

**NEWSLINE***Daily by Faraz***"Questioning
The Answers"**

SRI LANKA HAS COLLECTED RS 2.04 TRILLION IN TAXES. IT IS ONLY SEPTEMBER.

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NEWSLINE

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SRI LANKA HAS COLLECTED RS 2.04 TRILLION IN TAXES. IT IS ONLY SEPTEMBER.

Sri Lanka's Inland Revenue Department has collected Rs 2.04 trillion in the first nine months of 2026, already reaching 85 percent of its target for the entire year. That is an impressive achievement for the tax collector. It also raises a rather more interesting question for the taxpayer: where exactly did the additional Rs 398 billion come from?

Something significant has happened to Sri Lanka's ability to collect taxes. Between January and September last year, the Inland Revenue Department collected Rs 1.642 trillion. During the same nine months this year it collected Rs 2.040 trillion, an increase of Rs 398 billion or approximately 24 percent.

The annual target is Rs 2.401 trillion. That means the IRD had already collected around 85 percent of what it was expected to raise during the whole of 2026 before the final quarter had even begun. September alone produced Rs 288 billion, compared with Rs 216 billion during September last year.

For a country that spent decades complaining about an inadequate tax base, poor compliance and a government unable to collect what it was owed, that deserves recognition. Sri Lanka's fiscal problem was never simply that governments spent too much. The State also became remarkably bad at collecting sufficient revenue from the economy it governed.

That changed dramatically after the economic collapse.

Taxes increased, exemptions were reduced, income-tax thresholds changed and PAYE returned in the form of Advanced Personal Income Tax. VAT increased and its coverage widened, withholding taxes changed, corporate taxation was strengthened and tax administration became considerably more aggressive. The number of people and businesses brought within the tax system expanded.

The results are now visible in the Government's bank account.

But a 24 percent increase in tax revenue does not necessarily mean Sri Lankan incomes or corporate profits increased by 24 percent.

Several different things can produce higher nominal tax collections at the same time, and separating them matters if we want to understand what is actually happening in the economy.

Part of the increase reflects stronger enforcement and compliance. Part reflects changes in tax rates and coverage introduced during the post-crisis fiscal reforms.

Inflation also matters because higher nominal prices and incomes can increase nominal tax collections even where the underlying increase in real economic activity is considerably smaller.

There is genuine economic growth as well. Sri Lanka's economy expanded 4.2 percent in the second quarter of 2026 and has continued recovering from the extraordinary contraction experienced during the crisis. More economic activity should naturally produce more government revenue.

The interesting exercise now would be to disaggregate that Rs 398 billion increase.

How much came from corporate income tax? How much came from individuals? How much from APIT? How much from withholding taxes and VAT administered through Inland Revenue? How much represents additional taxpayers entering the system rather than existing taxpayers paying more?

Those distinctions tell us whether Sri Lanka is broadening its tax base or simply extracting substantially more from the people and businesses already inside it.

That matters because the Government faces two objectives that can eventually conflict. It needs enough revenue to maintain fiscal stability and service the obligations of the State, but it also needs private businesses and households to retain enough money to invest, consume and expand the economy.

Taxation is therefore not simply a contest to see how high government revenue can go. The objective should be collecting sufficient revenue efficiently, fairly and predictably while leaving the productive economy capable of producing tomorrow's tax base.

There is another question that will become increasingly difficult to avoid if revenue continues outperforming expectations. When does the taxpayer begin receiving a visible dividend from improved government finances?

That need not mean immediate tax cuts. Sri Lanka still has substantial debt obligations, public services require investment and the country's fiscal recovery remains incomplete. Reducing taxes prematurely and recreating the revenue weakness that contributed to the crisis would achieve very little.

But taxpayers are entitled to ask what improved collection produces.

If the State becomes dramatically better at collecting money, hospitals should work better. Schools should improve. Public transport should become more reliable. Government departments should become more efficient and infrastructure should be maintained rather than allowed to deteriorate until another enormous capital expenditure programme becomes necessary.

Fiscal reform cannot ultimately be measured only by how efficiently the Government reaches into the taxpayer's pocket. It must eventually be measured by what comes back out.

Rs 2.04 trillion says Sri Lanka has become much better at collecting taxes.

The next numbers should tell us what it is doing with them.

**WE ARE BUYING 24%
MORE FROM THE WORLD.
THE WORLD IS BUYING
ONLY 3% MORE FROM US.**

Sri Lanka imported US\$16.56 billion worth of goods during the first eight months of 2026 while merchandise exports amounted to US\$9.38 billion. Imports increased 24.1 percent. Exports increased just 3.3 percent. The result is a US\$7.2 billion trade deficit and a question Sri Lanka has been avoiding for decades: what exactly are we going to sell to pay for everything we want to buy?

Economic recovery has reopened Sri Lanka's appetite for imports with remarkable speed. During January to August, merchandise imports reached approximately US\$16.56 billion while merchandise exports amounted to around US\$9.38 billion. The difference between the two was approximately US\$7.2 billion.

A trade deficit is not automatically evidence of economic failure. Growing economies frequently import heavily because businesses buy machinery, raw materials and equipment while consumers regain sufficient income and confidence to purchase goods that were previously unaffordable or unavailable. Imports can therefore be a consequence of recovery rather than evidence against it.

The problem lies in the relative speed of the two sides.

Sri Lanka's imports increased 24.1 percent during the first eight months of 2026 compared with the corresponding period last year.

