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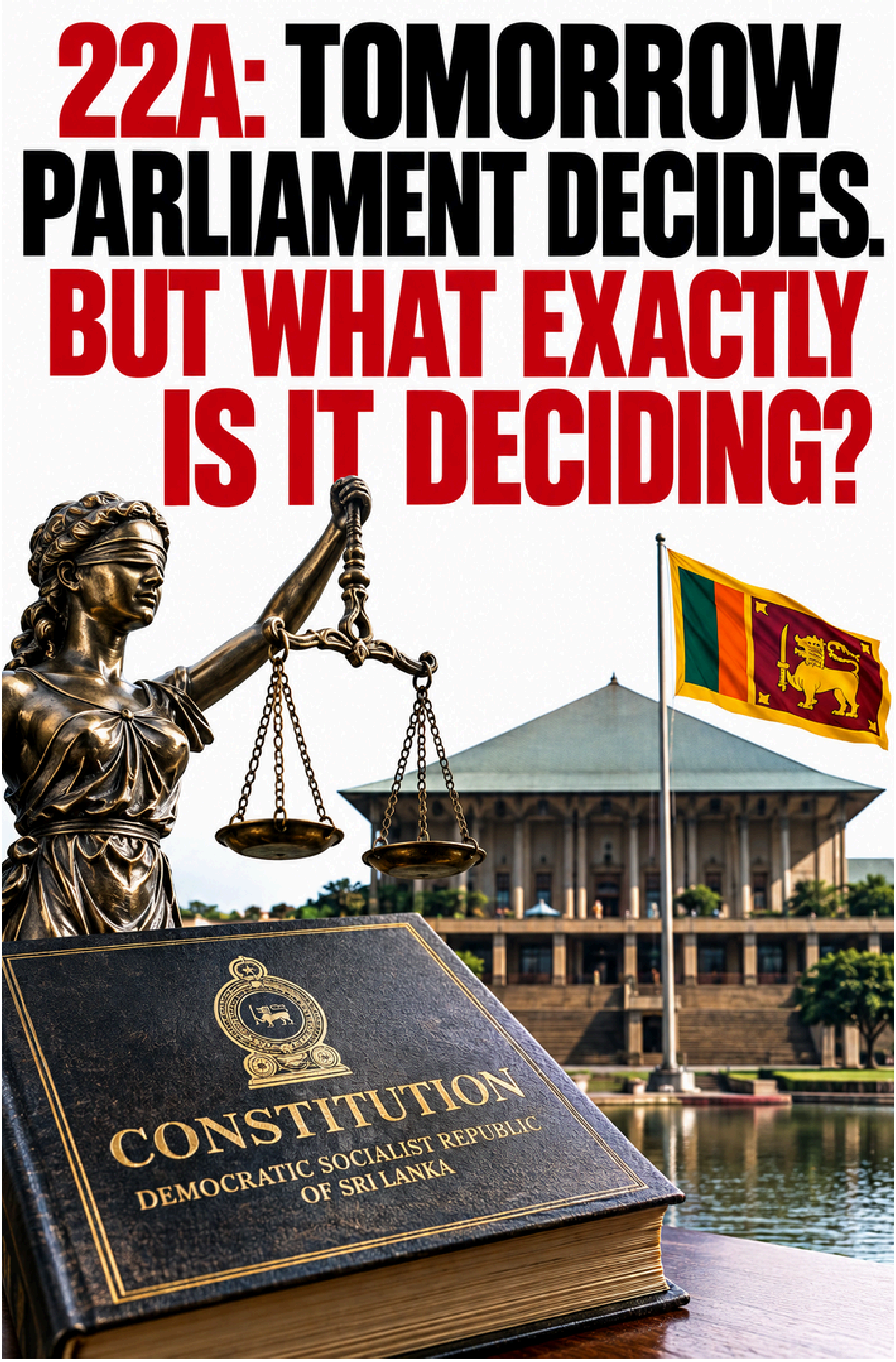
“Questioning The Answers”



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"Questioning The Answers"

22A: TOMORROW PARLIAMENT DECIDES. BUT WHAT EXACTLY IS IT DECIDING?

The Supreme Court has cleared the constitutional route. Parliament has begun the political argument. Tomorrow the numbers will decide whether Sri Lanka changes the retirement age of its senior judges -but the larger question about judicial independence will not disappear with the vote.

