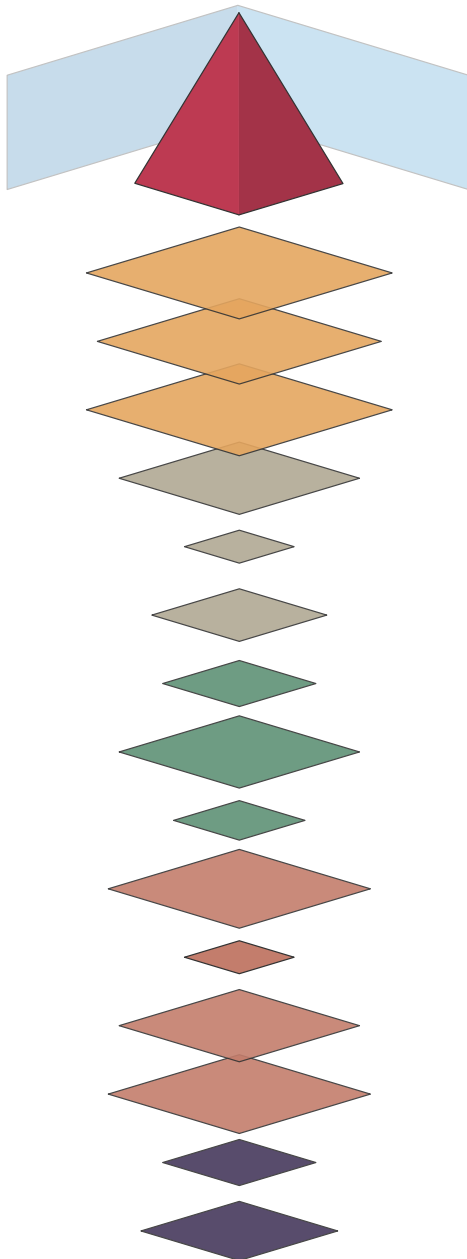
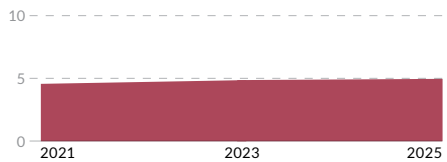


 **SRI LANKA**



 **4.97** $\nearrow 0.05$
CRIMINALITY SCORE

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



 **CRIMINAL MARKETS** **4.83** 0.00

HUMAN TRAFFICKING	7.00 $\nearrow 0.50$
HUMAN SMUGGLING	6.50 0.00
EXTORTION & PROTECTION RACKETEERING	7.00 $\searrow 0.50$
ARMS TRAFFICKING	5.50 $\searrow 0.50$
TRADE IN COUNTERFEIT GOODS	2.50 0.00
ILLCIT TRADE IN EXCISABLE GOODS	4.00 $\nearrow 0.50$
FLORA CRIMES	3.50 0.00
FAUNA CRIMES	5.50 0.00
NON-RENEWABLE RESOURCE CRIMES	3.00 0.00
HEROIN TRADE	6.00 $\searrow 0.50$
COCAINE TRADE	2.50 0.00
CANNABIS TRADE	5.50 $\searrow 0.50$
SYNTHETIC DRUG TRADE	6.00 0.00
CYBER-DEPENDENT CRIMES	3.50 $\nearrow 0.50$
FINANCIAL CRIMES	4.50 $\nearrow 0.50$

 **CRIMINAL ACTORS** **5.10** $\nearrow 0.10$

MAFIA-STYLE GROUPS	5.50 0.00
CRIMINAL NETWORKS	6.00 0.00
STATE-EMBEDDED ACTORS	7.00 0.00
FOREIGN ACTORS	3.50 0.00
PRIVATE SECTOR ACTORS	3.50 $\nearrow 0.50$



This project was funded in part by a grant from the United States Department of State.