Merchandise exports increased only 3.3 percent. The trade deficit consequently widened from approximately US\$4.3 billion during January to August 2025 to approximately US\$7.2 billion this year.

That is a deterioration of almost US\$3 billion in eight months.

Energy explains a substantial part of it. Sri Lanka spent approximately US\$4 billion importing fuel during the first eight months, an increase of 61.6 percent from the same period last year as the Middle East crisis drove petroleum costs higher.

Vehicles matter too. Sri Lanka spent approximately US\$1.68 billion importing motor vehicles during January to August following the reopening of vehicle imports. Those purchases represent pent-up demand accumulated during several years in which imports were restricted.

Neither category can simply be wished away. Sri Lanka requires petroleum and people are entitled to purchase vehicles where the law permits them to do so.

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WE ARE BUYING 24% ...

Businesses also require imported machinery, intermediate goods and raw materials to produce what they sell locally and overseas.

The concern is the weakness on the other side of the equation.

Sri Lanka has spent decades talking about becoming an export economy, moving into higher-value production, attracting foreign investment and exploiting its location between major global markets.

Yet merchandise export growth of 3.3 percent while imports expand by more than 24 percent suggests that the country's capacity to consume foreign goods is recovering considerably faster than its capacity to sell goods overseas.

That model can survive only if the missing foreign currency comes from somewhere else.

Fortunately, much of it does.

Workers' remittances reached approximately US\$6.1 billion during the first eight months of the year, increasing almost 20 percent. Tourism generated another US\$2.1 billion despite earnings being lower than during the corresponding period last year. Sri Lanka also earns foreign currency through other services and financial flows.

That is why the merchandise trade deficit should not be confused with the country's entire external position.

But it raises an uncomfortable structural question. Sri Lanka increasingly relies upon people working overseas and tourists visiting the country to compensate for a persistent inability to export enough merchandise to pay for what it imports.

Remittances are enormously valuable, but they represent income earned by Sri Lankans working somewhere else. Tourism is similarly important but vulnerable to geopolitical shocks, recessions, pandemics and perceptions of safety. Neither removes the need for a stronger export-producing economy at home.

There is also the composition of imports to consider. A dollar spent importing machinery that allows a Sri Lankan factory to manufacture US\$2 of exports is very different from a dollar spent importing something that is simply consumed. Both appear as imports, but their future economic consequences are completely different.

That is why the US\$7.2 billion number requires analysis rather than alarm.

If the widening deficit is partly the consequence of businesses rebuilding productive capacity after several suppressed years, some of today's imports may contribute to tomorrow's exports and growth. If it principally reflects a return to consumption financed by remittances, borrowing and other foreign-currency inflows, Sri Lanka may simply be rebuilding an old vulnerability.

The economic crisis temporarily solved Sri Lanka's trade problem in the most brutal way possible. The country stopped importing many things because it did not have the dollars to buy them.

That was never reform. It was poverty.

Real reform is considerably harder. Sri Lanka must be able to afford normal imports because it generates sufficient foreign currency to pay for them.

Imports increasing 24 percent tells us that normal economic life is returning.

Exports increasing 3 percent tells us how much work remains.

A US\$7.2 BILLION TRADE DEFICIT. YET AUGUST PRODUCED A US\$133 MILLION SURPLUS. HOW?

Sri Lanka bought considerably more goods from overseas than it sold during the first eight months of 2026. Yet in August the country's current account returned to a US\$133 million surplus after four consecutive monthly deficits. There is no contradiction. The explanation lies in tourism, services and, above all, Sri Lankans working overseas.

Sri Lanka's merchandise trade numbers look uncomfortable. During January to August the country accumulated a trade deficit of approximately US\$7.2 billion, substantially wider than the US\$4.3 billion recorded during the corresponding period of 2025.

A US\$7.2 BILLION TRADE DEFICIT. YET AUGUST PRODUCED A US\$133 MILLION SURPLUS. HOW?



Then comes another number.

Sri Lanka recorded a current-account surplus of US\$133 million in August.

At first sight the two appear difficult to reconcile. If Sri Lanka is buying substantially more goods from the world than the world is buying from Sri Lanka, how can the country's external current account possibly move into surplus?

The answer is that merchandise is only part of Sri Lanka's economic relationship with the outside world.

A container of garments leaving Colombo counts towards merchandise exports. A tanker arriving with petroleum counts towards merchandise imports.

But foreign currency also enters and leaves Sri Lanka through tourism, transport, financial and other services, investment income and transfers including workers' remittances.

Put those flows together and we reach the current account.

August is therefore particularly instructive.

The monthly trade deficit narrowed compared with preceding months as import expenditure moderated. The services account simultaneously recorded a surplus of approximately US\$220 million, while workers' remittances reached US\$749 million during the month, 10 percent higher than a year earlier.

Those remittances are doing an extraordinary amount of work.

During the first eight months of 2026, Sri Lankans working overseas sent home approximately US\$6.1 billion, an increase of 19.8 percent compared with the same period last year. That is foreign currency entering the country without a container leaving the port in exchange.

Tourism provided another important inflow. Earnings were estimated at approximately US\$264 million during August and US\$2.1 billion for the first eight months, although cumulative tourism earnings were 10 percent lower than during the same period last year.

Put these different flows together and August ended with a US\$133 million current-account surplus, the first monthly surplus after deficits from April through July.

There is nevertheless an important qualification. One good month does not erase the previous four.

For January to August as a whole, Sri Lanka's current account remained in deficit by approximately US\$291 million.

