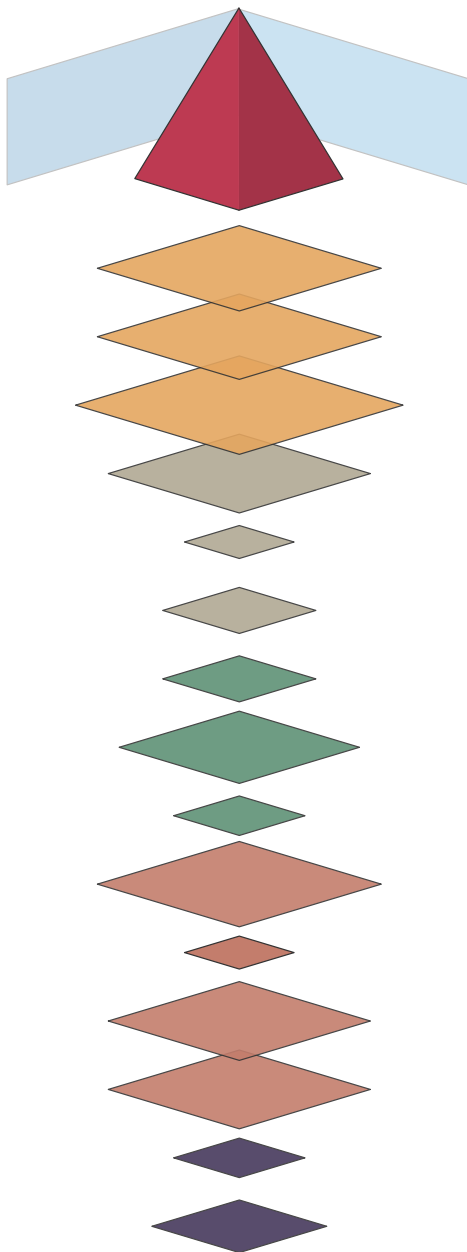




SRI LANKA



4.92

CRIMINALITY SCORE

103rd of 193 countries
30th of 46 Asian countries
6th of 8 Southern Asian countries



CRIMINAL MARKETS

4.83

HUMAN TRAFFICKING	6.50
HUMAN SMUGGLING	6.50
EXTORTION & PROTECTION RACKETEERING	7.50
ARMS TRAFFICKING	6.00
TRADE IN COUNTERFEIT GOODS	2.50
ILLICIT TRADE IN EXCISABLE GOODS	3.50
FLORA CRIMES	3.50
FAUNA CRIMES	5.50
NON-RENEWABLE RESOURCE CRIMES	3.00
HEROIN TRADE	6.50
COCAINE TRADE	2.50
CANNABIS TRADE	6.00
SYNTHETIC DRUG TRADE	6.00
CYBER-DEPENDENT CRIMES	3.00
FINANCIAL CRIMES	4.00



CRIMINAL ACTORS

5.00

MAFIA-STYLE GROUPS	5.50
CRIMINAL NETWORKS	6.00
STATE-EMBEDDED ACTORS	7.00
FOREIGN ACTORS	3.50
PRIVATE SECTOR ACTORS	3.00



3.42

RESILIENCE SCORE



Funding provided by the United States Government.

