

SRI LANKA COUNTRY LEGAL PROFILE

LEGAL SYSTEM OVERVIEW

In common with many democracies, the Sri Lankan government has three branches the Executive, the Legislative and the Judicial.

The President of Sri Lanka is the head of state and the Prime Minister, leads the ruling party in parliament and shares many executive responsibilities, mainly in domestic affairs.

Sri Lanka's judiciary consists of

- Supreme Court – the highest and final superior court of record
- Court of Appeal, High Courts and a number of subordinate courts.

The judiciary is a highly complex legal system which reflects the diverse cultural influences in Sri Lanka. The criminal law is based almost entirely on British law and civil law derives from Roman law and Dutch law.

Corruption is criminalized under the Penal Code, the Prevention of Money Laundering Act but there are deficiencies in the legislation. The Bribery Act criminalizes active and passive bribery, embezzlement, abuse of function, and illicit enrichment. The definition of bribery is the “offering, undertaking, and promising”. According to Sections 2(1) and (2) of the Prevention of Corruption Act, it is an offense for any person to corruptly give any loan, fee or reward to a public body and for any public body to corruptly take a gift, loan, fee or reward. The bribery of foreign officials is not covered by the Act, nor is bribery in the private sector. The Declaration of Assets and Liabilities Law specifies that public officials must annually declare their assets, but in practice, there is very little enforcement. The protection of whistle-blowers is also not addressed by any law.¹

There is a high risk of corruption in Sri Lanka’s judiciary. Businesses do not have confidence in the judiciary to settle disputes or to challenge government regulations. Payments and bribes are common in return for favourable judicial decisions. Corruption and manipulation is big in the judiciary due to political appointments at every level and the intimidation and transfer of judges.

BUSINESS OVERVIEW

Sri Lanka ranks 100th in the ease of doing business.² Sri Lanka is the 79th largest export economy in the world and the 101st most complex economy according to the Economic Complexity Index (ECI).³ The top exports of Sri Lanka are Tea (\$1.37b), Other Women's Undergarments (\$663m), Knit Women's Undergarments (\$600m), Knit Women's Suits (\$561m) and Non-Knit Women's Suits (\$459m).⁴ The top export destinations of Sri Lanka are the United States(\$2.93b), the United Kingdom (\$918m), Germany (\$721m), India(\$712m) and Italy (\$474m).⁵

Sri Lanka’s top imports are Refined Petroleum (\$2.06b), Gold (\$936m), Light Rubberized Knitted Fabric (\$717m), Planes, Helicopters (\$687m) and Cars (\$553m).⁶ The top import origins are India

¹ Sri Lanka Corruption Report, <https://www.ganintegrity.com/portal/country-profiles/sri-lanka/>

² Ease of doing business 2019, World Bank, <https://www.doingbusiness.org/en/data/exploreconomies/sri-lanka>

³ <https://oec.world/en/profile/country/lka/>

⁴ <https://oec.world/en/profile/country/lka/>

⁵ <https://oec.world/en/profile/country/lka/>

⁶ <https://oec.world/en/profile/country/lka/>

(\$4.21b), China (\$3.68b), Singapore (\$1.66b), the United Arab Emirates (\$1.47b) and Japan (\$1.02b).⁷

Corruption in the public procurement processes are high. Public procurement is open to bribery, which poses a challenge to investors bidding for government contracts. Companies report that payments and bribes in the process of awarding government contracts are common. The level of corruption makes it difficult for companies to compete with bidders that are not subject to the US Foreign Corrupt Practices Act. President Sirisena has publicly claimed that half of Sri Lanka's public procurement contracts are stained by corruption.⁸

COUNTRY OVERVIEW

Sri Lanka is located in the Indian Ocean, it has 1,340 kilometres of coastline.⁹ The current population of Sri Lanka is 21,021,947¹⁰ and is the 58th most populated country.¹¹ The most populated city in Sri Lanka is also the capital city as well as an ancient port. This city is Colombo, with a population of 648,034.¹² Sri Lanka is a country of multiple ethnicities, but the two most prominent are the Sinhalese and the Sri Lankan Tamils. The Sinhalese make up around 75% of the total population and are concentrated in the central and southwestern parts of the country. The Tamils make up around 11.9% of the total population and are thus the largest minority present in the country.¹³ The major languages in Sri Lanka are Sinhala, Tamil, English¹⁴ and the major religions are Buddhism, Hinduism, Islam, Christianity¹⁵.

