

November 26, 2010

The seventh session of the Sri Lanka-India Joint Commission was held on 26th November 2010 in Colombo. It was co-chaired by His Excellency, Shri S.M. Krishna, Minister of External Affairs of India and Hon'ble G.L. Peiris, Minister of External Affairs of Sri Lanka. The agreed agenda of the meeting is at Annexure-1. The lists of the Indian and Sri Lankan delegations are, respectively, at Annexure-2 and Annexure-3.

2. The discussions at the Joint Commission were marked by friendship, mutual respect and understanding. The two Ministers agreed that the shared cultural and civilizational heritage of India and Sri Lanka, the extensive people-to-people interaction and their common strategic concerns and interests provided the foundation to build a vibrant and multi-faceted partnership. India-Sri Lanka relations have diversified with the passage of time, encompassing all areas of contemporary relevance, including trade, services and investment, development cooperation, science and technology, culture and education. Today, with the end of armed conflict in Sri Lanka, these relations are poised to develop further in an all-round manner.

3. The Joint Commission reviewed developments in bilateral relations since the visit to India in June 2010 of His Excellency Mahinda Rajapaksa, President of the Democratic Socialist Republic of Sri Lanka and noted with satisfaction that the visit had laid a strong foundation for the future development of India-Sri Lanka relations. The Joint Statement issued during the visit embodies the vision of the two leaders for harnessing the enormous potential available for consolidating and strengthening the bilateral partnership. This can be achieved by building on shared values and principles of democracy and pluralism, leveraging common strategic concerns and interests, enhancing connectivity and economic engagement, and reinforcing institutional frameworks for a comprehensive partnership in all areas of bilateral endeavour. In this context, the two sides welcomed the opening of the Consulate General of India in Hambantota on 26 November and of the Consulate General of India in Jaffna on 27 November. The Ministers also reaffirmed the importance of the Joint Commission mechanism to monitor implementation of bilateral understandings.

ECONOMIC & DEVELOPMENT COOPERATION, TRADE, FINANCE & INVESTMENT

4. The Joint Commission reiterated the need to substantially enhance the range and depth of the India-Sri Lanka bilateral relationship through greater economic integration to achieve the shared goals of alleviating poverty, creating wealth and bringing about progress and prosperity for the people of the two countries. The meeting noted with satisfaction that bilateral trade, despite the downturn in 2009 as a result of the global economic slowdown, has shown a healthy recovery in 2010. The two sides reviewed investment proposals being considered by companies in both countries and expressed satisfaction at the growing interest of Indian and Sri Lankan companies to invest further in each other's markets. In this context, the two sides agreed to cooperate closely to nurture a favourable environment to forge closer economic and trade

linkages.

FTA/CEPA

5. Recognizing the considerable benefits from greater economic cooperation between the two countries, the Joint Commission noted the significant progress achieved under the India-Sri Lanka Free Trade Agreement (ISLFTA). It reaffirmed the understanding contained in the bilateral Joint Declaration of June 9, 2010 that it would be timely to build on this achievement through a more comprehensive framework of economic cooperation best suited to the two countries. In this context, it expressed satisfaction with the recent discussions between the officials of the Departments of Commerce of the two countries. The Joint Commission also took note of the stakeholders' consultations carried out by the Sri Lankan side on the draft framework text of the Comprehensive Economic Partnership Agreement (CEPA). It welcomed also the agreement between the officials of the Departments of Commerce of the two countries following their recent talks that, in keeping with the instructions of their respective leaders to hold intensive consultations towards a more comprehensive framework for economic cooperation, a delegation from the Ministry of Commerce and Industry of India would visit Sri Lanka on mutually convenient dates in December 2010 to resume discussions on such a framework from where they had been left in July 2008.

CEOs' Forum

6. The Joint Commission welcomed the constitution of the India-Sri Lanka bilateral CEOs' Forum. It expressed its hope that the Forum would prove to be a valuable mechanism in bringing together the public and private sectors in a dialogue to generate ideas to deepen and broaden the bilateral economic relationship in all its aspects and to help chart the future course of business and trade interaction between the two countries.

Credit Lines

7. The Joint Commission reviewed the utilization of the existing Lines of Credit (LOC) offered by the Government of India to the Government of Sri Lanka, especially those pertaining to the rehabilitation of the Southern Railway corridor (US\$ 167.4 million). The two sides also reviewed the status of the LOC for Northern Railway Reconstruction and the LOC of US \$200 million offered by India for the construction of a jetty at Sampur and of a transmission line from Sampur to Habarana, and financial support for equity contribution of the Ceylon Electricity Board (CEB) for setting up the joint venture with NTPC to develop a coal power plant at Sampur.

