Overview: The 2009 military defeat of the terrorist Liberation Tigers of Tamil Eelam (LTTE) marked the beginning of a new era for the country. The Sri Lankan government maintained a strong military presence in post-conflict areas and continued to voice concern about the possible reemergence of pro-LTTE sympathizers, but the democratically-elected government of President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe emphasized its commitment to seek political reconciliation with the Tamil community, including through talks with the Tamil diaspora.

In January, Defense Secretary Karunasena Hettiarachchi noted reports of approximately 36 Sri Lankans who traveled to Syria, with some joining ISIS, but he asserted ISIS and other terrorist groups were not physically present in Sri Lanka. The Ministry of Defense stated the security forces and intelligence agencies were on full alert against the possibility of ISIS or its affiliates emerging in the country.

The security services’ focus on a possible LTTE resurgence and the government’s new focus on emerging threats, such as reports of Sri Lankan foreign terrorist fighters joining ISIS and other terrorist groups, led the government to maintain a flexible counterterrorism policy. In 2016, the police recovered two separate stocks of explosives and a suicide kit, leading to the arrest of approximately 25 people, including five former LTTE leaders. In November, Minister of Justice Wijedayasa Rajapakshe announced to parliament that approximately 32 well-educated Sri Lankan Muslims of four families had joined ISIS in Syria. His statement sparked controversy within the Muslim community in Sri Lanka.

Counterterrorism cooperation and training with the United States in 2016 was limited, but the bilateral security and defense relationship continued to grow. An advanced U.S. P-8 maritime patrol aircraft with long-range maritime patrol capabilities conducted an exercise in December with the Sri Lanka Air Force and Navy on safe-guarding the international shipping lanes. This training also enhanced the government’s capacity to interdict potential foreign terrorist fighters attempting to transit through the country.

Legislation, Law Enforcement, and Border Security: Counterterrorism legislation in Sri Lanka was historically focused on eliminating the LTTE, although concerns about foreign terrorist fighters increased in 2016. The Government of Sri Lanka continued to use the Prevention of Terrorism Act (PTA), enacted in 1982 as a wartime measure, which gives security forces broad powers to search, arrest, and detain individuals. The government pledged to end the broad application of the PTA and is in the process of drafting a new counterterrorism act (CTA) to replace the PTA. As part of the drafting process, the government consulted civil society groups and international partners, who criticized early drafts of the CTA as not fully conforming to international standards. At the end of 2016, the government had not yet released a final draft for public comment or presented it as a bill for cabinet approval.

In June, President Sirisena publicly issued a presidential directive to police and security forces setting out appropriate procedures for arrests and detentions under the PTA. The Department of Prisons detained at least 50 prisoners under the PTA without charges, with at least 15 still in custody for over a year.
Sri Lanka’s law enforcement capacity was robust and continually improving, and its political leadership has launched a broad modernization effort. Interagency cooperation and information sharing is strong, with specific plans to respond to attacks on some soft targets. Law enforcement leadership recognized the need for improvement and actively sought assistance to raise capacity up to western standards, particularly in modernization of police computer systems and new technology. Leadership eagerly seeks out any opportunity to send officers to specialized training courses. The Special Task Force is an elite special forces unit of the Sri Lanka Police Service specializing in counterterrorism and counter-insurgency operations and a major security arm of the state involved in the security of top government and foreign government officials, protecting sensitive terrorist targets, and suppressing activities that pose a threat to national security.

Border security remained a significant issue for the Sri Lankan government. The Sri Lankan government expanded its partnership with the U.S. Departments of State, Homeland Security, Defense, and Energy on securing its maritime border. The U.S. Coast Guard, under the Department of State’s Export Control and Related Border Security program, continued to train Sri Lankan Coast Guard and Navy personnel on border and export control matters, and the Government of Sri Lanka continued to cooperate with U.S. Customs and Border Protection through the vountainer security initiative, megaports, and related initiatives.

Sri Lanka hosted the Eleventh Regional workshop for Judges, Prosecutors, and Police Officers on Effectively Countering Terrorism in South Asia in October. Sri Lankan law enforcement, border security, and customs officials participated in the event, and judicial personnel attended a special session on counterterrorism legislation.