Sri Lanka's Twenty-Second Amendment has reached the point where constitutional argument becomes parliamentary arithmetic. The two-day Second Reading debate began yesterday and is scheduled to conclude today, with Parliament expected to vote on legislation that would change the retirement arrangements applying to judges of the country's superior courts.

The Supreme Court has already answered one of the most consequential questions surrounding the Bill. It determined that neither the Twenty-Second Amendment nor any part of it requires approval by the people at a referendum under Article 83 of the Constitution. The Court also determined that the accompanying Judicature (Amendment) Bill is not inconsistent with the Constitution and may be passed by a simple majority.

That is constitutionally important. It is not, however, the same thing as saying that Parliament no longer has important policy choices to make.

The proposed constitutional change would raise the retirement age of Supreme Court judges, while the parallel Judicature amendment deals with the Court of Appeal.

The Supreme Court determination also required changes to the wording of the constitutional Bill, including clarification of the point at which the new age limit operates and an exception concerning the person holding office as Chief Justice when the legislation comes into force.

The Government can therefore proceed without sending the question to the electorate. But that simply transfers the responsibility squarely to Parliament.

The Bar Association of Sri Lanka has urged political parties to allow their MPs to vote according to conscience. The Opposition has continued its campaign against the proposal, with the SJB staging a protest near Parliament yesterday.

Those are political and professional positions rather than constitutional determinations, and they should not be confused with what the Supreme Court actually decided.

The distinction matters.

A court considering a Bill before enactment answers constitutional questions placed before it. Parliament must then decide whether legislation that can constitutionally be enacted should be enacted in the form proposed. Those are different responsibilities.

There is also a wider institutional issue that will survive tomorrow's division bell. Changes affecting judges who are already serving can create questions different from changes applying only to future judicial appointments.

Supporters can argue that retaining experienced judges strengthens the courts and brings Sri Lanka closer to retirement ages found elsewhere.

Critics can question whether changing tenure arrangements while particular judges are already in office risks creating an appearance that Parliament is altering the composition or duration of the existing judiciary.

Neither proposition should be settled by slogans.

That is why tomorrow's vote deserves to be judged on more than whether the Government possesses enough MPs to carry it.

With its parliamentary strength, the administration approaches the division from a position of numerical power.

The more demanding test is whether Parliament can demonstrate a principled institutional reason for changing judicial retirement ages now, and whether adequate safeguards exist against future governments manipulating judicial tenure for political convenience.

Constitutions are written for governments we trust and governments we may not.

That may ultimately be the more enduring question surrounding 22A. Parliament is not merely deciding how long individual judges may remain on the Bench. It is helping establish a rule that future administrations may inherit and use.

The Supreme Court has now told Parliament what the Constitution permits. Today Parliament must decide what precedent it wants to leave behind.

And those are not quite the same question.

THE IMF SAYS THE ECONOMY IS RESILIENT. IT HAS NOT YET SIGNED OFF ON REVIEW NUMBER SEVEN.

Eleven consecutive quarters of growth, US$6.9 billion in reserves and stronger public finances tell one story. Eight per cent inflation, external shocks and an unfinished IMF review tell another. Sri Lanka has stabilised. The harder question is whether stability can now survive without permanent crisis management.

There was plenty in the International Monetary Fund's latest assessment for the Government to welcome. Sri Lanka's economy expanded by 4.2 per cent in the second quarter of 2026, completing eleven consecutive quarters of growth.

Gross official reserves reached US$6.9 billion at the end of August, the banking system remains well capitalised and profitable, and fiscal performance during the first half of the year was described as strong.

Those are substantial changes from the country that ran out of usable foreign exchange during the economic collapse.

But there is an important sentence buried beneath the encouraging numbers.

The Seventh Review has not yet been concluded.

The IMF team led by Mission Chief Evan Papageorgiou visited Sri Lanka from September 10 to 23 for discussions on both the Seventh Review of the Extended Fund Facility and the 2026 Article IV Consultation.

"Questioning The Answers"

THE IMF SAYS...

At the end of that mission, the Fund said discussions would continue in the near term with the objective of reaching agreement on the parameters and policies required to complete the review.

That distinction matters. Productive discussions are not a staff-level agreement, and a staff-level agreement is itself not final Executive Board approval.

