

New PM of Sri Lanka to sell flag carrier to stem losses

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Colombo: The new government of Sri Lanka is eyeing to sell its flag carrier Sri Lankan Airlines to stem losses, in an effort to help stabilise the country's finances while authorities are forced to print money to pay government salaries.

The new administration eyes to privatise Sri Lankan Airlines, Prime Minister Ranil Wickremesinghe said in a televised address to the nation on May 17. The airline lost Rs 45 billion (USD 124 million) in the year ending March 2021, the new PM said only days before the country is set to formally default on foreign debt.

Wickremesinghe said, less than a week into the job, he was forced to print money to pay salaries, which will pressure the nation's currency.

The country has only one day's stock of gasoline and the government is working to obtain dollars in the open market to pay for three ships with crude oil and furnace oil that have been anchored in Sri Lankan waters, Wickremesinghe added.

"The next couple of months will be the most difficult ones of our lives," Wickremesinghe sighed. "We must immediately establish a national assembly or political body with the participation of all political parties to find solutions for the present crisis."

The premier pledged to announce a new "relief" budget to replace President Gotabaya Rajapaksa's "development" budget that helped stoke Asia's fastest inflation rate. The cabinet will propose that parliament increase the treasury bill issuance limit to Rs 4 trillion from Rs 3 trillion, Wickremesinghe said, forecasting a

budget deficit of 13 per cent of gross domestic product for the year ending December 2022.

In 2010, the government in Colombo bought back a stake in Sri Lankan Airlines from Dubai's Emirates. The national carrier, which has a fleet of 25 Airbus SE planes, flies to destinations in Europe, the Middle East as well as South and Southeast Asia.