

Sri Lanka: Trade unions and civil society activists list five demands over EPF/ETF saga

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Trade unions and civil society activists have come together in a concerted effort, presenting five critical demands to challenge what they perceive as detrimental policies of the Government.

These demands aim to address concerns surrounding the Employee Trust Fund (ETF) and Employee Provident Fund (EPF) in the backdrop of the ongoing Domestic Debt Optimisation (DDO) discourse.

As part of their united stance, they assert that the Government's purported strategies, executed under the banner of DDO, pose a significant risk to the economic welfare and financial security of the working class. Thus, they noted that these five demands serve as a rallying call for transparency, fairness, and the protection of the interests of workers and pensioners.

The joint initiative highlights the following five demands:

1. EPF, ETF, and other superannuation funds should be excluded from DDR. Pension funds are working people's only savings for use in old age. They are not investment funds related to assets and wealth used to amass profit. As savings on wages, our pension funds are nowhere near the investment assets of the private creditors demanding equal treatment.
2. Slash the bonds owned by tax evaders equivalent to the present value of the evaded taxes. Take over their deposits. The Department of Inland Revenue has stated that the total value of evaded taxes is Rs. 904 billion. The current value of the evaded taxes exceeds Rs. 2 trillion as tax evasion had happened over a period that offered bondholders high interests. Slashing bonds worth Rs. 2 trillion allows savings over three times the amount the Government proposes to save by cutting EPF and ETF in the next 16 years.
3. Do a forensic audit to repatriate \$ 53 billion in funds expatriated through transfer mispricing and trade-misinvoicing in international trade. The Global Financial Integrity revealed that over \$40 billion was lost to the country through transfer mispricing and trade-misinvoicing in international trade between 2009 and 2018. Justice Minister Wijeyadasa Rajapakshe stated that the value is \$53 billion. Therefore, we demand that CBSL launches a forensic audit to repatriate these funds to enhance the Government's financial position.
4. Conduct a forensic audit of foreign and domestic loans and declare the Government debt as odious. The former Auditor General Gamini Wijesinghe revealed that the value of the domestic assets remaining in the country is significantly low compared to the foreign project loans obtained by the Government as of 2017. This indicates that foreign loans were largely embezzled to enrich a corrupt political establishment and business elites that maintain close ties with those in power. Both international law and US domestic law hold that the burden of proof lies with the creditors when there is widespread evidence of chronic misuse of external borrowings. Creditors should reclaim the funds from those accused of misusing or embezzling them, and not from those who suffered under their control. The recently published statement signed by 182 eminent economists and academics worldwide supports this position on debt

cancellation in Sri Lanka.

5. Remove tax holidays given to BOI firms. BOI firms are entirely exempted from import taxes and provided with windfall tax holidays on their income despite IMF's demands that these tax holidays be removed. Eliminating tax holidays given to BOI firms will significantly increase the tax revenue of the Government, given that the tax ratio has declined from over 22% of GDP since the mid-1990s to around 9% currently.

This collective effort underscores the trade unions' and civil society activists' shared determination to ensure the protection of workers' rights and financial futures. They claimed that CBSL did not provide a meeting despite several requests. They alleged the CBSL was trying to finalise DDO process by using complex numbers and technical jargons to obscure the imminent risks to pension funds from the public's understanding.

They assert that the strategies associated with DDR should be transparent, just, and aligned with the interests of the working classes.

As the discussions around the ETF/EPF saga continue, they aim to engage in meaningful discussions with relevant authorities to address their concerns and shape policies that resonate with the principles.

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