



Foreign Secretary Ravinatha Aryasinha said that the investment environment in Sri Lanka for Indian investors is conducive not only because of its stable leadership but also due to the strong bilateral relationship between Sri Lanka and India. This was consolidated on following the early visits of the President, Prime Minister and the Foreign Minister to India where areas of cooperation was fully reviewed.

Addressing the webinar 'Deepening Economic Collaboration between India and Sri Lanka', organised by Federation of Indian Chambers of Commerce and Industry (FICCI) jointly with the Lakshman Kadirgamar Institute of International Relations and Strategic Studies, Sri Lanka (LKI), on 21 July 2020,

Foreign Secretary Aryasinha said, "India is among the top 5 foreign investors in Sri Lanka. The government is committed to facilitating, protecting and promoting the liberal investment climate in Sri Lanka by continuing to realign the systems and procedures to suit modern business needs. The prospective investors are encouraged to take advantage of these untouched investment opportunities in the island."

Highlighting the potential areas of investment in Sri Lanka, he said that the government is targeting more investment in high value products. "India is strong in sectors like textiles, IT, agribusiness and the private sector of our two countries can explore collaboration related to investment, technology transfer in these sectors," the Foreign Secretary added.

He said "in the manufacturing sector, we would welcome Indian businesses in developing industrial zones, automotive components, pharma, textiles and engineering, which are areas

that could offer huge potential. The ongoing infrastructure improvement projects and development of roads, ports and airports will contribute and facilitate connecting linkages for the business sector," he added.

The Secretary noted that "Sri Lanka also has enormous potential as a tourist destination, given that Indians are approximately 20% of our tourist arrivals. Investment opportunities could be considerable in this sector as well, following in the footsteps of the Taj and ITC groups' profitable investment in the hospitality sector, which has also contributed to boosting the quality of Sri Lankan tourism".

Emphasizing on the policy reforms undertaken by the government, he said, "We are taking a number of measures to strengthen the investment climate and investment laws are being reviewed to suit the modern-day requirement. All efforts of our government are to create an economy firmly based on foreign and domestic private investments, driven by a dynamic and forward-looking private sector."

Elaborating on the bilateral trade between the two countries, Foreign Secretary Aryasinha said "India accounts for 20 percent of total Sri Lankan imports and is the third largest export destination for Sri Lanka. Commenting on Sri Lankan exports, he said that difficulties in market access, often created due to non-tariff barriers in receiving countries, has become an impediment to our farmers. He urged FICCI to collaborate with the Sri Lankan Mission in New Delhi to particularly help boost the export of Sri Lankan spices and concentrates including pepper to the Indian market.

He added that in terms of exports, "Sri Lanka acts as a gateway not only to the Indian sub-continent, but also to affluent consumers in the European Union. This will clearly open new opportunities for Indian investors who can operate from Sri Lanka on a preferential basis, and access the large market of India, as well as the EU".

High Commissioner of India to Sri Lanka Gopal Baglay, said that the current time calls for policies oriented to the future and the ones that balances the need for economic security with efficient utilization of complementary economic strengths of the two countries. "As India moves towards Atmanirbhar Bharat (self-reliance), its integration with global supply and value chains will be an added opportunity for our close partners like Sri Lanka. This will build more long-term ties with our commercial entities and enhance capacities, promote employment and increase prosperity.

President, FICCI Dr Sangita Reddy said that healthcare and pharma are potential sectors of collaboration between India and Sri Lanka. Other focus sectors like tourism and hospitality have been strong areas of mutual interest. These two sectors are also among the worst affected as a result of the pandemic and we should discuss ways to rejuvenate them. She urged both governments to revive the India-Sri Lanka CEO forum to explore opportunities in business and investment.

Chair, South Asia Regional Council, FICCI and President, Group Public Affairs & Member of the Group Executive Board, Mahindra & Mahindra Ltd., Manoj Chugh said that there are new sectors which are yet to be tapped and that Indian and Sri Lankan companies should form alliances to tap them.

Chief Operating Officer, Ashok Leyland Nitin Seth; Co-Chair, South Asia Regional Council, FICCI and Director – International Business CNH Industrial (India) Pvt. Ltd. Ashok Anantharaman; Executive Director, Investment Promotion, Board of Investment of Sri Lanka Prasanjith Wijayatilake; Director, Tourism Planning, Development and Investor Relations, Sri Lanka Tourism Development Authority Dr Prasad Jayasuriya and Head of Business Development, Sri Lanka Institute of Nanotechnology Dr Lakshitha Pahalagedara also shared their perspective on strengthening India-Sri Lanka economic relationship

Board Member of the Lakshman Kadirgamar Institute Suganthie Kadirgamar, Additional Secretary Economic Affairs, P. Amza, Director General South Asia and SAARC Division Aruni Ranaraja of the Ministry of Foreign Relations and Acting High Commissioner of Sri Lanka to India Niluka Kadurugamuwa were also present during the webinar.

Ministry of Foreign Relations
Colombo
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Full text of the speech is as follows:

Opening Remarks by Mr. Ravinatha Aryasinha,

Secretary Foreign Relations Sri Lanka

Dr. Sangita Reddy, President, FICCI and Joint Managing Director, Apollo Hospitals,

Mr. Manoj Chugh, Chair, South Asia Regional Council, FICCI and President – Group Public Affairs & Member of the Group Executive Board, Mahindra & Mahindra Ltd.