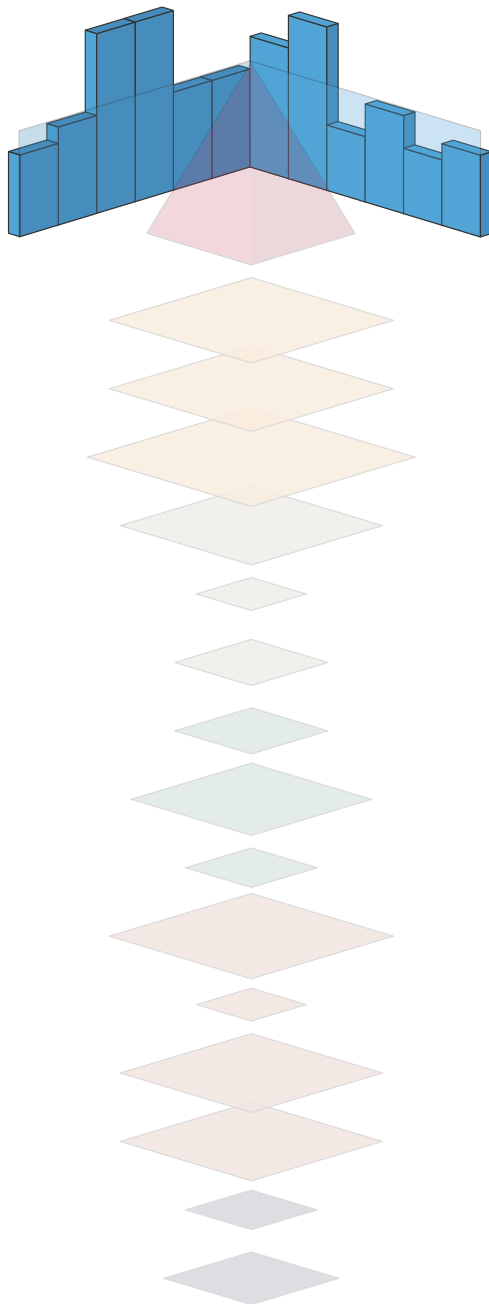


Funded by the European Union

ENACT is funded by the European Union and implemented by the Institute for Security Studies and INTERPOL, in affiliation with the Global Initiative Against Transnational Organized Crime.



SRI LANKA



3.42 RESILIENCE SCORE

151st of 193 countries
36th of 46 Asian countries
7th of 8 Southern Asian countries

POLITICAL LEADERSHIP AND GOVERNANCE	2.50
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	3.00
INTERNATIONAL COOPERATION	5.50
NATIONAL POLICIES AND LAWS	5.50
JUDICIAL SYSTEM AND DETENTION	3.00
LAW ENFORCEMENT	3.00
TERRITORIAL INTEGRITY	4.00
ANTI-MONEY LAUNDERING	5.00
ECONOMIC REGULATORY CAPACITY	2.00
VICTIM AND WITNESS SUPPORT	3.00
PREVENTION	2.00
NON-STATE ACTORS	2.50

4.92 CRIMINALITY SCORE

CRIMINAL MARKETS	4.83
CRIMINAL ACTORS	5.00



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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Human trafficking remains a growing problem in Sri Lanka, particularly for workers who are forced into labour in other countries. These workers are typically employed in the construction, garment and domestic-service sectors in various parts of the world, such as the Middle East, Asia, Europe and the United States. In addition to forced labour, cases of sexual exploitation and child sex tourism have also been reported, with the latter showing a rise in recent years. Increasing numbers of Sri Lankans, who leave their country due to the continuing instability there, end up vulnerable to human trafficking in destination countries.

Sri Lanka is not only a source but also a transit country for human smuggling. Due to factors like the country's political instability, economic crisis, inflation, and shortages of essential goods, many Sri Lankans are being smuggled to Australia, the Middle East, the UK and Canada. Female domestic workers from Sri Lanka are primarily traveling to the Middle East and Europe, often through false job contracts and employment offers. Sri Lanka is also frequently used as a transit point for smuggled individuals, often from Africa and the Middle East, who are destined for South East Asia or the Pacific region. Smuggling is sometimes facilitated by friends and families of victims; and on occasion, victims are accompanied by agents or other contacts for part of the journey. There have been cases where Sri Lankan nationals were recruited for immigration to Canada but were confined in different places in India.

Extortion and protection racketeering are also both prevalent, with numerous instances of victims being forced to pay large sums to criminal syndicates to avoid violence or other harm. The economic crisis has worsened this issue, with increased unemployment and inflation leading to a rise in such crimes, despite law enforcement operations regularly apprehending individuals involved in extortion and racketeering.

TRADE

Local businessmen, politicians, and their supporters are driving the demand for illicit arms in Sri Lanka. The current supply of illegal arms is not a result of significant inflows of illegal weapons, but rather of wartime weapons ending up in the hands of criminal networks. Arms trafficking is believed to occur primarily in Puttalam, Kalmunai in the Ampara district, and Ikirigollewa in Medawachchiya, where locals allegedly smuggle arms while trading dried fish. Criminal gangs linked to arms trafficking operate in

the west (Colombo and Budulla) and the south (Galle and Matara). Illicit arms manufacturing is also believed to occur – usually producing small arms and ammunition. There has been a surge in serious crimes in Sri Lanka, where small arms were trafficked or used, which reflects the country's ongoing struggles with inflation, unemployment and the rising cost of living.