The Government of Sri Lanka continued to collaborate with the European Union Immigration Department on an advanced passenger information system, which transmits passenger information to Sri Lankan immigration officials upon arrival. The data generated from these collection systems will be significant assets to the Sri Lankan government in its efforts to control and counter illegal migration. The Department of Immigration and Emigration, with technical support of the International Organization for Migration, and funding from the Australian Department of Immigration and Border Protection, completed implementation of a 2015 initiative to capture biometric data from all new passport applicants.

In November, Sri Lanka removed the ban on an additional 69 individuals previously on the terrorism watch list that had been established by the Rajapaksa-led government and criticized by civil society for being excessively broad in scope. Eight organizations and 86 individuals remained on the list at the end of 2016.

**Countering the Financing of Terrorism:** Sri Lanka belongs to the Asia Pacific Group on Money Laundering (APG), a Financial Action Task Force-style regional body. Sri Lanka’s Financial Intelligence Unit (FIU) is a member of the Egmont Group of Financial Intelligence Units. Although it is neither an important regional financial center nor a preferred center for money laundering, Sri Lanka remains vulnerable to money laundering and terrorist financing. Key contributing factors included a lack of transparent tender mechanisms in government projects, history of terrorist activity, tax evasion, and a large informal economy. Sri Lanka’s risks also involve cross-border illicit flows because of its geographic location.

Sri Lanka has criminalized terrorist financing in accordance with international standards. The Central Bank amended customer due diligence (CDD) regulations in 2016 to address gaps identified by a recent APG evaluation.
A substantial overseas workforce, primarily in the Middle East, sends remittances back to Sri Lanka, and the CDD regulations passed in 2016 began regulating money transfer services. Although anti-money laundering/countering the financing of terrorism laws cover non-financial entities such as real estate agents, jewelers, and dealers in precious metal, no regulator has issued “know your customer” policies covering these institutions. Sri Lanka has not yet issued regulations to cover non-profit organizations.

In 2016, the FIU signed agreements with Sri Lanka customs, the Department of Inland Revenue, and the Department of Immigration and Emigration to facilitate investigations and prosecutions on money laundering and terrorist financing.


Countering Violent Extremism: Sri Lanka continued to operate a one-year long rehabilitation program for former alleged LTTE combatants, participation in which was mandatory for a majority of the prisoners formerly held under the PTA who were released on bail. The former Rajapaksa government estimated it rehabilitated approximately 12,000 former LTTE cadres during its tenure. The number of persons undergoing this program has dropped dramatically in recent years, including in 2016. The De-Mining group DASH (Delvon Association for Social Harmony) employs both former Army soldiers and former Tamil fighters and widows to work side by side in de-mining teams. Limited access by independent bodies to known rehabilitation camps precluded reliable evaluations of the government’s efforts.

International and Regional Cooperation: Sri Lanka continued to cooperate with a number of donor countries, including the United States, to improve its land and maritime border security. Sri Lanka is a partner nation in the Global Initiative to Combat Nuclear Terrorism and is a signatory of the South Asian Association for Regional Cooperation’s Regional Convention on Suppression of Terrorism. Government officials have expressed interest in continuing to increase Sri Lanka’s regional cooperation on counterterrorism.

International donors continued to fund reconciliation programs in Sri Lanka in 2016, including $1.7 million from the United States, to facilitate interaction among and between communities in the north, east, and south, as well as the U.S. Agency for International Development’s ongoing social cohesion and reconciliation work.

Sri Lanka joined Bangladesh, Bhutan, India, Myanmar, Nepal, and Thailand in October at the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation Summit, which focused on counterterrorism cooperation. Also in October, Sri Lanka and India held the fourth annual iteration of bilateral naval training focused on anti-piracy, weapons firing, and cross-deck helicopter operations exercises. Sri Lankan military personnel also participated in joint training exercises with India focused on counterterrorism and counter-insurgency operations to achieve better military-to-military cooperation and inter-operability.