The IMF nevertheless paints a considerably stronger macroeconomic picture than Sri Lanka faced only a few years ago. Debt restructuring is described as largely completed. Reserves have increased. Economic activity continues to expand. The Fund also believes Sri Lanka remains on a trajectory that could permit a return to international capital markets around 2027.

But the warnings deserve at least as much attention as the compliments.

Headline inflation reached 8 per cent year-on-year in August, driven partly by the global oil-price shock.
The Fund identified uncertainty surrounding the Middle East war, global trade policy and El Niño as downside risks.

It called for continued revenue mobilisation, a broader tax base, rationalisation of exemptions and incentives, stronger tax administration, cost-recovery energy pricing and improved execution of public capital expenditure.

It also recommended retaining the 5 per cent inflation target and existing accountability band for now, arguing that Sri Lanka still needs flexibility because of volatile food and energy prices.

That brings the economic debate back to the distance between the national balance sheet and the household balance sheet.

GDP can grow by 4.2 per cent while a family still struggles with food, electricity, transport and taxation. Foreign reserves can rise while disposable income remains under pressure. A Government can satisfy demanding fiscal targets without every citizen experiencing the recovery at the same speed.

None of those propositions invalidates the recovery. They explain why macroeconomic recovery and social recovery must be measured separately.

There is another uncomfortable question approaching.

The IMF programme cannot remain Sri Lanka's economic governing mechanism indefinitely.
The present EFF runs towards 2027.

If international capital-market access is restored, Sri Lanka will again encounter something it knows extremely well: the ability to borrow abroad.

That ability is not necessarily a prize.

Sri Lanka previously demonstrated how dangerous international borrowing becomes when debt is accumulated without sufficient productive capacity and foreign-exchange earnings to service it.

Regaining access to global markets should therefore be regarded not simply as proof of rehabilitation but as a new test of fiscal discipline.
The country that emerges from an IMF programme must be capable of saying no to debt it does not need.

So the latest IMF statement deserves neither celebration nor dismissal. Sri Lanka has travelled a considerable distance from economic collapse. The numbers demonstrate that.

But the Seventh Review remains unfinished, inflation has returned as a concern, external risks are considerable and the Fund is still asking for structural reforms that successive governments have found politically difficult.

Stability has been achieved at considerable cost.

The question now is whether Sri Lanka can turn that stability into higher productivity, investment, exports and household prosperity - without eventually borrowing its way back into the problem from which it has only just escaped.

SIX COMPANIES. ASSETS FROZEN. NOW THE BIG QUESTION: HOW MUCH PUBLIC MONEY IS INVOLVED?

The Central Bank has frozen the assets of six companies and their directors while investigating alleged unauthorised finance business and deposit-taking. The Colombo High Court has confirmed and extended the orders. But one crucial number remains missing: how much money may have been taken from the public?

The Central Bank of Sri Lanka has deployed one of the stronger weapons available to a financial regulator: freezing assets before they can be disposed of, transferred or otherwise dealt with.

Six companies and their directors are presently subject to freezing orders issued under Section 44 of the Finance Business Act No. 42 of 2011.

The Colombo High Court has subsequently confirmed and extended those orders.

The six are Kasagala Green Plantation (Private) Limited, Ceylon Green Life Plantation (Private) Limited, Singhe Capital Investment Limited, Pro Shop Advertising Holdings (Private) Limited, Athens International Education Centre (Private) Limited and Eyon Lanka Investment & Film Production International Company (Private) Limited.

Some published versions of the names contain spelling variations; NEWSLINE has used the spellings reported in the more detailed coverage of the Central Bank action.

What makes the announcement particularly significant is that this is not merely a general warning about suspicious investment schemes.

According to the information released, the Central Bank has determined that four of the companies - SingheCapital Investment, Pro Shop Advertising Holdings, Athens International Education Centre and Eyon Lanka Investment & Film Production International Company - had carried on finance business and/or accepted deposits in contravention of the Finance Business Act.

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SIX COMPANIES...

Investigations concerning Kasagala Green Plantation and Ceylon Green Life Plantation remain ongoing.

That distinction is important. An investigation is not a finding of wrongdoing, and NEWSLINE makes no such assumption regarding the two companies still being investigated.

But there is an obvious public-interest question surrounding the four where the regulator says it has already made a determination.

How much money are we talking about?

The Central Bank's announcement did not disclose the value of the frozen assets. More importantly for ordinary Sri Lankans, it did not disclose how much money may have been collected from members of the public.