That compares with a surplus during the corresponding period last year and reflects the substantial pressure created by higher imports, particularly following the Middle East energy shock.

The August number therefore represents improvement rather than resolution.

It also exposes something fundamental about the structure of Sri Lanka's economy.

The country's merchandise trade account can sustain a very large deficit because other Sri Lankans are earning foreign currency elsewhere.



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A US\$7.2 BILLION...

Migrant workers send money home, tourists bring money in and service industries earn foreign exchange without necessarily shipping a physical product overseas.

There is nothing inherently wrong with that. Modern economies do not have to balance merchandise imports and exports independently, and services can be every bit as economically valuable as manufacturing.

The danger lies in becoming dependent upon inflows over which Sri Lanka has limited control.

A recession in countries employing Sri Lankan workers can affect remittances. A war or global downturn can reduce tourism. Changes in migration policies can alter labour flows. International competition can affect services just as easily as it affects manufactured exports.

Sri Lanka therefore needs to understand the difference between having enough foreign currency today and possessing a resilient mechanism for earning it tomorrow. There is also a human dimension hidden inside the remittance number.

US\$6.1 billion did not appear because Sri Lanka discovered an unusually productive natural resource. Much of it exists because Sri Lankans left their families and went abroad to work.

That money is invaluable to households and to the national balance of payments. But an economy should perhaps hesitate before treating the export of its people as an indefinitely expandable solution to the weakness of its export industries.

August's US\$133 million surplus is consequently good news. It demonstrates that Sri Lanka's external economy has enough different sources of foreign currency to compensate, at least temporarily, for an enormous merchandise deficit.

The question is whether that is resilience or dependence.

The answer probably contains a little of both.

CUSTOMS HAS ALREADY COLLECTED 95% OF ITS ENTIRE 2026 TARGET. WHAT CHANGED?

Sri Lanka Customs has collected approximately Rs 2.1 trillion before the final quarter of the year, already reaching more than 95 percent of its full-year revenue target. Together with booming Inland Revenue collections, the Government's tax machinery is having an extraordinary year. The question is how much comes from better collection and how much comes from Sri Lanka simply importing much more.

Sri Lanka Customs was given a revenue target of approximately Rs 2.207 trillion for 2026. By the end of September it had collected around Rs 2.105 trillion, leaving barely Rs 100 billion to collect during the

remaining three months if it is merely to reach the original target.

It has also exceeded its monthly revenue target for nine consecutive months.

That is a significant achievement for an institution that sits at one of the most important intersections between government revenue, international trade and enforcement. Customs does considerably more than inspect suitcases at the airport.

It collects duties and taxes on the enormous flow of goods entering the country and is responsible for preventing revenue leakage through undervaluation, misclassification, false declarations and smuggling.

CUSTOMS HAS ALREADY COLLECTED 95% OF ITS ENTIRE 2026 TARGET. WHAT CHANGED?



There are several reasons why the money is flowing so strongly this year.

The first is obvious. Sri Lanka is importing much more.

Merchandise imports increased 24.1 percent during the first eight months of 2026 to approximately US\$16.56 billion. When more taxable goods enter the country, Customs naturally has more transactions from which to collect revenue.

Vehicle imports are an especially important part of that change. Sri Lanka spent approximately US\$1.68 billion importing motor vehicles during January to August after restrictions were removed. Vehicles carry substantial taxes and duties, making the reopening of that market particularly valuable to the Treasury.

Higher international prices can also increase collections. Sri Lanka spent approximately US\$4 billion importing fuel during the first eight months as Middle Eastern instability drove petroleum costs sharply higher.

Import taxes calculated against higher values can increase nominal revenue even though the country itself is not

necessarily better off for paying more for the underlying commodity.

The exchange rate plays a role as well. Imports purchased in dollars ultimately acquire a rupee value for taxation purposes. When the rupee is weaker, the domestic value of the same dollar-priced shipment increases, potentially increasing the rupee amount collected through taxes linked to import value.

None of this diminishes the importance of improved enforcement.

Customs has attributed part of its revenue performance to stronger valuation practices, better monitoring and action against under-invoicing and incorrect declarations. If goods that previously entered at artificially low declared values are now being taxed at their proper value, the additional revenue represents something particularly valuable: money legally owed to the State that was previously being lost.

That is where the quality of the revenue increase matters.

There is a substantial difference between Customs collecting another Rs 100 billion because Sri Lanka imported more vehicles and collecting another Rs 100 billion because leakage, fraud and undervaluation were reduced.

Both improve the Government's accounts, but only the latter represents an improvement that can continue without requiring ever larger imports.

This becomes particularly important when Customs revenue is considered alongside the performance of Inland Revenue.

The IRD collected Rs 2.04 trillion during the first nine months, approximately 85 percent of its annual target. Customs collected approximately Rs 2.1 trillion, already more than 95 percent of its own target.

Between them, the two institutions have therefore collected more than Rs 4 trillion before the fourth quarter.

Sri Lanka once had a chronic government revenue problem. Revenue as a proportion of GDP had fallen to extraordinarily low levels before the economic crisis, leaving governments increasingly dependent upon borrowing to finance expenditure.

Rebuilding revenue was consequently unavoidable.

The improvement is substantial.

But governments should be cautious about becoming accustomed to revenue generated by unusually strong import growth. A country does not become richer merely because it collects more tax on things purchased from overseas. Indeed, a rapidly widening trade deficit can mean precisely the opposite problem is developing elsewhere.