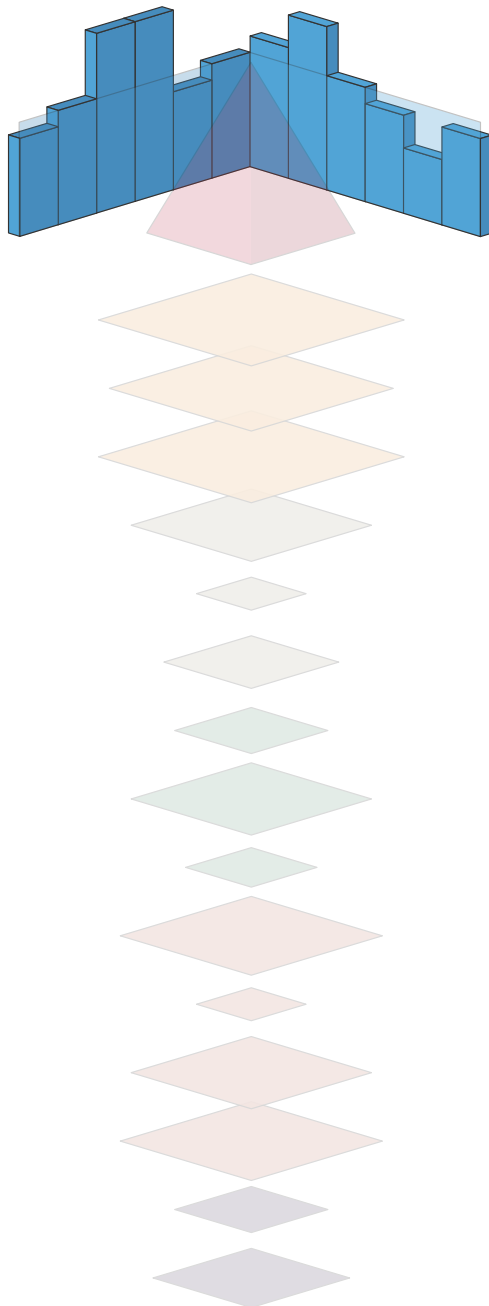


Funded by the European Union

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



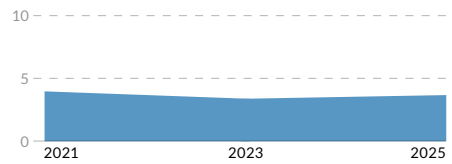
3.71 \nearrow 0.29

RESILIENCE SCORE

145th of 193 countries \nearrow 6

34th of 46 Asian countries \nearrow 2

7th of 8 Southern Asian countries -



POLITICAL LEADERSHIP AND GOVERNANCE	3.00	\nearrow 0.50
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	3.50	\nearrow 0.50
INTERNATIONAL COOPERATION	5.50	0.00
NATIONAL POLICIES AND LAWS	5.50	0.00
JUDICIAL SYSTEM AND DETENTION	3.00	0.00
LAW ENFORCEMENT	3.50	\nearrow 0.50
TERRITORIAL INTEGRITY	4.00	0.00
ANTI-MONEY LAUNDERING	5.00	0.00
ECONOMIC REGULATORY CAPACITY	3.50	\nearrow 1.50
VICTIM AND WITNESS SUPPORT	3.00	0.00
PREVENTION	2.00	0.00
NON-STATE ACTORS	3.00	\nearrow 0.50



