

January

Government unveils economic stimulus package

The government unveiled an economic stimulus package aimed at revitalizing several key industries including tea, rubber, cinnamon, apparel, leather, tourism and construction. In a newspaper advertisement the government outlined its plan, drawn up by a presidential task force on economic development.



Leade Editor Gunned Down

Sunday Leader Editor Lasantha Wickrematunga was gunned down in broad daylight on January 8th and succumbed to his injuries after being taken to hospital. An investigation into his murder is still ongoing.

MTV/MBC Studio attacked

The MTV/MBC Studio in Pannipitiya was attacked where reports of claymore mines were found in the wreckage.

Golden Key Auditor remanded

The Golden Key Credit Card Co auditor was remanded by the Mount Lavinia Chief Magistrate while all the directors in the company, including Ceylenco Chairman Lalith Kotelawala, were ordered to give statements to the police.

Govt says nine journalists killed since 2006

Amidst the alarming increase in attacks against the media in the country, Parliament was told that nine journalists have been killed, 27 assaulted and another five abducted since January 1, 2006.

Golden Key depositors storm company headquarters

The crisis of the collapsed Golden Key Credit Card Company reached a new high when hundreds of angry depositors staged another massive protest in front of the company's head office at Duplication Road Colombo and forced themselves into the office. They stormed into the office and demanded officers to refund their deposits or to give a date of repayment. They also chanted slogans against Golden Key management including Chairman Ceylenco Consolidated Lalith Kotelawala while pasting and displaying posters and placards carrying slogans accusing the directors of fraud and mismanagement.

Call for realistic exchange rates

Business leaders in key local exporting industries such as apparel and tea said they are facing severe difficulties in the wake of the global economic crisis with high production costs and unreasonable exchange rates.

February

Accounting Watchdog wants more teeth

The national accounting and auditing standards watchdog says it needs more legal teeth, to avoid a repetition of the Golden Key type of mega-public scam in future.

The Central Bank (CB) announced a Rs 4-billion bailout plan for finance companies, caught up in the Golden Key and Salvothi detaches and aimed at restoring public confidence. CB Governor Ajith Nivard Cabraal told reporters that the fallout from the collapse of unauthorized financial institutions has created the difficulties companies face which includes a severe liquidity shortage.

Supreme Court terminates oil hedging case

The Supreme Court this month vacated (withdrew) all the interim orders issued in the controversial oil hedging cases and terminated the case since the government had failed to comply with earlier court orders. The interim orders relate to the suspension of Ceylon Petroleum Corporation (CPC) Chairman Asantha de Mel, CPC Deputy General Manager (Finance) Lalith Karunaratne, the CPC foreign exchange payments due to five commercial banks and fuel pricing.

Some 4,000 Pramuka depositors get refunds

Small depositors, numbering 3927, of the collapsed Pramuka Bank have been paid Rs 100,000 each by the Sri Lanka Savings Bank (SLSB) set up to resurrect the defunct bank, SLSB officials said.

Angry depositors pelt stones at Kotelawala's office

A security officer at the office of Ceylenco Consolidated Chairman Lalith Kotelawala was slightly injured when a group of about 100 protesting depositors of the collapsed Golden Key Credit Card Co turned unruly and threw

YEAR IN REVIEW

THE GOOD, THE BAD AND THE UGLY

The following is a summary of the main business and economic developments for the year with a few other key developments:

stones, witnesses said. The depositors said they had been promised an appointment with Mr. Kotelawala to discuss their plight but when they turned up, the Ceylenco Chairman and none of the directors were present in the office. This angered the group who pelted stones at the office on Duplication Road.

March

More arrests in Golden Key case
More arrests are expected to be made over criminal misappropriation of funds of the Golden Key (GK) Company after the fraud case took a different turn with the detention of powerful Ceylenco Chairman Lalith Kotelawala. Mr. Kotelawala was remanded by the Mount Lavinia Chief Magistrate Harsha Sethugha while an open warrant was issued for the arrest of his wife, Scile who has been in Singapore since the inception of the case. The Magistrate rejected the medical certificate submitted on behalf of Mrs Kotelawala. The Attorney General (AG)'s Department sources said the CID has been instructed to carry out in-depth investigations into GK affairs to arrest all those involved in misappropriation of public money.

Trouble for Ceylenco Group finance firms

Depositors at Ceylenco finance companies have been flooding the phone lines with complaints of late interest payments, no interest payments altogether and several difficulties in getting their capital back.