Railway Projects

8. The Joint Commission reviewed progress on the Northern Railway projects being implemented by IRCON. It expressed satisfaction that contracts for Omanthai-Pallai, Madu Road-Talaimannar and Medawachchiya-Madu Road had been signed. The Ministers witnessed

the signing of the credit agreement for \$416.39 million for these three projects in the presence of His Excellency the President of Sri Lanka and welcomed the fact that work on the Northern Railway Line was commencing with the inauguration scheduled for 27 November, 2010. Both sides agreed to facilitate the work for its timely completion. Further, in keeping with the understanding contained in the Joint Declaration of June 9, 2010, the Joint Commission took note of the finalization of the negotiations pertaining to the agreement on signaling and telecommunication and agreed that the contract for the Pallai-KKS line, to be implemented jointly by IRCON and Sri Lanka Railway would be concluded soon. The Joint Commission noted that the procurement of rolling stock from India would take place in a phased manner. The Joint Commission agreed on the need for early completion of all these negotiations. Both Ministers expressed their satisfaction at the progress of work on the Colombo-Matara railway line being constructed with Indian assistance.

Tourism and Civil Aviation

9. The Joint Commission noted the immense potential that exists in the two countries in the tourism sector, given the fact that India contributes the largest number of tourist arrivals in Sri Lanka and the latter is among the top ten tourist sources for India. The last year has seen a significant revival in tourist traffic between the two countries. The Ministers noted that an MoU on cooperation in the field of tourism was signed in January 2004, while the Joint Working Group set up under the MoU is yet to meet. They accordingly directed the concerned officials on both sides to meet at an early date to identify potential areas of cooperation.

10. The two sides noted that Sri Lanka enjoys a very special relationship with India in the field of civil aviation with Sri Lankan Airlines being the largest foreign airline in India. The Joint Commission took note of the interest of Sri Lankan Airlines to increase its services to Delhi and Chennai and agreed that the civil aviation authorities of both countries would meet bilaterally.

Development Cooperation

11. The Government of Sri Lanka thanked the Government of India for the substantial development assistance being provided through a wide variety of projects. The range of assistance being received from the Government of India for Resettlement and Rehabilitation of the Northern and Eastern Provinces includes, inter alia, the following:

1. Housing - 50,000 houses for IDPs;
2. Supply of 7200 MT of Roofing Sheets for IDPs in the Northern Province;
3. Supply of 400,000 Cement Bags to IDPs;
4. Supply of 70,000 Agriculture Tool Kits to IDPs;
5. Provision of Seven de-mining teams;
6. Supply of 500 Four-Wheeled Tractors and agricultural equipment;
7. Supply of Seeds;
8. Assistance in the Fishing sector;
9. Limb Fitment Project;
10. Rehabilitation of Duraiappa Stadium;
11. Construction of Vocational Training Centres;

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12. Construction of Jaffna Cultural Centre;
13. Railway infrastructure;
14. Rehabilitation of Palaly Airport;
15. Rehabilitation of Kankesanthurai Harbour;
16. Supply of equipment to Jaffna Teaching Hospital;
17. Supply of books to Jaffna Library and Jaffna University;
18. Project for war widows by SEWA;
19. Assistance to rehabilitation of Micro and SMEs;
20. Assistance for Schools and Universities; and
21. Assistance for rehabilitation of hospitals.

12. A substantial amount of this assistance has been directed towards humanitarian relief, rehabilitation and resettlement of Internally Displaced Persons (IDPs) in northern Sri Lanka. Following the initial assistance directed at humanitarian relief in the areas of food, clothing, medicine and shelter, the Joint Commission welcomed Indian project assistance in the areas of de-mining, restoration of agricultural livelihood, vocational training, repair of schools and other public facilities. In particular, the two sides reviewed the ongoing preparatory work on the project for the construction of 50,000 houses for IDPs in the Northern and Eastern Provinces and also for estate workers in the Central Provinces with the support of India and welcomed the proposed commencement of work on this project on 27th November, 2010.

13. The Joint Commission also welcomed the signing of the contract with Hindustan Prefab Limited by the Government of India for commencement of construction of 1000 houses as a "Pilot Project" in the Northern Province. The two Ministers also witnessed the Exchange of Letters with regard to the Housing Pilot Project, which took place in the presence of His Excellency the President of Sri Lanka.