The more sustainable achievement would be collecting taxes efficiently from a growing domestic economy while simultaneously improving exports and reducing opportunities for tax avoidance and evasion.

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CUSTOMS HAS ALREADY...

There is also an accountability question that becomes stronger with every additional billion collected.

The State asked Sri Lankans to accept dramatically higher taxation because the country's finances had collapsed. Sri Lankans largely did so, whether willingly or otherwise. The Government is now demonstrating that it can collect revenue at levels that would have appeared remarkable several years ago.

That changes the conversation.

The question can no longer be simply whether Sri Lanka collects enough.

It must increasingly become whether Sri Lanka spends what it collects well.

SRI LANKA HAS SET INFLATION AT 5% FOR ANOTHER THREE YEARS. INFLATION IS ALREADY ABOVE IT.

Sri Lanka has formally retained its 5 percent inflation target for the next three years, with a tolerance band of two percentage points either side.

It provides the Central Bank with a clear destination. The awkward part is that inflation has already moved beyond the upper boundary and the Bank has just decided not to increase interest rates again.

Central banks like targets because monetary policy works partly through expectations. If households, businesses, investors and workers believe inflation will remain reasonably stable, they make decisions on prices, wages, borrowing and investment accordingly.

Sri Lanka's target remains 5 percent.

The new agreement between the Government and the Central Bank retains that figure for another three years under the country's flexible inflation-targeting framework. Inflation is permitted to fluctuate within a band of two percentage points either side, effectively creating a normal operating range between 3 and 7 percent.

That gives us an immediate problem.

Headline inflation is already 8 percent.

The Central Bank therefore begins the new three-year target period with inflation above the upper edge of its tolerance band. At the same time, it has decided to keep the Overnight Policy Rate at 8.75 percent rather than tighten monetary policy further.

Those two decisions are not necessarily contradictory.

The Central Bank does not attempt to force every temporary movement in inflation immediately back to 5

percent. Monetary policy operates with a lag, and attempting to crush a short-lived external price shock with dramatically higher interest rates could inflict unnecessary damage upon businesses, borrowers and economic growth.

The source of the inflation matters too.

Sri Lanka has been hit by substantially higher international energy prices because of the Middle East crisis. Increasing interest rates in Colombo cannot reduce the cost of crude oil produced thousands of kilometres away, nor can it eliminate higher freight and insurance costs caused by geopolitical disruption.



The Government has also intervened through fuel subsidies, preventing the full increase in international petroleum prices from immediately reaching consumers. That has helped suppress some of the inflation that would otherwise have appeared in the headline number.

The Central Bank is therefore looking beyond today's 8 percent and asking where inflation is likely to be months from now.

That is exactly what it should do.

But an inflation target becomes credible only if businesses and households believe the Central Bank will eventually act when inflation persistently refuses to return towards it.

This is where core inflation becomes important. A temporary increase in fuel or food prices can push headline inflation higher without necessarily indicating that the entire economy has developed an inflation problem. If underlying price pressures begin spreading across goods and services, however, the Central Bank has a considerably more difficult decision.

Sri Lanka knows what happens when inflation expectations become detached from reality.

During the economic crisis, inflation accelerated to levels at which ordinary household budgeting became almost meaningless. Prices changed rapidly, savings lost purchasing power and businesses struggled to predict what inputs would cost even several months ahead.

The return to single-digit inflation was therefore not merely a statistical achievement. It restored a degree of predictability to economic life.

The 5 percent target is intended to preserve that predictability.

There is nevertheless another point worth understanding. Five percent inflation does not mean prices remain unchanged. It means the general price level can increase approximately 5 percent each year.

At 5 percent annual inflation, something costing Rs 10,000 today would cost roughly Rs 12,760 five years later if its price moved exactly with the overall index. That is why wage and income growth matter alongside the inflation number.

Stable inflation is not the same as cheap living.

The Central Bank's task is therefore not to return Sri Lanka to the prices that existed before the crisis. That is neither its target nor a realistic objective.

Its job is to prevent the purchasing power of money being eroded unpredictably and to keep inflation sufficiently low and stable for the economy to function.

For the next three years, the destination remains 5 percent.

The first challenge is getting back inside 7.

A 21-KILOMETRE FUEL PIPELINE TO THE AIRPORT. WHY DID WE SPEND YEARS MOVING AVIATION FUEL BY ROAD?

Sri Lanka has begun building a 21-kilometre pipeline linking the Muthurajawela petroleum facility directly with Bandaranaike International Airport, together with expanded aviation-fuel storage. It sounds like an ordinary infrastructure project until one asks how the country's principal international airport has been receiving much of its additional fuel requirement until now.

An international airport without a reliable supply of aviation fuel is not much of an international airport.

Aircraft arriving at Bandaranaike International Airport require Jet A-1 fuel in enormous quantities. Airlines plan routes, payloads and refuelling stops partly around whether fuel will be available,



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A 21-KILOMETRE FUEL ...

at what price and with what degree of reliability.

Sri Lanka is now attempting to strengthen that system through a new 21-kilometre pipeline connecting the Muthurajawela petroleum complex directly to BIA. The project also includes additional aviation-fuel storage, increasing the country's capacity to maintain supplies during periods of disruption.

At first glance this is hardly glamorous infrastructure. There is no new terminal for passengers to admire, no expressway and no spectacular bridge. Most people will never see the pipeline once it is completed.

That may be precisely why it matters.

Infrastructure is often most valuable when nobody notices it working.