Counterfeiting is an emerging criminal market in Sri Lanka, affecting various industries such as consumer goods and medical equipment. The sale of counterfeit goods results in lost revenue and jobs, and reputational damage. The current financial crisis and consequent shortages of essential goods has further exacerbated the spread of counterfeit and substandard products, particularly through online platforms. The most common counterfeit products in the Sri Lankan market include substandard pharmaceutical products, cosmetics, electronics and agricultural products.

Regarding excise goods, the high price of legal cigarettes in Sri Lanka makes the country an attractive target for the global illicit tobacco trade. The problem is aggravated by weak border control measures and low penalties for smugglers, which lead to a loss of government revenue and further funding for transnational criminal activities such as the trafficking of narcotics, weapons and humans. It is estimated that almost a quarter of cigarettes consumed in Sri Lanka are illicit. Seizures of smuggled Chinese cigarettes in Sri Lanka have been reported: most arrive through the free port of Dubai, from Turkey, China and Vietnam.

ENVIRONMENT

Illegal timber, especially rosewood and other valuable tree species, is predominantly smuggled through Sri Lanka as a transit country. Smugglers avoid customs inspections by labelling shipments of illegal wood from Africa as originating in Sri Lanka, before sending them to India, Singapore and ultimately, China. However, Sri Lanka is also a source country for the illegal logging of rosewood and other rare hardwoods, primarily driven by the tropical hardwood furniture market. There have been reports of forestry officials in Sri Lanka facilitating the illegal timber trade, particularly in Mullaitivu, where illegal logging has led to high rates of deforestation.

When it comes to fauna crimes, Sri Lanka plays a notable role as a transit point, particularly for the smuggling of pangolin scales and other wildlife products from Africa to China through South Asia or South East Asia and the Pacific. The rise of Asian employees in Chinese industrial ventures in the country has also contributed to an increase in fauna crimes, particularly along the eastern and southern coasts, with a strong interest in ivory tusks. Additionally,

there has been a rise in illegally harvesting sea cucumbers in the waters between India and Sri Lanka: smugglers use Sri Lanka as a legal export route for sea cucumbers caught in India, where their capture is forbidden.

Sri Lanka's criminal market for non-renewable resources is driven primarily by the illicit oil trade, and by gold smuggling. Aided by a lack of new detections or arrests by law enforcement, smuggling remains problematic in the country – with the complicity of corrupt customs officials. Gold is also smuggled from India and Oman for sale on the black market, with much of the smuggling taking place via maritime routes, especially from northern Sri Lanka.

DRUGS

Sri Lanka is a transit country for heroin mostly originating from Afghanistan, Pakistan and India, destined for Europe. Heroin is also the most widely abused drug in Sri Lanka, making the country a significant destination in the global trade. Recent open-ocean seizures of heroin indicate a rise in maritime trafficking of the drug, sourced from the Afghanistan-Pakistan region.

Due to its porous borders, Sri Lanka is predominantly a transit country for the regional cocaine trade (especially in liquefied form), although the COVID-19 pandemic and disruptions in air travel have somewhat impacted this transit route. The market for cocaine is smaller than other criminal markets in Sri Lanka, with profits accrued to domestic actors and demand stemming mainly from the local nightlife scene. Criminal gangs have been masking cocaine shipments to Australia and Europe in Sri Lankan containers.

Sri Lanka is both a source and a transit country for the cannabis trade, with local demand driving the market. There has been a recent surge in the trade, fueled by growing local consumption and lax policies. Illicit cannabis cultivation has been increasing in wildlife reserve jungles due to the economic recession and limited funds for law enforcement.

Sri Lanka is also a transit country for synthetic drugs sourced from India, Pakistan and Afghanistan on their way to richer economies. However, there is also a domestic market: local youth and the nightlife scene drive demand. The authorities have recorded a rising number of school children and young adults falling victim to abuse and addiction to crystal methamphetamine. Sea and air routes, as well as postal services, are increasingly being used for the smuggling of synthetic drugs into the country.