Those numbers matter.

Sri Lanka has repeatedly experienced financial schemes that appear attractive because they promise returns substantially above those available from conventional deposits.

The temptation becomes particularly powerful during periods when household incomes are under pressure and people are looking for ways to protect savings from inflation.

But the fundamental protection in accepting a lower return from a regulated bank or finance company is precisely that regulation.

Under Sri Lankan law, public deposits may generally be accepted only by institutions authorised under the Banking Act or Finance Business Act, or entities specifically exempted by law. The Central Bank has again urged the public to verify that an institution is authorised before handing over money.

There is another important sentence in the regulator's statement.

The Central Bank says it is investigating several other companies and individuals following complaints concerning possible unauthorised finance business or deposit-taking.

That suggests the six companies disclosed this week may not represent the end of the matter.

And that raises a regulatory question as important as the legal one.

How quickly can the Central Bank identify an unauthorised deposit-taking operation?

A business soliciting investments today does not necessarily resemble the finance companies of twenty years ago. Money can be raised through social media, personal networks, property schemes, plantation investments, purported trading opportunities and arrangements deliberately described as something other than deposits.

The terminology can change. The economic substance may not.

The regulator therefore faces a difficult balancing exercise. It cannot simply freeze the property of a business because somebody complains about it. Companies and their directors have legal rights, and regulatory action must be based upon evidence and exercised within the law.

But waiting too long creates a different danger.

If an entity is unlawfully accepting deposits, every additional month potentially allows more members of the public to place their savings at risk. By the time an operation collapses, a freezing order may preserve only what remains rather than what was originally collected.

That is why the missing numbers are so important in this case.

How many people placed money with the companies concerned? What was the aggregate amount? What value of assets has now been frozen? When did the Central Bank first receive complaints? How long did each investigation take before the freezing orders were obtained?

And where a contravention has already been determined, what happens to the people whose money may be involved?

The Central Bank deserves credit when it acts to protect the financial system and the public. Freezing assets can prevent them disappearing while investigations and legal processes continue.

But regulatory success cannot ultimately be measured by the number of freezing orders issued.
It must also be measured by how early the regulator detected the problem, how much public money was protected and whether affected depositors can eventually recover what belongs to them.

Six companies are now frozen.

The next figure Sri Lanka deserves to know is the value of the money at stake.

BANKING SUPERVISION SHAMED: RS 13.2 BILLION. ONE BANK. AND A DISCLOSURE THAT STARTED AT RS 380 MILLION.

NDB's alleged fraud was initially disclosed at Rs 380 million. Four days later it became Rs 13.2 billion -35 times larger. Now the Chairman of the SEC has revealed that the regulator summoned the bank's board and questioned what happened. For shareholders, depositors and the market, there is a larger issue: how could something this large remain hidden inside a listed bank?

There are corporate stories that disappear when the share price moves on. This should not be one of them.

National Development Bank's disclosure earlier this year of an alleged fraud eventually estimated at Rs 13.2 billion was already extraordinary.

Fresh comments from Securities and Exchange Commission Chairman Professor Hareendra Dissabandara now provide an unusually revealing account of how the regulator viewed the affair - and why the questions surrounding it remain important.

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BANKING SUPERVISION...

According to Dissabandara, NDB's first announcement to the Colombo Stock Exchange on April 2 put the estimated fraud at approximately Rs 380 million, while warning that the eventual figure could be substantially higher.
Four days later, the number became Rs 13.2 billion.

That is approximately 35 times the original figure.
The SEC Chairman says he suspected immediately that Rs 380 million could not represent the full picture. His reason is perhaps the most interesting part of the story.

He pointed to an unspecified-assets line in NDB's accounts which, according to his account, had increased from approximately Rs 1.37 billion to Rs 12.7 billion. Someone examining the balance sheet, he said, could see that an amount of that magnitude did not simply appear overnight.

The SEC subsequently summoned NDB's board. The bank's auditor was also changed. The regulator's investigation has continued.

None of that establishes wrongdoing by directors, auditors or any other individual beyond whatever has been established through the bank's own investigation and subsequent proceedings. Those distinctions matter and should be preserved.

But shareholders are entitled to ask difficult questions.

A listed company is not merely accountable for what eventually appears in an announcement to the stock exchange. Its governance architecture is supposed to identify material financial irregularities before they reach extraordinary proportions.