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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Sri Lanka remains a source, transit and destination country for human trafficking in South Asia, with the ongoing economic crisis deepening vulnerabilities. Financial hardship has driven a rise in fraudulent overseas job offers, leading to increased forced labour and exploitation. Some victims have been trafficked to Russia and recruited to fight in the war in Ukraine, while others have been lured to Thailand and Myanmar to work in cyber scam operations. Reports also indicate a rise in child trafficking, with falsified passports enabling the smuggling of minors for labour exploitation. In addition, foreign nationals are trafficked into Sri Lanka, isolated and coerced into cyber fraud schemes. Within the country, vulnerable ethnic minorities and rural communities are forced into labour in plantations, construction and the hospitality sector. Human smuggling networks facilitate irregular migration from Sri Lanka, with a growing trend of 'fake family' schemes used to exploit asylum policies in the West. Citizens often transit through third countries, including India and those in South East Asia, en route to Australia and North America. Reports also indicate the involvement of local law enforcement in smuggling operations. Economic distress has driven a surge in Sri Lankans travelling on visit visas to seek employment in Western Asia, with smuggling syndicates facilitating their movement.

Extortion and protection racketeering remain significant issues, often intertwined with organized drug trafficking. Criminal gangs exploit economic desperation and limited opportunities for youth to recruit new members. Extortion rings frequently operate under the control of leaders based abroad, complicating legal action due to limited extradition cooperation. Notorious groups such as the Ava Gang are active in northern Sri Lanka and are allegedly linked to military and political figures. Despite police crackdowns, criminal networks continue to operate, using violence, threats and shootings to intimidate victims, particularly business owners and professionals.

TRADE

Sri Lanka's illicit arms trade is a legacy of the civil war (1983–2009), with weapons from former militant stockpiles remaining in circulation. Military deserters and, in some cases serving personnel, have contributed to the distribution and sale of illegal firearms. Private security firms managing floating arsenals have also been implicated in unauthorized stockpiling. The northern and eastern regions, once

controlled by insurgent groups, remain focal points for arms trafficking. Concerns persist over the potential use of illicit arms by organized criminal groups and mercenaries.

The market for counterfeit goods is widespread, driven by economic hardship and supply shortages. Electronics, automotive parts and pharmaceuticals are commonly counterfeited, with the Pettah market in Colombo serving as a key distribution hub. While no direct links to organized crime have been established, the scale of counterfeiting raises concerns about consumer safety and economic losses. The illicit trade in excise consumer goods, particularly cigarettes and alcohol, is also consolidated. High tobacco taxes have increased demand for smuggled cigarettes, primarily sourced from the UAE, China, Vietnam and Türkiye. These products usually enter the country via multiple channels, including concealed compartments in shipping containers, as well as more covert methods like small-scale air cargo and overland smuggling routes. Similarly, sharp rises in alcohol taxes have fuelled the underground market for illicit liquor, which poses serious public health risks due to unregulated production.

ENVIRONMENT

Sri Lanka plays a role in the illegal timber trade as a transit point for shipments originating in Madagascar and mainland East Africa, destined for China. While national logging regulations have reduced deforestation, illegal timber harvesting persists, often enabled by corrupt officials. Economic distress has also driven an increase in unauthorized logging for fuelwood.

The country is also a notable transit hub for international wildlife trafficking, with contraband such as pangolin scales and exotic birds moving through its borders en route to markets in China and the US. Local poaching networks target species such as leopard and elephant for their skins and tusks, while young elephant are illegally captured for private ownership. Sri Lanka further serves as a laundering point for sea cucumbers harvested in India, exploiting regulatory loopholes between the two nations.

Sri Lanka's criminal market for non-renewable resources is driven primarily by gold smuggling, fuelled by economic instability and foreign exchange restrictions. Smuggling networks use sophisticated methods – including gold-plating credit cards and disguising gold as gel – to evade detection. The country is also a transit point for gold smuggled into India, to bypass Indian import taxes.

DRUGS

Sri Lanka is a transit country for heroin trafficked from Afghanistan, Pakistan and Iran. With an estimated thousands of users, heroin remains one of the most widely consumed narcotics in the country. Law enforcement efforts have intensified, leading to significant arrests and seizures that have curbed the market to some extent. Nevertheless, gang-related violence linked to heroin trafficking continues to escalate, undermining these enforcement gains.