BIA already has pipeline infrastructure associated with its fuel supply, but growing aviation demand and limitations in existing capacity have required significant quantities of fuel to be supplemented through road bowlers. Moving aviation fuel by tanker truck is workable, but it is not the most efficient long-term solution for an airport Sri Lanka hopes will handle substantially more passengers and aircraft.

Road transport introduces additional movements, traffic, handling requirements and operational risk. A dedicated high-capacity pipeline allows fuel to be transferred continuously and efficiently between storage and the airport without placing hundreds of additional tanker movements onto public roads.

The timing is particularly relevant.

Sri Lanka wants tourism to become one of its largest sources of foreign currency. That means more visitors, which generally means more flights. The country also wants Colombo to develop as an aviation and regional connectivity hub rather than merely an endpoint for passengers travelling to Sri Lanka.

Those ambitions require rather less glamorous things to work extremely well.

Fuel is one of them.

There is also the question of resilience.

The Middle East crisis has demonstrated how quickly an external disruption can threaten energy supplies and prices. Sri Lanka cannot control whether a tanker is delayed thousands of kilometres away, but it can control what happens after fuel reaches the country.

Additional storage creates time.

If international supplies are disrupted, every additional day of usable inventory provides authorities and airlines with more room to respond. Storage does not eliminate external dependence, but it reduces the speed at which an external shock becomes a domestic operational crisis.

Sri Lanka learned the importance of fuel logistics rather brutally in 2022. The country possessed airports, power stations, buses and vehicles. What it lacked was sufficient foreign currency and fuel to operate them normally.

Energy security therefore involves considerably more than signing contracts to purchase petroleum.

It requires import terminals, storage tanks, pipelines, distribution systems and contingency planning. Every weak link between the tanker and the aircraft represents another point at which a supply problem can become an operational problem.

There is an economic argument as well.

Aviation fuel pricing matters to airlines. Colombo competes with airports across the region, many of which possess sophisticated fuel infrastructure and enormous throughput. An efficient supply system can reduce handling costs and improve reliability, even if Sri Lanka cannot control the international price of the petroleum itself.

A 21-KILOMETRE FUEL PIPELINE TO THE AIRPORT. WHY DID WE SPEND YEARS MOVING AVIATION FUEL BY ROAD?



The project should therefore be judged against several measurable questions when it is completed.

How much additional aviation-fuel storage has been created? How many road tanker movements will disappear?

How much does the new system reduce distribution costs?

How many days of aviation-fuel security will BIA possess during an international supply interruption?

Those are more useful measures than the cost of the ceremony announcing it.

Sri Lanka has spent decades producing ambitious plans for becoming an aviation hub. Hubs are not created by describing them as hubs.

They are built from runways, terminals, navigation systems, ground handling, competitive airlines, efficient connections and the invisible infrastructure that keeps aircraft moving.

Twenty-one kilometres of pipe may not sound terribly exciting.

Neither does running out of aviation fuel.

COLOMBO HAS JUST DOUBLED THE CAPACITY OF ITS NEWEST TERMINAL. INDIA IS BUILDING PORTS TOO.

Colombo West International Terminal has doubled its annual capacity from 1.6 million to 3.2 million containers after handling more than 2 million TEUs in its first 18 months. It is an impressive beginning. The larger question is whether Colombo can convert its geographical advantage into something India's rapidly expanding ports cannot economically replace.

There are some numbers that explain why ports matter to Sri Lanka considerably better than speeches about becoming a maritime hub.

Colombo West International Terminal has handled more than 2 million twenty-foot equivalent units within its first 18 months of operation and has now commissioned the second phase of a US\$750 million investment.

Its annual handling capacity has consequently doubled from 1.6 million to 3.2 million TEUs.

The expanded deep-water terminal can accommodate three ultra-large container vessels simultaneously and operates as Sri Lanka's first fully automated container terminal.

Those are serious numbers.

CWIT alone is ultimately intended to handle close to a quarter of the Port of Colombo's targeted 13 million TEU annual capacity by 2028.

The terminal is operated through a partnership involving India's Adani Ports and Special Economic Zone, John Keells Holdings and the Sri Lanka Ports Authority under a 35-year build-operate-transfer arrangement.

But the most important cargo at Colombo is not necessarily coming to Sri Lanka.

Colombo's great maritime advantage has always been transshipment. The island sits immediately beside one of the world's busiest East-West shipping routes while much of neighbouring India's container traffic has historically required transfer through larger regional hub ports.

A container originating at an Indian port can therefore travel to Colombo aboard a smaller feeder vessel, be transferred onto an enormous mainline vessel and continue towards Europe, America or another major destination.

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COLOMBO HAS JUST DOUBLED...

That business has been extraordinarily valuable to Colombo.

It is also business India would understandably prefer to perform itself.

India has been investing heavily in port capacity and deep-water infrastructure, with Vizhinjam in Kerala emerging as an especially important competitor. The irony is difficult to miss. Vizhinjam is itself operated by Adani Ports, the principal investor in Colombo West.

Adani therefore has substantial interests on both sides of the competition.

That does not make the Colombo investment contradictory. Global port operators invest where cargo exists and where they believe cargo will grow.

**COLOMBO WEST
TERMINAL HAS
DOUBLED
ITS CAPACITY.
INDIA IS BUILDING
PORTS TOO.
CAN COLOMBO
STAY AHEAD?**



It does mean Sri Lanka should avoid assuming that an investor in Colombo has any reason to prevent an Indian terminal from competing vigorously with it.

Sri Lanka's protection must come from economics.