That architecture includes management controls, internal audit, external audit, the board audit committee, risk management, directors and ultimately the board itself.

If the final amount associated with an alleged fraud reaches Rs 13.2 billion, the question is no longer simply: who allegedly committed it?

The question becomes: which controls failed to detect it earlier? And then comes an equally important disclosure question.

How did an initial estimate of Rs 380 million become Rs 13.2 billion within four days?

There may be a perfectly defensible explanation. An investigation can uncover additional transactions rapidly.

Initial figures can genuinely be provisional. The existence of an initial estimate does not mean management already knew the eventual amount.

But the scale of the revision makes scrutiny unavoidable.

Sri Lanka is trying to deepen its capital market. The Government and regulators want foreign investors to return. The Colombo Stock Exchange wants more listings, greater liquidity and stronger institutional participation.

All of those ambitions depend upon one commodity that cannot be manufactured by regulation alone: trust.

Investors need confidence that when a listed company discloses material information, the information is timely and sufficiently complete to allow the market to price the security intelligently.

That makes the SEC's wider enforcement record relevant.

The Commission recovered Rs 207 million through enforcement actions in 2025, the highest amount in its 38-year history. The powers available under the Securities and Exchange Commission Act of 2021 are substantially stronger than under the previous law, including administrative sanctions, civil proceedings, asset freezes and settlements.

That is progress.

But enforcement statistics tell only part of the story.

The real test of a modern securities regulator comes when difficult questions involve large, established institutions rather than marginal operators.

NDB is an important Sri Lankan financial institution. Precisely for that reason, asking what happened is not an attack upon the bank. It is part of the accountability expected of a listed financial institution.

The SEC investigation should therefore ultimately answer several straightforward questions.

When did the irregularities begin? When did management first become aware of them? When was the board informed?

How did the Rs 380 million initial estimate arise? What explains the subsequent Rs 13.2 billion figure?

What weaknesses existed in internal controls? And were shareholders informed as soon as reasonably possible?
There is a final question for the auditing profession too.

If a balance-sheet item had moved from approximately Rs 1.37 billion to Rs 12.7 billion, what audit work was performed around that movement and what conclusions were reached?

Those questions should not be prejudged.

But neither should they disappear.

Because Rs 13.2 billion is not a rounding error. It is precisely the kind of number for which corporate governance exists.

PEOPLE'S LEASING ASKED FOR RS 10 BILLION. INVESTORS OFFERED MORE.

A Rs 10 billion debenture issue by People's Leasing & Finance has been oversubscribed. It is another sign that money is available in Sri Lanka's capital market for issuers investors consider acceptable. But it also raises a more important economic question: can that liquidity now be converted into productive private-sector investment?

There is an interesting contrast emerging inside Sri Lanka's recovering economy.

“Questioning The Answers”

PEOPLE'S LEASING ...

Companies frequently speak about financing constraints. Small and medium enterprises complain about the cost and availability of capital. Policymakers repeatedly argue that investment must accelerate if the economy is to move from recovery into sustained growth.

Yet when People's Leasing & Finance went to the market seeking as much as Rs 10 billion through a debenture issue, investors offered more than the company was seeking.

The issue was oversubscribed and consequently closed on September 23 after applications exceeded Rs 10 billion.

On its own, that is a corporate financing event.

Seen in the context of Sri Lanka's wider economic recovery, however, it tells us something more interesting.

There is capital looking for a home.

That does not mean every company can borrow Rs 10 billion or that Sri Lanka has solved its financing problems. A large established financial institution occupies a completely different risk category from a small manufacturer in Kurunegala or a technology start-up in Colombo.

But oversubscription demonstrates investor appetite when the combination of issuer, return and perceived risk is attractive enough.

And that leads to the more important question: what happens to the money?

A financial institution does not raise billions of rupees merely to admire the balance in its bank account. Capital must eventually move through the financial system into vehicles, machinery, businesses, construction, equipment, working capital and other economic activity.

That transmission mechanism matters enormously now.

Sri Lanka's macroeconomic recovery is increasingly visible. GDP expanded 4.2 per cent in the second quarter. The country's sovereign credit standing has improved. Earlier this week Fitch upgraded Sri Lanka's Long-Term Issuer Default Rating to B- from CCC+, with a Stable Outlook.