Cocaine also transits through Sri Lanka, with shipments originating in South America and often routed via Africa before arriving by sea or air. The drug is typically concealed in food consignments or smuggled by air couriers. Although the domestic market remains limited due to high prices, Sri Lanka plays a role in transshipment to India and other destinations.

Cannabis is both cultivated domestically and smuggled into the country, particularly from southern India. Seizures have increased following intensified law enforcement operations, contributing to a moderate reduction in market activity. However, drug traffickers continue to adapt, increasingly using social media platforms for distribution.

Synthetic drugs, including methamphetamine, have also been gaining prominence, with Sri Lanka serving as a transshipment hub. Seizures have revealed links to production networks in Afghanistan and South East Asia. Authorities continue efforts to combat the proliferation of synthetic drugs, particularly high-purity meth targeting vulnerable youth populations.

CYBER-DEPENDENT CRIMES

Cyber-dependent crime in Sri Lanka is often perpetrated by international actors. The country's digital infrastructure remains weak, leaving it susceptible to malware and ransomware attacks. Sectors such as manufacturing, education and healthcare are frequent targets. In response to a large-scale ransomware attack that compromised the government's email system, Sri Lanka recently enacted legislation to strengthen cybersecurity. However, weak implementation continues to limit its effectiveness in addressing such complex threats.

FINANCIAL CRIMES

Sri Lanka also faces a long-standing problem with tax evasion, which has worsened in recent years due to government tax cuts and pandemic-related economic disruptions. Financial fraud schemes, including those linked to Chinese criminal networks, have become increasingly prevalent. One emerging trend involves a type of online investment scam known as pig-butchering, in which victims are manipulated through fraudulent schemes often involving cryptocurrency transactions. Law enforcement

crackdowns have resulted in the arrest of hundreds of foreign nationals involved in online scams targeting international banking institutions.

CRIMINAL ACTORS

Sri Lanka is home to numerous mafia-style groups that have proliferated since the end of the civil war. Many of these organizations have capitalized on access to stockpiled arms, engaging in criminal activities such as drug trafficking and extortion. Narco-political gangs, active primarily in the southern and western regions, pose the most significant threat due to entrenched ties with political figures and law enforcement. Reports suggest that these groups benefit from a degree of impunity, leveraging their influence to secure protection. While authorities have taken steps to control their activities – including the extradition of several high-profile gang leaders from the UAE – ongoing territorial disputes between rival factions continue to drive violent confrontations, particularly in Colombo.

The economic crisis has contributed to the growth of loosely structured criminal networks engaged in illicit trade, cybercrime, human smuggling, and wildlife trafficking. Sri Lanka's strategic location in the Indian Ocean makes it an attractive hub for transnational criminal syndicates, which rely on local accomplices to facilitate smuggling operations. Many of these networks have coordinated to form an interconnected system that supports both human and drug trafficking. Recent law enforcement crackdowns have led to the arrest of several key figures, triggering violent power struggles between rival groups. The resulting surge in organized criminal activity has increased the frequency of targeted killings.

Corrupt state-embedded actors play a significant role in sustaining organized crime in Sri Lanka. Reports suggest that law enforcement personnel have been involved in the illicit arms trade, with seized weapons allegedly resold to criminal groups. Political patronage further enables criminal networks to operate with relative impunity; in some cases, these groups reportedly provide financial assistance and personal security to politicians in exchange for protection. The military and police have also been accused of engaging in extrajudicial activities that extend beyond financial motives, often acting as enforcers for political interests. Recent investigations have uncovered direct involvement of law enforcement in drug trafficking operations. Allegations also persist regarding the role of naval personnel in human smuggling operations, although the extent of this complicity remains unclear.