Colombo has geography on its side. It sits close to the main East-West shipping lane and has decades of experience as a transshipment hub. It has established relationships with shipping lines, a significant network of feeder services and increasingly sophisticated terminal infrastructure.

But geography is an advantage, not a monopoly.

Shipping companies ultimately care about turnaround times, berth availability, productivity, cost, reliability and how far a vessel has to deviate from its main route. If another port can provide a competitive combination of those things, cargo can move.

That makes CWIT's automation and deep-water capability particularly important. Modern container ships are enormous and become expensive whenever they are sitting still.

A terminal capable of handling several ultra-large vessels quickly and predictably becomes valuable because time itself is part of the shipping company's cost.

There is also a larger opportunity that Sri Lanka has discussed far more often than it has exploited.

A successful port should create economic activity beyond moving somebody else's container from one ship to another. Logistics, warehousing, ship services, bunkering, repair, distribution, processing and value-added operations can capture substantially more of the money flowing through a maritime hub.

Sri Lanka has spent decades celebrating container throughput while often capturing only a fraction of the wider economic opportunity created by its location.

CWIT's expansion therefore deserves attention, but not simply because another terminal can handle another 1.6 million TEUs.

The important test comes over the next several years.

Can Colombo retain Indian transshipment traffic while India's own deep-water ports expand? Can it attract additional mainline services? Can faster terminals lower the cost of Sri Lankan exports and imports?

Can the country build logistics businesses around the port rather than merely watching containers pass through it?

Two million containers in 18 months is an excellent beginning.

The next question is how much value Sri Lanka keeps after they leave.

TEN DOCTORS WHO EXAMINED SURESH SALLEY HAVE BEEN CALLED TO COURT. WHY?

Ten doctors who served on the medical board overseeing former State Intelligence Service Director Suresh Salley's treatment, together with the Director of the National Hospital, have been ordered to appear before the Colombo Magistrate's Court on October 6. The order followed a motion by the CID. It deserves careful reporting because being summoned to explain a medical decision is not the same thing as being accused of wrongdoing.

The legal proceedings involving retired Major General Suresh Salley have acquired an unusual medical dimension.

Salley, the former Director of the State Intelligence Service, was arrested in connection with the continuing investigation into the Easter Sunday attacks and has been

receiving treatment at the National Hospital in Colombo. A ten-member medical board had been overseeing his condition and recommended that he remain in hospital until September 28.

That period has now expired.

The Criminal Investigation Department returned to court through a motion, following which Colombo Chief Magistrate Pasan Amarasekera issued notices requiring the ten doctors and the Director of the National Hospital to appear before court on October 6.

The immediate purpose is important.

The medical board and hospital authorities are being required to inform the court about the next course of action regarding Salley's treatment now that the period previously recommended by the board has ended.

That is considerably different from saying that ten doctors are themselves under criminal investigation or have been accused of improperly keeping Salley in hospital. On the information presently available, that conclusion would go beyond what the court has actually done.

The distinction matters because medical treatment and judicial custody can intersect awkwardly.

A person who has been arrested does not cease to possess medical rights. If hospital treatment is genuinely required, the fact that the patient is a suspect or detainee does not make the illness disappear. Doctors must make clinical decisions according to the patient's condition rather than public sentiment surrounding the case.

The court, however, has a different responsibility.

When a person whose liberty is controlled by judicial proceedings remains in hospital on medical advice, the court is entitled to know whether continued hospitalisation remains necessary.

A previous medical recommendation cannot automatically become an indefinite arrangement simply because nobody has returned to explain what happened when the recommended period ended.

That appears to be where the present proceedings have reached.

The doctors who examined Salley possess the medical expertise. The court possesses the judicial authority. The CID is conducting the investigation. Each has a separate role and those roles should not be casually confused.

There is an additional reason for caution.

Suresh Salley is not an ordinary public figure. He previously headed Sri Lanka's State Intelligence Service, and the investigation in which he has been arrested relates to the Easter Sunday attacks, one of the most politically and institutionally sensitive criminal investigations in the country's recent history.

That inevitably creates enormous public interest.

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TEN DOCTORS WHO...

It also creates fertile ground for speculation.

The correct question at this stage is therefore not whether the medical board did something wrong. There is presently insufficient basis for NewsLine to make such a claim.

The questions are narrower.

What medical assessment led the board to recommend hospitalisation until September 28? What is Salley's present condition? Does the board now recommend further inpatient treatment, treatment under another arrangement or discharge? What information does the court require before deciding what happens next?

TEN DOCTORS SUMMONED TO COURT OVER SURESH SALLEY'S TREATMENT



NewsLine would like to also ask: how many persons detained by the state for whatever reason – investigation, pending trial, convicted even – are hospitalised for dental care?

After 108 days its time that the trial got on not for the state to be made into an unwilling partner in what appears to be delay tactics – a charade even – simply to buy more time before the inevitable.

Those answers should become clearer when the doctors and hospital director appear on October 6.

The independence of medical judgment matters. So does the authority of a court to satisfy itself that a person in judicial proceedings remains in hospital for legitimate medical reasons.

Neither principle has to defeat the other.

That is precisely why the doctors are being asked to explain.

THE GULF ASKED WHETHER AMERICA WOULD STILL PROTECT IT. AMERICA HAS SENT MORE PATRIOTS.

The United States has reportedly deployed two additional Patriot missile batteries to Saudi Arabia and Qatar to protect critical oil and gas installations if fighting with Iran resumes. Only yesterday the larger question was whether the Gulf could continue depending upon America's security umbrella. Washington has now provided part of an answer, and it arrived on a missile launcher.