CYBER-DEPENDENT CRIMES

Sri Lanka's poor digital infrastructure places the country at high risk for cybercrime – the number of reported cases has increased in recent years. Victims are primarily affected by hacking, distributed denial-of-service (DDoS) attacks, and ransomware. These attacks mainly originate from outside

the country and are carried out by individuals rather than organized groups. The primary targets have been the manufacturing, education and healthcare industries, as well as small and medium-sized businesses that prioritize other investments over cybersecurity products. In recent years, anonymous hackers have conducted several cyberattacks in Sri Lanka, including attacks on government websites, the parliament website system, and a specialized local academic ISP called the Lanka Education and Research Network. An increase in fraudulent cryptocurrency schemes has also been observed.

FINANCIAL CRIMES

Financial crimes are becoming increasingly prevalent in Sri Lanka, with a rise in online fraud due to the growing use of online banking and shopping platforms. Perpetrators are using web or mobile app-based loan schemes and fake cheques to defraud the public. Tax evasion is also a major problem: individuals, finance companies and casinos are among the most common evaders. While authorities have arrested several individuals for committing financial fraud, concerns have been raised about the effectiveness and independence of the judiciary system, particularly regarding impunity for one of the biggest financial crimes in the country that caused millions in losses to the treasury.

CRIMINAL ACTORS

The direct or indirect involvement of state-embedded actors in criminal markets is widespread in the country. These actors are accused of collaborating with criminal networks to provide security, financial assistance and goods and services to corrupt politicians, in exchange for protection and assistance in maintaining their activities. Moreover, there is anecdotal evidence suggesting the complicity of military officials in drug trafficking. Loose criminal networks are a similarly significant problem in Sri Lanka, with a surge in organized crime following the economic recession and resultant inflation. These networks are involved in drug trafficking, human trafficking, smuggling counterfeit and excise goods, and are linked to motorbike gangs. They are thought to be financially aided by ringleaders based in the UAE; weak extradition treaties between Sri Lanka and that country hinder officials from arresting the leaders and charging them locally.

There are at least 30 known mafia-style groups active in Sri Lanka. These groups appear to focus on drug trafficking due to the country's role as a transit hub, and they seem to be particularly active in the south and the north, with reported links to state-embedded actors who reportedly provide protection and the ability operate with impunity.

Foreign actors are believed to control transnational drug trafficking, human trafficking and human smuggling markets, using the knowledge of local partners to evade detection along Sri Lanka's porous borders. Recent interceptions of

Sri Lankan boats carrying large amounts of drugs, guns and ammunition point to potential Indian involvement in the drug trade in Sri Lanka. An increasing Chinese influence in Sri Lanka, and the numerous Chinese nationals living in the country, have resulted in a growing involvement of Chinese actors in criminal markets, especially in financial crimes. This is evidenced by recent operations carried out by law enforcement.

Money laundering and illicit business activities are prevalent in the private sector, with several high-profile individuals and celebrities implicated. The owners of private companies have been accused of using legitimate business activities as a pretext for generating profits from organized crime. Other criminal activities carried out by private sector actors include fraudulent activities in foreign exchange, and infringement of intellectual property rights.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Political leadership and governance in Sri Lanka have both been under scrutiny due to the country's internal debates on the severity of organized crime, and its refusal to cooperate with international investigations into human rights violations. Citizen trust in the government has decreased dramatically, due to rampant corruption and a lack of transparency and accountability. The government's disregard for the rule of law, and the increased complicity of state-embedded actors in criminal activities, have allowed organized criminal groups to thrive. Public frustration led to mass protests in 2022, exacerbating the country's instability. Even though several government officials resigned in the wake of the protests, and a constitutional reform was promulgated that reduces the powers of the executive, these changes were not perceived to be stringent enough to promote trust and accountability. Despite calls for greater transparency, there has been a significant disconnect between the government's actions and what the people desire. In fact, Sri Lanka's institutional structure has been designed to evade accountability, which has influenced financial crimes. The country's reputation for corruption and human rights violations continues to hamper its talks with the International Monetary Fund.

Sri Lanka is making efforts to combat organized crime by collaborating with regional and international entities, and by engaging in conversations with leaders on strengthening drug trafficking detection, extradition of suspects, and arrests. In terms of national policies and laws, the Sri Lankan government has made some efforts to strengthen its regulatory framework with an aim to combat organized crime. To protect children from exploitation, the labour laws have been amended to raise the minimum age of employment to 16 years. The Sri Lankan cabinet has also approved two draft bills on cyber-security, aimed at eliminating extremist groups and criminal syndicates that use electronic means for terrorist activities, organized crime and anti-social activities. However, amendments made under the Prevention of Terrorism Act (which has been long criticized for justifying prolonged arbitrary detention and extraction of false confessions through

torture, among others), failed to bring this legislation in line with international law, as the revisions did not address the problematic provisions under the relevant legislation.

