hormuz and renewed fighting in Yemen threaten global supplies. British wholesale energy costs have risen with it.

Financial markets are consequently beginning to consider something that would have appeared unlikely only months ago: whether the Bank of England might eventually have to raise rates again rather than continue reducing them.

Markets now attach a meaningful probability to another increase later this year, although economists generally expect the Bank to leave rates unchanged at the immediate meeting while it assesses whether the energy shock feeds more broadly into domestic prices.

That distinction is important.

Central banks cannot manufacture oil and they cannot reopen shipping lanes. Raising interest rates does nothing to repair a Saudi pipeline or persuade a tanker to enter Hormuz.

What monetary policy can attempt to prevent is an external price shock becoming embedded across the economy through wages, services and expectations.

The difficulty is that British households have already endured years of expensive mortgages, high rents, increased food costs and squeezed disposable incomes.

Another prolonged period of high interest rates would therefore arrive just as many families expected financial conditions finally to begin easing.

There is also a substantial problem for the British Government.

"Questioning The Answers"

Higher interest rates increase the cost of servicing public debt, restricting the Chancellor's room to spend or cut taxes. Rising oil and gas prices simultaneously squeeze households and businesses, creating precisely the circumstances in which political pressure for government assistance tends to increase.

Britain is therefore confronting the same uncomfortable arithmetic facing many energy-importing countries.

Government cannot control the Strait of Hormuz.

But the Strait of Hormuz may increasingly control what government can afford to do.

TAMIL GROUPS IN NORTH STAGE PROTESTS HIGHLIGHTING LONGSTANDING DEMANDS

Tamil political groups and activists staged protests over the weekend, accusing President Anura Kumara Dissanayake's government of failing to fulfil commitments made to the Tamil community two years after taking office.

The protests coincided with events marking two years since the President's 2024 election victory.

The Democratic Tamil National Alliance (DTNA) held a one-day fast near the Chavakachcheri bus terminal on Saturday (12), highlighting demands including the release of privately owned land held by security forces, the release of political prisoners and justice for victims of enforced disappearances.

Ilankai Tamil Arasu Kadchi (ITAK) General Secretary M.A. Sumanthiran, who joined the protest in solidarity, criticised delays in releasing private land and questioned why further reports from the military were required.

Separately, the Tamil National Council (TNC), led by MP Gajendrakumar Ponnambalam, held a march in Jaffna on Sunday (13), ending with a public rally at Kittu Park.

Protesters also called for an international investigation into the mass grave discovered at Chemmani.

Ponnambalam said evidence from Chemmani should be preserved and called for a UN-led international investigation.