Sri Lanka has been scarred by a long and bitter civil war which arose out of ethnic tensions between the majority Sinhalese and the Tamil minority in the north and east. After more than 25 years of violence the civil war ended in May 2009, when government forces seized the last area controlled by Tamil Tiger rebels.¹⁶

The president of Sri Lanka is Maithripala Sirisena and the prime minister is Ranil Wickremesinghe. In October 2018, president Sirisena sacked prime minister Ranil Wickremesinghe and attempted to replace with him with the former president Mahinda Rajapaksa. Parliament voted that they had no confidence in Mahinda Rajapaksa, and he was unable to establish his authority as head of government. In November the president ordered the dissolution of Parliament and called a snap election. His actions were considered unconstitutional.¹⁷

In December, the Court of Appeal ruled that Mahinda Rajapaksa could not take office, and the Supreme Court ruled unanimously against the president's dissolution of Parliament. This decision allowed Ranil Wickremesinghe to become prime minister again.¹⁸

Sri Lanka ranks 89th on Corruption perceptions index 2018¹⁹ and 46th on the Fragile State Index 2019.²⁰ The president has made efforts to fight corruption, including arrests and indictments but this

⁷ <https://oec.world/en/profile/country/lka/>

⁸ Sri Lanka Corruption Report, <https://www.ganintegrity.com/portal/country-profiles/sri-lanka/>

⁹ World Population Review, <http://worldpopulationreview.com/countries/sri-lanka-population/>

¹⁰ Sri Lanka Population, worldometers, <https://www.worldometers.info/world-population/sri-lanka-population/>

¹¹ Sri Lanka Population, worldometers, <https://www.worldometers.info/world-population/sri-lanka-population/>

¹² World Population Review, <http://worldpopulationreview.com/countries/sri-lanka-population/>

¹³ World Population Review, <http://worldpopulationreview.com/countries/sri-lanka-population/>

¹⁴ Sri Lanka country profile, BBC, <https://www.bbc.co.uk/news/world-south-asia-11999611>

¹⁵ Sri Lanka country profile, BBC, <https://www.bbc.co.uk/news/world-south-asia-11999611>

¹⁶ Sri Lanka country profile, BBC, <https://www.bbc.co.uk/news/world-south-asia-11999611>

¹⁷ Freedom in the World 2019, <https://freedomhouse.org/report/freedom-world/2019/sri-lanka>

¹⁸ Freedom in the World 2019, <https://freedomhouse.org/report/freedom-world/2019/sri-lanka>

¹⁹ Corruption perceptions index 2018, Transparency International, <https://www.transparency.org/cpi2018>

²⁰ Fragile State Index 2019, <https://fragilestatesindex.org/country-data/>

has led to a few convictions. Corruption remains a problem in the judiciary, public procurement, and customs sector.²¹ In May 2018, parliament approved a new law that created special courts to deal with corruption. These changes were meant to accelerate cases that have been delayed for years. In September, Gotabhaya Rajapaksa, a former defence minister and brother of the former president, were indicted in court for allegedly misusing public funds to build a memorial for his parents.²²

²¹ Freedom in the World 2019, <https://freedomhouse.org/report/freedom-world/2019/sri-lanka>

²² Freedom in the World 2019, <https://freedomhouse.org/report/freedom-world/2019/sri-lanka>