The Colombo market initially responded positively to that upgrade.

But by Thursday caution had returned. The All Share Price Index closed marginally lower at 21,066.89, down 18.26 points or 0.09 per cent. Turnover was only Rs 1.31 billion, while the S&P SL20 managed a tiny 0.02 per cent gain.

Market participants cited global developments and concerns surrounding El Niño among the reasons investors remained cautious. Institutional and larger investors were nevertheless reported to be taking positions in selected counters.

The foreign-exchange market is sending another signal.

The rupee was quoted around Rs 330.00/80 against the US dollar on Thursday, compared with Rs 329.50/75 a day earlier, while government bond yields edged upwards.

None of those movements individually constitutes a crisis. Markets move.

But put them together and an interesting picture appears.

Sri Lanka has travelled far enough from the 2022 economic catastrophe that investors are again willing to commit substantial amounts of capital. Sovereign risk has improved. Financial institutions can raise money. The equity market remains above levels that would have appeared improbable during the collapse.

Yet confidence is not unconditional.

Global energy prices, Middle East instability, inflation, weather risks and the unfinished IMF Seventh Review remain capable of changing sentiment quickly.

That is why the People's Leasing transaction should be viewed as more than another successful corporate debt issue.

The next phase of Sri Lanka's recovery requires domestic savings to become domestic investment.

For years, Sri Lanka's economic model allowed enormous quantities of money to flow towards Government debt. Banks could lend to the State. Investors could buy Treasury securities. The Government borrowed, spent and borrowed again.

That model eventually collided with reality.

The healthier model is harder.

Capital must increasingly reach enterprises capable of producing goods, providing services, employing people, improving productivity and earning foreign exchange.

Financial institutions are the bridge between those two sides of the economy.

So an oversubscribed Rs 10 billion issue is encouraging.

But the real measure of success will come later.

How much additional lending does it facilitate? Which sectors receive that money? Does it finance consumption alone or productive assets as well? Does credit reach SMEs? And does the investment financed today create enough economic activity to repay tomorrow?

Sri Lanka does not merely need money circulating through its financial system.

It needs money working.

After an economic crisis created partly by borrowing without producing enough to repay what we owed, that distinction should be impossible to forget.

Be that as it may, Rs 10 billion being offered readily to a corporate borrower tells us something important.

Capital is beginning to trust Sri Lanka again. The challenge now is to deserve it.

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70 MILLION. THREE ALLEGED PAYMENTS. AND THE KRRISH STORY HAS JUST BECOME BIGGER.

Former Krrish Group director Janaki Siriwardena has been arrested and remanded over an allegation that Rs 70 million was paid to Namal Rajapaksa in three instalments. CIABOC says the money was connected to assistance over the Transworks Square property and approvals. These remain allegations. But they open a new chapter in a development that has loomed, unfinished, over Colombo for years.

One of Colombo's most conspicuous unfinished buildings has suddenly acquired another layer to its already complicated history.

Former Krrish Group director Janaki Siriwardena was arrested yesterday by the Commission to Investigate Allegations of Bribery or Corruption and subsequently ordered by the Colombo Chief Magistrate's Court to be remanded until October 6.

The allegation is serious. CIABOC alleges that Siriwardena provided Rs 70 million to Parliamentarian Namal Rajapaksa on three separate occasions in return for his assistance in securing and expediting matters connected with the Transworks Square property in Colombo Fort for the Krrish development.

These are allegations before the courts. Siriwardena is entitled to the presumption of innocence, as is Rajapaksa in respect of allegations against him. Arrest, remand and an accusation by an investigative agency do not amount to conviction.

But what happened in court yesterday makes this considerably more than another arrest headline.

Colombo Chief Magistrate Asanga S. Bodaragama also directed prison authorities to facilitate CIABOC investigators recording a statement from Rajapaksa, who is already in remand custody, in connection with this investigation.

The allegation therefore raises a question extending beyond two individuals.

What exactly happened when one of the most valuable pieces of state-controlled real estate in central Colombo became associated with one of Sri Lanka's most ambitious private developments?

The property at the centre of the allegation is Transworks Square in Colombo Fort, then belonging to the Urban Development Authority. CIABOC's case, as reported from court, is that the alleged Rs 70 million was paid in three instalments in return for assistance in obtaining the property for Krrish Transworks Colombo and expediting necessary approvals.