Agriculture

14. The Joint Commission agreed that there was great potential for the further expansion of bilateral agricultural cooperation and collaboration in livestock development between the two countries. They noted that the MoU for Scientific and Technical Cooperation between the Indian Council of Agriculture Research and the Sri Lanka Council for Agriculture Research Policy had yielded sound results, including in human resource development. The two sides reiterated that collaborative research and development programmes would further contribute to agricultural cooperation. It was agreed that the Agreement on Agricultural Cooperation would be signed soon and the Government of Sri Lanka would propose a draft work programme for cooperation in the field of agriculture for the period 2011-2012.

Energy

15. The Joint Commission noted with satisfaction that all negotiations between the National Thermal Power Corporation of India and the Ceylon Electricity Board of Sri Lanka on the establishment of a joint venture for building a 500 MW coal-fired power plant at Sampur (Trincomalee) had been completed and the various Agreements in this regard, including the Joint Venture Agreement, the Power Purchase Agreement, the Agreement with the Board of

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Investment of Sri Lanka, the Implementation Agreement and other relevant arrangements had also been agreed upon. These agreements would be signed in the near future. The Sri Lankan side expressed its appreciation for the US \$200 million concessionary line of credit offered by the Government of India to enable Sri Lanka to fulfill its commitments under the Implementation Agreement.

16. The two sides noted the presence of Indian suppliers in the Sri Lankan wind and solar energy sectors and agreed to explore cooperation in other fields of new and renewable forms of energy, including through greater cooperation between the public and private sector entities of the two countries.

17. The Joint Commission also recalled the signing of the agreement on conducting a feasibility study for the interconnection of the Indian and Sri Lankan electricity grids and noted that the concerned officials are in touch to convene a meeting of the Steering Committee in this regard. Both Governments have already committed their respective share of financial support for the study.

Ferry Services

18. The Joint Commission noted the importance of speedily restoring the traditional transport links between the two countries. In this connection, it welcomed the finalization of the agreement to resume ferry services between Colombo and Tuticorin and Talaimannar and Rameswaram and directed the concerned officials to put in place the mechanisms to start these services as soon as the agreement is signed.

Health Sector

19. The Joint Commission reviewed the projects being implemented in the health sector in Sri Lanka with the assistance of the Government of India. It welcomed the finalization of implementation mechanisms for the 150-bed Base Hospital at Dickoya. It also noted the ongoing implementation by India of projects to supply equipment for upgradation of the facilities at the Intensive Care Unit, Eye Ward and Operation Theatre of the Jaffna Teaching Hospital. The Sri Lankan side also thanked the Government of India for agreeing to donate a Bhabhatron - II (a Cobalt 60 teletherapy machine) for cancer treatment to the Hambantota General Hospital. The Sri Lankan side requested for enlargement of coverage of the 'Jaipur Foot' Limb Fitment camp conducted earlier by India through Bhagwan Mahaveer Viklang Sahayata Samiti.

Fishing

20. The Joint Commission expressed satisfaction that the Fishing Arrangements agreed earlier had helped decrease incidents on the International Maritime Boundary Line (IMBL). Both sides agreed to explore ways to strengthen the safety and security of fishermen and, in this context, welcomed the decision to revive the meetings of the bilateral Joint Working Group on Fishing.

SOCIAL, CULTURAL AND EDUCATIONAL MATTERS

Education

21. The Joint Commission took note of the recent high-level contacts between the two sides in the field of education. In this context, it welcomed the proposal of the Government of India to significantly expand its scholarship programme for Sri Lankan nationals as part of the "India Sri Lanka Knowledge Initiative". It also took note of the signing of an MoU between the University of Colombo and the Government of India on the establishment of a Centre for Contemporary Indian Studies. The two sides also directed their concerned officials to expedite discussions on the setting up of regional and provincial Centres of English Language Training and the design of the "10 Year Presidential Initiative to Steer Sri Lanka towards a Trilingual Society by 2020". The need to train in Sinhalese and Tamil languages to support the Presidential initiative was also noted.

22. The Joint Commission took note as well of the concept paper presented during its 7th Session by the Ministry of Higher Education of Sri Lanka, on the establishment of Agriculture and Engineering Faculties in the University of Jaffna.

23. The Joint Commission also took note of the collaborative initiatives in the field of Information & Communication Technology (ICT) between the two sides. In this context, it welcomed the support extended by the Government of India towards expanding the network of Nenasalas (Telecentres) across the country.