CRIMINAL JUSTICE AND SECURITY

The judicial system in Sri Lanka is inefficient and susceptible to corruption. It is hindered by delays, political influence and an inability to hold officials accountable for financial crimes and abuse of power. Changes made to the Sri Lankan constitution have reduced judicial control over executive officials. Although attempts have been made to address issues such as inaccurate public records and judicial autonomy, the judiciary's independence is still a concern. The country's prisons are overcrowded, resulting in inhumane detention conditions, torture, and excessive use of force by security agencies.

Law enforcement in Sri Lanka is plagued by corruption, prosecution delays and political interference. In response to protests, unnecessary and excessive force had been used by law enforcement officials against protesters, which resulted in human rights violations. No judicial process has been started in relation to these violations of human rights, letting law enforcement officials act with impunity. Despite these systemic issues, some steps have been taken to improve law enforcement's effectiveness in combating organized crime, by activating anti-narcotics agencies in the country's nine provinces.

Sri Lanka's lack of infrastructure and its ineffective border management make it vulnerable to organized crime, particularly when it comes to boat travel to and from India. In recent years, however, Sri Lanka has made efforts to strengthen border and maritime security, such as participating in the Container Control Programme, establishing the Sri Lanka Border Risk Assessment Centre, and expanding its partnership with the US to secure its maritime border. Nevertheless, the impact of these efforts remains limited due to the absence of an up-to-date counterterrorism regulation.

ECONOMIC AND FINANCIAL ENVIRONMENT

Sri Lanka has implemented several legislative amendments and international agreements to combat money laundering, and several global organizations have removed it from the list of countries with strategic deficiencies for this crime. Despite this, Sri Lanka is still considered to be a jurisdiction at risk. One area where Sri Lanka has a loophole for money laundering is in monitoring the finances of non-profit organizations, as the government has not implemented legislation for this.

The country is currently facing its worst economic crisis since gaining independence, with high inflation, defaults on foreign debt, power cuts, and shortages of food and fuel. The crisis is attributed to several factors, including decreased tax revenue, ill-considered infrastructure projects dependent on foreign loans, mounting external debt, bans on imported chemical fertilizers, poor COVID-19 management, lack of economic and social accountability, and poor policy-making. As a result, Sri Lanka is now considered an unfree economy. Talks with the International Monetary Fund have been delayed due to Sri Lanka defaulting on all its payments to international creditors, and the country is currently printing money to meet its day-to-day needs. Although the appointment of financial and legal advisors to support debt restructuring may provide some hope, the fluid political situation and heightened fiscal imbalances pose significant uncertainty for the future, which may lead to further economic contraction.

CIVIL SOCIETY AND SOCIAL PROTECTION

The current victim and witness protection system in Sri Lanka is lacking. Former torture perpetrators have been appointed to leadership positions within the national authority established to protect crime victims and witnesses, which has deterred many victims and witnesses from

coming forward. While the government has made efforts to provide support and protection to identified trafficking victims, those victims require a magistrate's order to access shelter services, and no government shelter can accommodate adult male victims.

Although Sri Lanka has implemented multiple prevention strategies to combat crime, most of these strategies are generic and not specifically directed at organized crime. The lack of transparency and accountability in the Sri Lankan judicial system, and the widespread distrust of public servants, have made these measures ineffectual. Despite efforts to prevent serious crimes like drug trafficking and human smuggling, Sri Lanka is experiencing an increase in both, with a parallel growth in petty crimes, all of which indicate the ineffectiveness of the preventative measures taken by the government.

The role of civil society organizations in promoting peace and development in Sri Lanka is crucial, although many face harassment and limited civic space. NGOs are involved in a range of activities, such as post-conflict recovery and poverty alleviation, but the Sri Lankan government has reportedly targeted human rights organizations, media, lawyers, political opponents and law enforcement officers. The country's press freedom has deteriorated: state-sponsored disinformation campaigns are common, and there are continued threats against journalists, activists and lawyers. Additionally, human rights violations – particularly those related to freedom of expression and peaceful assembly – were observed during protests in 2022, raising concerns among international organizations.

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