There is a useful difference between a diplomatic reassurance and an air-defence battery.

Saudi Arabia and Qatar have spent months worrying that another round of American attacks against Iran could produce retaliation against Gulf energy infrastructure. Those fears are hardly theoretical. The conflict has already demonstrated Iran's ability, directly and through aligned forces, to threaten energy, shipping and other strategic assets across the region.

The United States has now reportedly responded by deploying two additional Patriot batteries to the Gulf.

One was sent to Saudi Arabia to protect an important oil facility. Another was deployed to Qatar to defend a natural-gas installation. The deployments took place in recent weeks as Washington prepared for the possibility that major military operations against Iran could resume. That is significant for several reasons.

The first is obvious. Patriot systems are not symbolic. They are designed to detect, track and intercept incoming aircraft and missiles, and the decision to position additional batteries around energy infrastructure indicates that Washington considers the possibility of renewed attacks sufficiently serious to devote scarce military resources to it.

Scarce is an important word.

Patriot batteries and their interceptors are in enormous global demand. The United States and its allies require them across several theatres, while modern conflicts have demonstrated how quickly sophisticated air-defence ammunition can be consumed during sustained missile and drone attacks.

Sending additional systems to Saudi Arabia and Qatar therefore represents an actual allocation of military capability rather than another declaration of friendship.

It also complicates the developing argument about America's future role in the Gulf.

Regional governments have been exploring ways to diversify their security relationships. Saudi Arabia has strengthened defence ties with Turkey and Pakistan, Qatar has discussed a broader regional security framework and Gulf capitals have increasingly questioned whether Washington can be assumed to

provide the same ultimate guarantee it did in previous decades.

The Patriot deployment does not make those questions disappear.

But it does demonstrate that America is not simply packing up.

Washington retains extensive bases, forces and defence relationships across the Gulf. Qatar hosts major American military facilities, while Saudi Arabia remains one of America's most important regional security partners.

The additional missile batteries reinforce the point that diversification by Gulf governments does not necessarily mean replacement of the United States.

There is nevertheless an uncomfortable circularity to the deployment.

Saudi Arabia and Qatar are receiving additional American protection partly because they fear Iranian retaliation if America itself resumes attacking Iran.

In other words, Washington may be protecting its partners from some of the consequences of Washington's own military policy.

That helps explain why Gulf governments have repeatedly urged restraint.

Saudi Arabia and Qatar may have profound disagreements with Tehran, but they also understand geography. Iran is nearby. Their oil fields, gas installations, ports, airports and desalination plants cannot be relocated if relations deteriorate.

The economic stakes extend far beyond the Gulf.

Saudi oil and Qatari liquefied natural gas are fundamental components of global energy supply. A successful attack against major production or export infrastructure could affect prices from London to Colombo within hours.

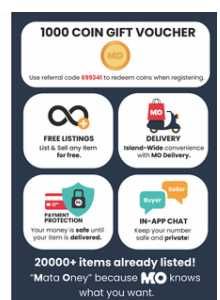
Protecting those facilities is therefore not simply about defending Saudi or Qatari property.

It is part of protecting the international energy system.

The Patriots consequently tell us two things at once.

America is still deeply engaged in Gulf security.

And Washington is sufficiently worried about what may happen next to send more missiles before it does.



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Daily by Faraz



**“Questioning
The Answers”**



TRUMP SAYS IRAN'S OFFER IS NOT ENOUGH. IRAN SAYS IT IS STILL READY TO TALK.

Iran proposed a route towards reopening the Strait of Hormuz and ending the American blockade. Washington responded, Tehran considered the answer and President Donald Trump has now made his own position considerably clearer. The Iranian offer, he says, is “not enough.” The diplomacy continues, but so does preparation for another round of war.

Several days ago there was reason for cautious optimism.

Iran had submitted a proposal through regional mediators that attempted to link the reopening of the Strait of Hormuz with relief from the American blockade, sanctions measures and a broader ceasefire arrangement. Washington provided a response and Tehran confirmed that it was considering it.

For a conflict approaching its eighth month, the exchange represented meaningful diplomatic movement.

We now know rather more about how President Donald Trump views the Iranian offer.

Not enough.

Trump has publicly rejected the proposal in its present form and warned that American military action against Tehran could resume after the US midterm elections. Iran, meanwhile, continues to insist that it is prepared to negotiate while making equally clear that it will respond if attacked again.

Those positions leave a substantial gap between the two sides.

Iran wants relief from the economic pressure imposed by the United States, including measures affecting its ports, exports and access to international commerce. Washington wants the Strait of Hormuz reopened and additional Iranian concessions before surrendering the leverage created by its military and economic pressure.

The problem remains sequencing.

If Iran fully reopens Hormuz first, it gives away one of its most powerful bargaining tools before knowing whether Washington will deliver meaningful relief. If America removes substantial pressure first, it surrenders much of the leverage that helped produce the Iranian proposal.

That is why mediators have been exploring a phased arrangement in which both sides take reciprocal steps.

Such an agreement is possible in theory.

Trust is the problem.

Iran accuses Washington of violating previous understandings. The United States argues that Iranian conduct and the continuing disruption of international

shipping demonstrate why pressure must remain. Both sides can therefore produce reasons why the other should be required to move first.

Meanwhile, neither is behaving as though diplomacy is certain to succeed.

The United States has strengthened military protection around Saudi and Qatari energy installations and is reinforcing other capabilities in the region.