24. The Joint Commission noted with satisfaction the ongoing cooperation in the field of strengthening public administration, based on the Memorandum of Understanding between the Lal Bahadur Shastri National Academy of Administration (LBSNAA) of India and the Sri Lanka Institute of Development Administration (SLIDA) of Sri Lanka. The Joint Commission encouraged the two institutions to intensify their collaboration, including in the exchange of staff, researchers and graduate students/trainees, engagement in joint research activities and participation in seminars and academic meetings.

25. Given the dynamism of the younger generations in both countries and the need to invest in their future, the two Ministers decided to promote a programme of annual youth exchanges between the two countries. To begin with, it was decided to organize and exchange programme consisting of one hundred youth from both countries in the year 2011.

26. The two Ministers also agreed that both countries would jointly commemorate the 150th birth anniversary of Gurudev Rabindranath Tagore during the year-long celebrations which will take place in 2011-12.

Cultural Activities

27. The Joint Commission welcomed the growing cultural engagement between the two countries in keeping with their shared cultural and civilizational links, which provided the bedrock of bilateral relations. In this context, the two Ministers directed the concerned officials to carry forward discussions to facilitate the organization of the proposed International Buddhist Conference in Kandy with the support of the Indian Council of Cultural Relations as part of the

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activities to commemorate the 2600th year of the attainment of enlightenment by Lord Buddha (Sambuddhatva Jayanthi).

28. The Joint Commission also welcomed the proposal for the restoration of Tiruketheeswaram temple at Mannar to be undertaken with the assistance of the Archaeological Survey of India and the College of Architecture and Sculpture, Mamallapuram, with the involvement of the Department of Archaeology of Sri Lanka.

29. The two Ministers also reviewed the progress in the preparatory work on renovating the Duraiappah Stadium and constructing a Cultural Centre in Jaffna with Indian assistance.

India Sri Lanka Foundation

30. The Joint Commission welcomed the significant contributions of and the important role played by the India Sri Lanka Foundation in forging deeper links between civil society actors in the two countries and contributing to closer relations in the economic, scientific, educational, technical and cultural arenas. It noted the recent augmentation of the corpus fund of the Foundation on the basis of a grant made by the Government of India and welcomed the expansion of the activities of the Foundation into new areas as agreed to by the last meeting of its Board.

Science and Technology

31. The Joint Commission agreed upon the urgent need to develop a Programme for Cooperation under the Agreement on Cooperation in Science and Technology signed in September 2008 between the two countries. It recalled that the visit to Sri Lanka in March 2010 of Secretary, Department of Science and Technology had led to the identification of certain areas for cooperation. The Indian side agreed to propose a draft programme of cooperation for the period 2011-2012 for the consideration of the Sri Lankan side.

32. Both sides agreed to identify specific areas of cooperation in using space technology for a variety of societal services using Indian satellites.

SECURITY COOPERATION

33. Both sides welcomed the ongoing and close cooperation between the two countries in the field of defence and security, the resumption of high level contacts between the defence forces of the two sides and the planned interactions on an annual defence dialogue.

34. The Joint Commission meeting witnessed the exchange of Instruments of Ratification of the Agreement on Transfer of Sentenced Prisoners and of the Mutual Legal Assistance Treaty, thus bringing into effect these two important agreements.

OTHER ISSUES

35. The Joint Commission agreed that while the respective claims of the two countries with

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regard to the delimitation of their continental shelf margin had been submitted to the United Nations Commission on the Limits of the Continental Shelf, bilateral discussions to come to a mutually acceptable and beneficial settlement would be useful. They agreed to convene a meeting of their respective officials in this regard at an early date.

36. The Joint Commission agreed that Indian companies would be encouraged to participate actively in future oil and gas exploration activities in Sri Lanka, including in the Cauvery and Mannar basins. With regard to the proposal to establish a joint information exchange mechanism on the possibility of oil and gas fields straddling the India Sri Lanka Maritime Boundary, the Indian side assured the Sri Lankan side that the proposal was receiving the Government of India's attention. It was agreed to hold discussions on this subject at the earliest possible.

37. Both sides expressed their satisfaction at the outcome of the Joint Commission Meeting, which provided further testimony to the continuing excellent relations between the two countries. It was agreed that the next session of the Joint Commission would be held in India in the second half of 2011 on a date to be mutually agreed upon between the two sides.

Signed on the 26th day of November 2010 in Colombo.

S.M. Krishna

Minister of External Affairs

Republic of India

G.L. Peiris

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Colombo

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