If prosecutors eventually bring evidence capable of proving that allegation, the public-interest issue will not end with the payment itself.

It will extend to the machinery of government surrounding the transaction.

Land owned or controlled by the State is public property. When exceptionally valuable state land is transferred, leased or otherwise made available for commercial development, citizens are entitled to expect that the process is transparent, properly valued and insulated from private political influence.

That principle matters regardless of the identity of the politician, developer or government involved. And there is a physical reminder of the Krrish saga standing in Colombo.

The unfinished development has occupied part of the city's skyline for years. A project once promoted as a transformative mixed-use development became instead a highly visible monument to an investment that did not develop as originally envisaged.

Yesterday's arrest does not explain why the building remains unfinished. Nor should separate controversies surrounding Krrish automatically be combined into a single allegation.

Indeed, that distinction is particularly important here.

The Rs 70 million allegation now being investigated concerns alleged payments connected with assistance over the Transworks Square property and approvals. It should not simply be conflated with earlier proceedings concerning Krrish-related funds allegedly intended for rugby promotion. Reporting on corruption investigations becomes dangerous when separate transactions, cases and allegations are collapsed into one narrative merely because some of the names overlap.

What CIABOC now has to do is considerably harder than making an arrest.

It has to establish the evidence.

Where did the Rs 70 million allegedly originate? On what dates were the three alleged payments made? Through what mechanism did the money move? What documentary or witness evidence supports the allegation? What specific assistance is Rajapaksa alleged to have provided? Which public authorities were involved in the land and approval processes? And did any official decision change because of the alleged intervention?

Those questions ultimately belong in court. There is also a broader institutional test here for the Government.

President Anura Kumara Dissanayake has repeatedly made accountability and the proposition that nobody is above the law central to his administration's political message. That principle cuts in both directions.

Formerly powerful people must not receive immunity because they were powerful.

But neither can prosecution become punishment before conviction.
Investigators investigate. Prosecutors prosecute. Courts determine guilt.

That separation is particularly important when the accused or investigated figures belong to a political family that once dominated the State.
The public deserves answers about Krrish.
Janaki Siriwardena and Namal Rajapaksa deserve due process.

Sri Lanka should be capable of insisting upon both at the same time.

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TRINCOMALEE: WE HAVE TALKED ABOUT THIS ASSET FOR DECADES. IS IT FINALLY ABOUT TO BECOME A BUSINESS?

Sri Lanka, India and the UAE are pursuing plans to turn Trincomalee into a regional energy hub. The UAE has now put the project back into the conversation. Trincomalee has the harbour, 99 oil tanks and an extraordinary location. What Sri Lanka has historically lacked is execution.

There are few Sri Lankan economic assets about which more has been said and less has been achieved than Trincomalee.

That may finally be changing.

The United Arab Emirates and Sri Lanka discussed the continuing UAE-India-Sri Lanka initiative to develop Trincomalee as a regional energy hub during a meeting between UAE Ambassador Khaled Nasser Al Ameri and Deputy Speaker Rizvie Salih at Parliament this week.

On its face, a discussion during a diplomatic courtesy call is hardly evidence that bulldozers are arriving tomorrow.

But the significance lies in the project already sitting behind it.

Sri Lanka, India and the UAE signed a trilateral Memorandum of Understanding in April 2025 establishing a framework for the development of Trincomalee as an energy hub. India's official description says the arrangement is intended to improve Sri Lanka's energy security, facilitate affordable energy and potentially generate export earnings.

Those are ambitious objectives.

Trincomalee provides the geography to make them credible.

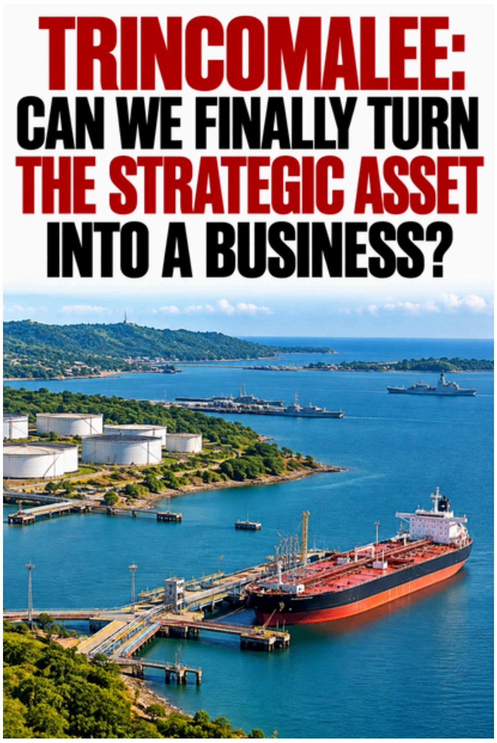
Its natural harbour sits close to major Indian Ocean shipping routes. Alongside it stands the extraordinary Second World War-era China Bay oil tank farm: 99 tanks constructed across hundreds of acres, with enormous potential storage capacity.

