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இலங்கை சனாதிபதி
President of Sri Lanka

14.03.2023

Open Letter to Sri Lanka's Official Bilateral Creditors

Esteemed partners of Sri Lanka,

It was with great satisfaction and sincere hope that I welcomed the announcement made last Tuesday by the Managing Director of the IMF, Kristalina Georgieva, that an IMF Executive Board meeting will be held on 20 March 2023 to consider and hopefully approve the Extended Fund Facility (EFF) arrangement we requested as part of our efforts to restore macroeconomic stability and debt sustainability.

I would like to praise your diligence and express my gratitude to the Paris Club creditors and Japan in particular, and to India and China for enabling the cooperation required to arrive at this point and explicitly delivering IMF compatible financing assurances as well as the other creditor countries which answered the Paris Club creditors' call to join them. I would also like to thank the Paris Club Secretariat for supporting these efforts.

Since taking office last July, my government and I have been engaging in good faith with all of you, providing all the necessary information to enable you to make a proper assessment of our debt situation, and the required efforts to close our funding gap and restore debt sustainability. My government also deployed all efforts to demonstrate our commitment to the EFF program and relentlessly engage on the path to reforms. Our administration has already implemented major reforms by way of prior actions agreed with the IMF.

In the 75 years of Sri Lanka's independence, there has never been a more critical period for our economic well-being and future development. That is why we have introduced a robust reform agenda aimed at achieving debt sustainability, strengthening governance, widening the social safety nets supporting the most vulnerable and ensuring we can grow an inclusive economy attractive to international business. This is how we will improve the lives of our people and ensure they are first in line to benefit from improvements in our economic conditions.

The IMF-supported program will be critical to achieving this vision for our country. Hence, this new era starts with the full implementation of IMF-supported program and the resolution of our debt situation with you as longstanding partners, as well as with our commercial creditors. There is still a lot of work to be done together. I encourage you to maintain and even enlarge and strengthen official bilateral creditor coordination in the context of our forthcoming engagement. It is the best way of achieving an efficient, transparent and equitable implementation of our debt treatment exercise. For that, I call on the Paris Club bilateral partners, in particular Japan, together with all our other official bilateral partners, including India and China, to garner and foster coordination as you best see fit.

We also understand and acknowledge that we must ensure that appropriate safeguards are in place to ensure equitable burden sharing and comparability of treatment. To alleviate any legitimate concern in that regard, there are commitments that we can make to those of you willing to take action ahead of the others.

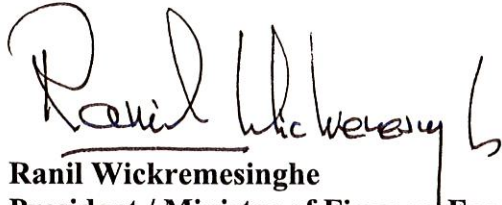
The first of these commitments, probably the most important one, is transparency. We commit to communicate transparently with all of you on any debt treatment terms that are agreed with any creditor or group of creditors, before being formalized. In the same vein, we commit to report regularly on our indebtedness, ensuring no financial liabilities incurred by the country are undisclosed.

Second, we commit not to resume debt service to any creditor unless that creditor agrees on a comprehensive debt treatment in line with IMF-supported program parameters and the comparability of treatment principle.

Third, we reiterate our commitment to a comparable treatment of all our external creditors, with a view to ensuring all-round equitable burden sharing for all restructured debts. To that end, we will not conclude debt treatment agreements with any official bilateral creditor or any commercial creditor or any group of such creditors on terms more favorable than those agreed under any multilateral platform put forward by our official bilateral creditors. Offering a debt treatment outside of the perimeter set by the debt targets under the IMF program would risk making Sri Lanka's debt unsustainable again. To this end, we also confirm that we have not and will not make any side arrangements with any creditor aimed at reducing the debt treatment impact on that creditor.

I sincerely hope that these clarifications will provide comfort to all of you and enable us to progress swiftly to the next stage of the debt treatment negotiations. This is paramount for our country. Just as my administration and I have committed to do, we rely on all of you to do the right thing.

Sincerely yours,



Ranil Wickremesinghe
President / Minister of Finance, Economic Stabilization and National Policies