

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By Communications Department

Date 29 December 2021

Realisation of Expected Foreign Currency Inflows and the Official Reserves Position

The Central Bank of Sri Lanka wishes to inform the general public that (as announced on 22 December 2021) expected foreign currency inflows are forthcoming and with the receipt of recent inflows, the official reserves position has now reached around US dollars 3.1 billion, and is expected to remain at such level by end of 2021, as well. In addition, as articulated in the *Six-Month Road Map for Ensuring Macroeconomic and Financial System Stability*, foreign currency inflows in connection with several other facilities that are under negotiation at present, are expected to be realised in the early part of January 2022.

The measures taken by the Central Bank with a view to improve foreign exchange liquidity in the domestic market, such as introduction of incentive schemes for workers' remittances, and the rules covering the repatriation and conversion of exports proceeds are also augmenting official reserves. The welcome robust recovery in the tourism sector and the strong performance in exports are further buttressing the external sector. Accordingly, the Government and the Central Bank are confident that the reserve position will remain at comfortable levels throughout the year 2022.

In this background, it is unfortunate that the hasty and inexplicable decisions of certain rating agencies to downgrade the Sovereign, even in the face of clear reassurances of impending forex inflows had caused unnecessary losses in the secondary market to investors in International Sovereign Bonds issued by the Government of Sri Lanka. Such rating actions also weighed negatively on investor confidence, resulting in undue delays in certain expected foreign currency inflows which may have materialised earlier, if not for such unwarranted and questionable rating actions.