Foreign criminal organizations have historically played a role in Sri Lanka's illicit markets, although their influence has declined somewhat over time. Indian, Pakistani and Chinese syndicates remain active in drug trafficking, arms smuggling and gold smuggling. Indian underworld groups – particularly those affiliated with Dawood Ibrahim's network

– have been linked to narcotics trafficking through Sri Lanka, using the island as a transit point for drug shipments bound for regional markets. Pakistani networks maintain strong ties with local criminal groups, supplying heroin via established smuggling routes. Chinese actors have also been implicated in cybercrime and financial fraud, exploiting regulatory loopholes to launder money through Sri Lankan financial institutions.

Certain private sector actors have been complicit in money laundering and financial fraud. Some business owners have reportedly exploited regulatory gaps to facilitate illegal capital flows under the guise of legitimate operations. High-profile political figures have also been accused of using front companies to conceal wealth, with reports indicating that these activities extend to offshore holdings. Fraudulent foreign exchange dealings and intellectual property infringements remain persistent concerns, further contributing to the criminal economy.

RESILIENCE

LEADERSHIP AND GOVERNANCE

Despite acknowledging organized crime as a national security concern, Sri Lanka's political response has been inconsistent and often overshadowed by broader economic and governance challenges. While political leaders frequently make strong statements on crime reduction, follow-through has been limited, reflecting internal divisions over the prioritisation of the issue. The government's focus on post-war economic development and, more recently, recovery from the financial crisis has sidelined long-term strategies to combat organized crime. Corruption remains widespread within political circles, further undermining public trust. However, recent reform efforts, driven largely by pressure from international financial institutions, have aimed to improve governance through legal amendments and a renewed emphasis on anti-corruption.

Government transparency and accountability remain limited despite legislative reforms. New laws have strengthened the commission to investigate allegations of bribery or corruption, improving coordination with domestic and international bodies. While Sri Lanka continues to rank low on global corruption indices, recent Supreme Court rulings against former high-ranking officials for economic mismanagement signal increased shift public and judicial scrutiny. Nonetheless, structural shortcomings – including poor enforcement of transparency laws and restricted press freedom – continue to hinder broader governance improvements.

Sri Lanka actively participates in regional and international cooperation frameworks to combat transnational crime. The Colombo Security Conclave, comprising India, the Maldives and Mauritius, facilitates collaboration on maritime security, counterterrorism, and drug trafficking. Partnerships with Australia, the US and INTERPOL have also strengthened Sri Lanka's capacity to address human smuggling and cybercrime. However, while the country is adept at signing treaties and agreements, enforcement remains inconsistent.

Extradition arrangements with key international partners have enabled the return of wanted individuals, yet gaps persist in addressing international financial crime.

Sri Lanka has enacted a range of legal frameworks to address organized crime, including the prevention of organized crime and prevention of money laundering acts. However, implementation is undermined by corruption, political interference and resource limitations. Laws targeting cybercrime and human trafficking are also in place, but judicial delays and weak inter-agency coordination hinder enforcement. Sri Lanka has recently enacted legislation to strengthen cybersecurity in response to a large-scale ransomware attack that targeted the government's email system. However, weak implementation limits its effectiveness in addressing such complex threats. Recent efforts to update anti-terrorism and cybercrime legislation suggest some willingness to modernize legal instruments, though concerns remain about their potential misuse for political purposes.

CRIMINAL JUSTICE AND SECURITY

Sri Lanka's judicial system is hampered by delays, corruption and inefficiencies, and is under resourced undermining its ability to address organized crime effectively. High-profile criminals frequently evade prosecution due to political interference, while extensive case backlogs continue to slow legal proceedings. Public confidence in the judiciary remains low, reflecting a history of politically influenced rulings. Overcrowded prisons – often operating at multiple times their intended capacity – exacerbate the challenges, raising serious human rights concerns. Although judicial autonomy is enshrined in the Constitution, recent amendments have raised concerns over executive influence.