Earlier this year the Government identified rehabilitation of the tanks as part of a longer-term response to Sri Lanka's vulnerability to interruptions in fuel supply. Sri Lanka presently has fuel-storage capacity measured in weeks rather than months, while redevelopment of Trincomalee could substantially increase the country's strategic buffer.

But the proposed energy hub goes considerably further than storing petrol and diesel.

The trilateral framework encompasses the tank farm, bunkering opportunities and the possible development of a new refinery.

It also sits within a much larger emerging energy relationship with India, including proposals for petroleum connectivity and an electricity-grid interconnection.



That potentially changes the economic proposition.

Sri Lanka could move from being simply an importer and consumer of energy towards becoming part of a regional system for storing, processing, moving and potentially trading it.

The distinction is enormous.

For decades we have described Sri Lanka's location as an economic advantage. Geography, however, earns precisely nothing by itself.

Singapore did not become Singapore because somebody discovered it was beside a shipping lane. Infrastructure, policy, capital, efficiency and execution converted geography into income.

Trincomalee presents Sri Lanka with the same basic challenge.

The oil tank farm has existed for roughly eight decades.

Its strategic potential has been discussed under government after government. Political disputes, trade-union opposition, bureaucracy, nationalism and competing geopolitical anxieties have repeatedly slowed development.

Meanwhile, the tanks continued to stand there.

The present arrangement is itself complex. The Ceylon Petroleum Corporation owns 24 tanks, Lanka IOC handles 14, while the remaining 61 are intended for development through the broader arrangements surrounding Trincomalee Petroleum Terminal.

CPC holds 51 per cent of that joint venture and Lanka IOC 49 per cent.

The Government has previously indicated that approximately Rs 32 billion would be allocated over three years towards storage development.

Now comes the UAE dimension.

This matters because bringing together Sri Lanka, India and one of the Gulf's most significant energy economies potentially adds capital, commercial expertise and market connections to an asset whose potential has never been the problem.

But Sri Lanka should be asking hard commercial questions before celebrating another international agreement.

What exactly will each country invest?

What assets will remain under Sri Lankan ownership? What will be leased and for how long? How will revenues be divided?

What return will Sri Lanka receive for the use of strategically valuable land and infrastructure?

Who will finance the refinery if it proceeds?

What environmental liabilities accompany such development?

How will procurement work? And will Parliament and the public see the commercial agreements?

Those questions are not arguments against foreign investment.

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TRUMP WANTED...

The UAE brings its own substantial energy interests. Sri Lanka simultaneously maintains a deep economic relationship with China.

The intelligent response is neither to become frightened of geopolitics nor to pretend it does not exist.

Sri Lanka's job is to convert international interest in its geography into transparent commercial advantage for Sri Lanka.

That means negotiating well.

If India wants energy connectivity, if the UAE sees commercial opportunity, and if international investors see value in Trincomalee, Sri Lanka possesses something valuable at the negotiating table.

We should behave accordingly.

For years Sri Lanka has called Trincomalee a strategic asset.

That description has become almost meaningless through repetition.

An asset becomes economically valuable only when it produces something: storage income, bunkering revenue, refining margins, employment, industrial activity, energy security, export earnings or some combination of them.

The harbour is already there.

The tanks are already there.

The shipping lanes are already there.

India is interested. The UAE is interested. Sri Lanka plainly needs the investment and energy security.

After decades of talking about Trincomalee's potential, the test is no longer whether we can describe it.

Can we finally monetise it - without giving away the value that made everybody interested in the first place?

They are arguments for making foreign investment work for Sri Lanka.

There is also a geopolitical reality that cannot sensibly be ignored. Trincomalee matters to India strategically as well as commercially.