

# Ditwah Depicts a Global Disaster Cut Sri Lanka's Debt!

## Leading Economists of the World Demand

**The Institute of Political Economy (IPE), Sri Lanka and the UK-based Debt Justice issued a joint statement demanding the International Monetary Fund (IMF) suspend Sri Lanka's debt repayment to help it tackle its prolonged economic crisis compounded by Cyclone Ditwah.**

Cyclone Ditwah that struck Sri Lanka on November 28, caused unprecedented flooding and over 1,200 landslides across all 25 districts, leading to a humanitarian crisis that affected approximately 1.8 to 2.2 million people.

The world's leading economists, the International Monetary Fund (IMF), have called for debt relief for Sri Lanka to rebuild its devastated economy, recognising Cyclone Ditwah as a disaster caused by global environmental crises. Nobel laureate Joseph Stiglitz, Jayati Ghosh, Thomas Piketty, Martin Guzman and Kate

Raworth, among 121 economists, have signed this request.

Lankan government had accepted a very regressive debt restructuring scheme for Sri Lanka's \$9 billion sovereign bonds before the disaster. Accordingly, 25% of government revenue must be allocated to this from the start of payments. This will inevitably put enormous pressure on the country's taxpayers. This amount is very high by international and historical standards, and it has already been warned that the country's life will be greatly disrupted. Accordingly, education, health, transport, and

social security services are set to collapse in a dangerous manner. Due to the aftershocks of the devastation Cyclone Ditwah caused to the country's economy, it will lose even the very limited financial space it gained through debt restructuring.

The government has already taken out loans to deal with the disaster. Considering this situation, they are calling on Sri Lanka to suspend repayment of its foreign sovereign bond debt and to prepare a more appropriate debt sustainability plan. This has taken into account the fact that the \$200 million emergency loan obtained from the International Monetary Fund must be repaid in a short period of 5 times less than a year at high interest.



**A protest organized by FLSP, was held in front of the Railway Station, Colombo Fort. The demands were as follows:**

**Reduce the debt burden! Amend the IMF debt agreements!**

**Grant a one-year relief period for loans and leasing to the victims of Ditwah!**

**Pay the promised compensation to the victims of Ditwah! Do not resettle people in unsafe locations!**

**Remove the tax burden on essential goods in the face of the Ditwah disaster!**