Law enforcement agencies, including the police and criminal investigation department, face significant resource constraints and operational shortcomings. Corruption within the police force has enabled organized criminal groups to

operate with impunity, with some officers reportedly involved in drug trafficking and bribery. Reforms aimed at improving police effectiveness have been introduced, and specialized anti-narcotics operations have led to increased drug seizures. However, efforts are undermined by persistent corruption, inadequate training and the absence of a dedicated unit to address organized crime.

Border security remains a critical vulnerability, particularly in maritime zones where human and drug smuggling routes are active. The navy plays a central role in intercepting narcotics shipments, yet limited resources restrict the sustainability of enforcement efforts. Although Sri Lanka has expanded its participation in international maritime security initiatives, porous borders and weak surveillance systems continue to allow criminal networks to exploit gaps in territorial control. The growing use of digital infrastructure has further exposed weaknesses in the country's border management capabilities.

ECONOMIC AND FINANCIAL ENVIRONMENT

Sri Lanka's anti-money laundering framework is underpinned by key legislation and international agreements, but enforcement remains inconsistent. The Financial Intelligence Unit plays a central role in monitoring financial transactions; however, corruption and weak regulatory oversight continue to enable illicit financial flows. Money laundering risks are elevated, with growing concerns over the misuse of non-profit organizations, online crowdfunding platforms, and digital financial services. Although Sri Lanka has taken steps to align with international standards, gaps in monitoring and enforcement continue to facilitate financial crime.

The economic regulatory environment in Sri Lanka remains volatile, with policy uncertainty and widespread corruption posing challenges for legitimate business activity. In the wake of the economic crisis, the country has enacted macroeconomic reforms, including tax and debt restructuring measures under the IMF Extended Fund Facility. Nevertheless, regulatory frameworks remain complex and inconsistently applied, creating opportunities for criminal actors to exploit weaknesses in oversight. High import and excise duties have also contributed to pervasive smuggling and corruption within customs operations, further undermining economic resilience. Despite these challenges, the Sri Lankan economy continued to recover steadily in 2024, performing better than expected in terms of economic growth following the downturn experienced two years ago.

CIVIL SOCIETY AND SOCIAL PROTECTION

Victim and witness support services in Sri Lanka are limited, with inadequate protections for those affected by trafficking and organized crime. Although a national authority is mandated to oversee victim protection, its credibility has been damaged by the appointment of officials with histories of human rights violations. Shelter and reintegration services, especially for male trafficking victims, remain underdeveloped. Some legal and psychological support is provided through government and international partnerships, but bureaucratic barriers and distrust in law enforcement continue to discourage victims from seeking assistance. Sri Lanka's drug treatment policies have also drawn international scrutiny, with concerns over the military's involvement in enforcement and rehabilitation, reports of violence in treatment centres and the continued use of the death penalty for drug-related offences.

Efforts to prevent organized crime have also yielded limited results. Community policing and public awareness campaigns have failed to address underlying drivers, while domestic crime prevention remains fragmented. Border security has improved, particularly through collaboration with Australian authorities on irregular migration, and Sri Lanka's engagement with foreign law enforcement has contributed to increased drug seizures and trafficking interventions. Nonetheless, economic instability continues to push vulnerable populations towards illicit activity. Sri Lanka has implemented community-led prevention programmes to address the growing drug use among working-age adults and schoolchildren, supported by both national and international partners. However, their effectiveness remains limited, largely due to the lack of robust, grassroots-level eradication strategies.

Civil society organizations play a key role in promoting transparency and human rights but operate under growing constraints. Press freedom has suffered setbacks, with crackdowns on journalists and media outlets limiting independent coverage of corruption and organized crime. Although the government has engaged with civil society, these interactions are often superficial, with authorities seeking to co-opt less critical groups to signal compliance with international norms. Despite these pressures, independent watchdogs and NGOs continue to expose corruption and financial crime, though their impact is limited by regulatory and political interference.

This summary was funded in part by a grant from the United States Department of State. The opinions, findings and conclusions stated herein are those of the authors and do not necessarily reflect those of the United States Department of State.