Washington has also imposed additional sanctions against important parts of Iran's economy, including rail and automotive businesses.

Iran is preparing too.

Its military leadership has been considering a broader response if major American attacks resume, including the possibility that retaliation would not be limited to US assets.

That is precisely the scenario Gulf governments fear, because American military operations against Iran could expose facilities belonging to countries that would prefer not to become participants in the war.

Iranian President Masoud Pezeshkian nevertheless says Tehran remains open to dialogue.

That matters.

Governments preparing for conflict while simultaneously negotiating are not necessarily behaving inconsistently. Military preparation can itself become part of diplomacy because each side wants the other to understand the cost of walking away.

The danger is that coercive diplomacy works only until somebody miscalculates.

The Strait of Hormuz remains central because Iran has transformed geography into leverage.

Disruption there affects the international oil market, freight rates, insurance and the economic interests of countries with no involvement in the underlying conflict.

Sri Lanka is one of them.

Every additional period of uncertainty feeds through into petroleum costs and eventually into inflation, government expenditure and household budgets here.

There is consequently a temptation to treat every diplomatic exchange between Washington and Tehran as the beginning of peace.

It is not.

Iran made an offer. America answered. Trump has now told us that the offer does not satisfy him, while Tehran says it remains willing to negotiate.

The door is still open.

Unfortunately, both sides are also making sure their weapons are ready if somebody closes it.

THE US SUPREME COURT RETURNS ON MONDAY. SO DOES THE ARGUMENT OVER HOW POWERFUL A PRESIDENT CAN BE.

America's Supreme Court begins its new term on Monday with immigration, voting rights, guns, climate litigation and presidential authority among the issues before it. Donald Trump won important battles at the Court last term and lost others. The recurring question is becoming larger than any particular policy: where does presidential power end and the power of Congress begin?

Nine judges will walk back into the United States Supreme Court on Monday and begin another term that will inevitably place them at the centre of American politics. That does not mean the Court is supposed to make political decisions. It means politicians have increasingly left the judges to determine where the constitutional boundaries around political power actually lie.

President Donald Trump provides much of the immediate context.

Trump has used executive authority aggressively since returning to office, particularly on immigration, government agencies, trade and the organisation of the federal executive. His administration has frequently acted first and defended the legal authority for doing so afterwards when opponents went to court.

The Supreme Court has not responded with a simple yes or no.

Its six-member conservative majority has allowed several important Trump policies to proceed and has endorsed a strong conception of presidential authority in some areas. It has also stopped the President when a majority of the justices concluded that he had crossed boundaries established by federal law or attempted to exercise powers belonging elsewhere.

That distinction will again matter during the new term.

The Court has already agreed to consider the Trump administration's policy requiring mandatory detention for large numbers of undocumented imm

igrants while deportation proceedings are underway. The dispute turns partly on whether people who have been living inside the United States can be denied the opportunity to seek release on bond while their immigration cases are decided.

Another case involves deportations to third countries. The administration wants the power to remove migrants to countries other than their own without

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THE US SUPREME COURT...

first providing the opportunity to demonstrate that they may face serious harm there. The Supreme Court recently allowed that policy to continue temporarily while the underlying legal argument proceeds.

Then there is voting.

The justices will consider an Arizona dispute involving tougher proof-of-citizenship requirements for voter registration and provisions intended to remove alleged non-citizens from electoral rolls. Supporters argue that states must be able to protect the integrity of elections. Opponents argue that the requirements conflict with federal law and can place additional obstacles before legitimate voters.

The Court will also return to guns, considering challenges involving state restrictions on assault-style semiautomatic rifles. It will hear a major climate case involving attempts by Boulder, Colorado, to pursue ExxonMobil and Suncor Energy for costs associated with climate change.

Different cases, different laws, different constitutional provisions.

But running through much of the docket is a recurring institutional question.

Who gets to decide?

America's constitutional structure deliberately divided authority between Congress, the President and the courts. Congress writes laws. The President executes them. Courts interpret them. In reality, the boundaries have never been quite that tidy, and modern government has given presidents enormous administrative power.

The problem becomes acute when a president interprets a law passed by Congress as providing authority to do something Congress never specifically authorised.

Trump has repeatedly tested that boundary.

His attempt to impose sweeping global tariffs provided one example. The Supreme Court ultimately rejected the administration's reliance upon emergency economic powers for such broad tariffs. The issue was not whether tariffs were wise or foolish. It was whether the President possessed the legal authority to impose them in that manner.

That distinction matters far beyond Donald Trump.

Every power recognised for one president becomes available to another.

A person who supports an expansive interpretation of presidential authority when his preferred president occupies the White House may feel rather differently when somebody else inherits exactly the same powers.

That is why separation of powers can appear frustratingly inefficient. It is supposed to be.

Constitutional government deliberately makes some things difficult because concentrating power in one institution may make government faster while simultaneously making restraint weaker.

Sri Lanka should find that argument familiar.

Different constitution, different institutions, different history, but exactly the same fundamental democratic problem: how much power should be entrusted to one office merely because the person occupying it presently enjoys public confidence?

America's Supreme Court begins another term on Monday.

The cases will involve immigrants, guns, corporations, voters and government agencies.

Behind many of them sits the same question.

Who gets to say no to the President?

Rajeeva Bandaranaike
Chairman,
Data Protection
Authority (DPA)
CEO Colombo Stock
Exchange

Key Note Speaker



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Data:
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Dimuth Bhashitha Atapattu
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