JKH cleared: No violation of CCC Code

The main committee of the Ceylon Chamber of Commerce (CCC) on Thursday by a narrow 1-vote margin decided that John Keells Holdings (JKH) hadn't violated the CCC Code of Ethics. This came after the CCC's Standing Committee was unable to decide on the findings of a Panel of Inquiry into the ethics issue and then put forward the matter to the main committee for a vote, according to sources close to the committee. The matter of whether JKH violated the Code of Ethics arose after the Supreme Court in mid-2008 cancelled the privatization of Lanka Marine Services (LMS), a former state company, on the grounds of serious irregularities in the transaction. LMS, a fully-owned subsidiary of JKH, was ordered to pay all taxes from the date of privatization.

Going after the IMF

The government last week announced it was negotiating an IMF standby facility of up to \$1.9 billion to fund post-war development in the country and shore up Sri Lanka's dwindling foreign exchange reserves. It was the Sunday Times that was off the blocks on a possible return of the IMF, in an exclusive story headlined "Devaluation or IMF bailout: Economists sound warning as reserves plummet to lowest level, but CB confident" on January 19, 2009. The story quoted economists and exporters as urging the government to devalue the rupee or seek an IMF bailout package as foreign reserves had sunk to never-before levels. CB Governor Ajith Nivard Cabraal was also quoted in the same story as saying that there was no need for such measures, saying "the situation is under control," and that they were confident in raising enough cash from the Sri Lanka Diaspora through investments in bonds and treasury bills.

Global crisis rips garment industry

An estimated 40,000 workers have laid off and some 50 garment factories have put up shutters in the past six months. But trade union leaders claim that unscrupulous apparel industry exporters are blowing up the global recession to trim down on concessions given to the workers.



April



UN call for pause in fighting rejected

A United Nations move for a pause in the fighting in the northern Wann battle zone – a prelude to a sea-based evacuation operation of trapped civilians – was met with stiff opposition from the Government.

Economic woes mount as war winds down

Government troops are closing in on the last remnants of Tamil Tiger resistance in northern Sri Lanka as an upsurge of more than two years of fighting winds down but the country's economic woes aren't over yet as revenues and a shortage of cash continue to plague the government.

All directors of GK companies restricted from overseas travel

More than two dozen directors of the failed Golden Key and its affiliated companies were restricted from traveling overseas by the Mount Lavinia Chief Magistrate Harsha Sethugha when the Golden Key (GK) misappropriation case was taken up.

No halt in operations: Gotabhaya

The Government strongly rebutted claims by Indian leaders that Sri Lanka would stop the war against the LTTE. "There was no call by the two visiting Indian emissaries for a cessation of hostilities," Defence Secretary Gotabhaya Rajapaksa, told The Sunday Times. He said the Indian emissaries – National Security Advisor M.K. Narayanan and Foreign Secretary Shivshankar Menon – had explained to President Rajapaksa the pressure applied by Tamil Nadu on the central Government in New Delhi.

May



LTTE defeated

President Mahinda Rajapaksa declared that the Sri Lankan armed forces had "finally defeated the LTTE militarily" on May 16, 2009. The President said that many in the world believed that the LTTE was invincible, but the government with the total commitment of the Armed Forces, had in an unprecedented humanitarian operation, finally defeated the LTTE militarily.

Prabhakaran killed

The Army declared that LTTE leader Velupillai Prabhakaran was found dead near Vellaimullivaikal following reports that he was trapped in the No Fire Zone. Military Spokesman Udaya Nanayakkara said Prabhakaran was found dead after 250 other guerrillas had been killed as soldiers captured their last enclave, the No-Fire or Civilian Safety Zone on the Mullaitivu coast.

At Least 50,000 workers lose jobs since January

At least 50,000 workers have lost their jobs since January from factory and company closures plus retrenchment owing to the current economic crisis triggered by the global uncertainty. Unofficial figures show that the layoffs have come from more than 30 companies in Colombo, Kegalle, Kurunegala, Kalutara, Gampaha, Monaragala, Embilipitiya, Galle, Matale, Chilaw

and Avissawella. These companies have already informed the Labour Commissioner that they had no alternative other than to reduce staff to face the economic crisis, politicians and labour union leaders said.

June

FR case filed on oil hedging deals

A fresh fundamental rights petition was filed on the oil hedging crisis this Thursday seeking an interim order from the Supreme Court to restrain the Ceylon Petroleum Corporation (CPC) and the Treasury Secretary from participating in any arbitration proceedings or litigation with any of the banks involved in the hedging contracts until a final determination is made on the application. The petitioners, public interest activist Nihal Sr. Amarasikre filed a petition in May 2009 on the hedging issue in the Supreme Court but in this week's petition says that he was only aware of the intentions of the banks, namely Citibank, Deutsche Bank and Standard Chartered Bank, to enter into arbitration or litigation after the May application was filed.

F&G depositors allowed to proceed with FR case

The fundamental rights petition filed by the Finance & Guarantee (F&G) Depositors Association was given leave to proceed in the Supreme Court. The case was first filed by the Association on 27 April 2009 in an attempt to get their money from the troubled Ceylenco company through court intervention and a Central Bank (CB) monitored payment plan. Depositors say most interest payments stopped in December 2008 and January 2009.

SLIC privatization annulled, reverts to state

A day after the Supreme Court annulled the privatization of Sri Lanka Insurance Corporation (SLIC) over a fraudulent deal, the Finance Ministry took over the management and control of the company and said the SLIC will continue its operations under the existing management headed by the Chief Executive Officer.

July

'Small Miracle' puts Tourism Ministry in muddle

Sri Lanka's Tourism Ministry is re-considering the new logo 'Sri Lanka Small Miracle' launched with a big bash on June 23 after questions were raised over the word 'small' when 'big' things are happening or seen in this country, officials said.

Mixed reaction to IMF loan

The US\$2.5 billion International Monetary Fund (IMF) loan has brought mixed reactions from all quarters from politicians to economists and Central Bank (CB) officials. Although the stock market reacted to the news, of the loan being approved on July 24, with healthy trading levels, some economists and opposition leaders feel the CB and the government must do more to correct and strengthen the macro-economic fundamentals and improve the Balance of Payment (BOP) position.

Police release astrologer

An astrologer who was detained by the CID for allegedly making political predictions unfavourable to the present government was released from police custody, Chandrasiri Bandara, who writes a regular astrology column for the independent Sinhala-language newspaper 'Tudima', was held in police custody for two weeks following reports that he had said that Prime Minister Ratnasiri Wickrematunge would become President and Opposition leader Ranil Wickremesinghe would become Prime Minister, in September.

Prabhakaran's secrets dug out

The slain LTTE Chief Velupillai Prabhakaran's plans for suicide attacks, arms purchases and measures to develop the movement are outlined in vital documents found by the police at Vellaimullivaikal in the Mullaitivu district, a top official said. Colombo Crime Division Superintendent Mass Gunawardena said the documents in some 272 files were found buried underground in barrels. The detection was after information was given to the CCD by a close associate who worked with the LTTE leader for more than ten years.

August

Mere 18% turnout at Jaffna poll

Only a few voters went to the polls in the northern town of Jaffna where elections to the Municipal Council were held for the first time in 11 years – with election officials saying only 18,336 voters or 18.26% of the 100,417 eligible voters had cast their ballots.

Petroleum Import costs fall sharply in 1H09

The total expenditure on petroleum imports fell by 52.6% during the first half of 2009 to US\$866 million compared to US\$1,825 million spend in the same 2008 period, according to the External Sector Performance for June 2009 released by the Central Bank (CB).

Top investor Jim Rogers visits Sri Lanka

Well-known investor Jim Rogers, who founded the Quantum Fund with billionaire investor George Soros, was in Sri Lanka on a 'quiet' 3-day trip which included meetings with top government officials.



September

Top UN official expelled

The government ordered James Elder, a senior official with the United Nations Children's Fund (UNICEF) to leave Sri Lanka. A UN official said no formal reason had been given for the move by the Sri Lankan government. However, Foreign Office sources, who did not wish to be identified, said the Government was concerned over repeatedly remarks he had made to the media about Internally Displaced People (IDPs) in particular the conditions of children in camps.



PBJ returns to public office

Former Treasury Secretary P.B. Jayasundera was cleared by the Supreme Court to return to public office.

October

Vote on Account, no Budget

The government announced it would present a vote-on-account instead of a budget in view of pending parliamentary elections.

Average turnout at Southern polls

The Southern Provincial Council polls ended amid an average voter turnout and large-scale violations of the election laws, officials and observers said.



Raj's arrest triggers panic in Sri Lanka

Sri Lankan-born billionaire businessman Raj Rajapaksa's arrest in the United States on Friday on an alleged \$520 million insider trading charges has hit Sri Lanka like a thunderbolt with not only the Colombo Securities & Exchange Commission (SEC) here scrambling to check whether his million-dollar dealings bordered on any illegality, but also high-level politicians under a cloud of involvement with him.

November



Ceylenco Chief freed under strict bail conditions

After spending nine months in remand at the Wickramasinghe prison in connection with the alleged misappropriation of the deposits of failed Golden Key (GK) Credit Card Co., Ceylenco Chairman Lalith Kotelawala was wheeled out a free man and immediately transferred to a private hospital in Colombo.

Opposition's Common Candidate: Sarath Fonseka

Constituent parties of the newly formed-United National Front (UNF) reached consensus that General Sarath Fonseka should be their common candidate in the event of a Presidential Election. The major players of the Front are the United National Party (UNP), the Sri Lanka Muslim Congress (SLMC), the Sri Lanka Freedom Party-Mahajana Wing and the National Democratic Front.