Mr. Rajan Bharti Mittal, Co-Chair Designate India Sri Lanka CEOs Forum, Past President, FICCI and Vice Chairman Bharti Enterprises Limited,

Distinguished members from the Indian industries,

Ladies and Gentlemen,

It is a pleasure to address you today in opening this webinar, jointly organized by the Federation of Indian Chambers of Commerce and Industry and the Lakshman Kadirgamar Institute, to promote investments in Sri Lanka by Indian investors.

In early January this year, Hon. Dinesh Gunawardena, Minister of Foreign Relations had the privilege of meeting and addressing the distinguished members from the Indian industries and potential investors at the FICCI in Delhi during my official visit to the Capital.

The FICCI, with their gracious hospitality, had organized a very successful session at which Minister was able to provide a comprehensive picture of investment opportunities available in Sri Lanka for potential Indian investors.

At that session, the Foreign Minister invited the FICCI to send a delegation to Sri Lanka, so that we could take forward the work we have started, forging a new partnership. Unfortunately, the onset of the Covid-19 pandemic led to travel restrictions resulting in a pause in physical travel even within our own region of South Asia that made a visit to Sri Lanka impossible for FICCI.

It makes me very happy however, that FICCI and LKI found a way to overcome this physical hurdle to connect online through this webinar. You have used an innovative medium to transcend physical hurdles, and I hope that this will serve to inspire both sides to adopt new and innovative approaches to doing business without allowing various types of constraints and hurdles to discourage us and hold us back.

This webinar takes place at an important time and I am grateful to the Federation of Indian Chambers of Commerce and Industry and the Lakshman Kadirgamar Institute for organizing this webinar at this time, when economic recovery has become a top priority for all nations including Sri Lanka's and India's following the severe toll of the global pandemic.

This is the time we should draw inspiration from our past successes, cooperation and pioneering spirit to chart our way forward for mutual benefit. As you know very well, India and Sri Lanka were the first in the region to enter into a Free Trade Agreement over two decades ago. It was the first for India and it was the first for Sri Lanka. Now, at this time when both our economies are faced with a crisis which has no parallel in recent times, we must cooperate and work together closely more than ever before to not just mitigate the adverse impact of the pandemic on our economies but to look for sustainable cooperation through targeted and strategic investment decisions that could help us maximize benefit of complementarity.

Ladies and Gentlemen,

The investment environment in Sri Lanka for Indian investors is conducive, not only because we have a strong and stable leadership, but also due to the fact that there is a remarkable strengthening of the Sri Lanka- India bilateral relationship at the political level recently.

There was a significant growth in our bilateral relationship, particularly after the Presidential Elections in Sri Lanka last year. His Excellency President Gotabaya Rajapaksa undertook a very successful State visit to India in November last year, followed by an official visit by the Honourable Prime Minister Mahinda Rajapaksa in February this year. Honourable Dinesh Gunawardena, Minister of Foreign Relations concluded a very fruitful visit to Delhi in early January this year, when the Minister met and addressed you. All these high-level exchanges have further consolidated our bilateral ties.

We are benefiting from the Hon. Prime Minister Narendra Modi's 'Neighbourhood First Policy' of India and the two countries enjoy a multi-faceted partnership and development cooperation.

These political ties provide us with a very positive and conducive environment for investment and to also enhance trade with each other.

Ladies and Gentlemen,

This brings us to the question, 'why Sri Lanka?' Let me elaborate:

When we talk about our relations, we can see that business ties between Sri Lanka and India are rooted deep, linked, and date back to many millennia.

Sri Lanka is one of India's largest trading partners in the SAARC Region. India in turn is Sri Lanka's largest trade partner globally. Trade between the two countries grew rapidly particularly after the entry into force of the India-Sri Lanka Free Trade Agreement in March 2000. However, difficulties in market access, often created due to non-tariff barriers, has become an impediment to our farmers. I urge you to collaborate with the Sri Lankan Mission in New Delhi to particularly help boost the export of Sri Lankan spices and concentrates, including pepper, to the Indian market.

Two-way trade that stood at US\$ 658 million when the agreement was implemented in the year 2000 has increased to US\$ 3 billion in 2010 and US\$ 4.6 billion in 2019. India accounts for almost twenty percent of total Sri Lankan imports and is the third largest export destination for Sri Lanka. In 2019, Sri Lanka imported goods for the total value of US\$ 3.8 billion, while exports to India represented US\$ 759.37million. We can bridge this deficit by increased Sri Lankan exports fueled by a higher quantum of Indian investment, to supply to the Indian market. This will be a win-win situation for both countries.

Ladies and Gentlemen,

As many leading Indian firms have already found out, Sri Lanka is a center point for investments in the region. Although Sri Lanka is a market of twenty-one million people, we are unique in that since we offer duty free market as a gateway not only to the Indian sub- continent, but also to affluent consumers in the European Union.

This will clearly open up new opportunities for India, specifically for the members of FICCI in the manufacturing and exports segment, and other foreign investors who can locate their operations in Sri Lanka, on a preferential basis and access the large market in India as well as the European market.

We also have an FTA with Pakistan, and recently we concluded an FTA with Singapore. Sri Lanka is also negotiating a new comprehensive FTA with China and Thailand.

With preferential access to these markets, Sri Lanka will be well-placed to act as a bridge for Indian investors seeking to penetrate the regional markets on a preferential basis. These FTAs with India, Singapore, China and Pakistan will give companies located in Sri Lanka preferential access to a market of over three billion consumers.

In the past, poor infrastructure facilities in our two countries made it difficult to take advantage of geographical proximity due to high transport and transaction costs. The ongoing infrastructure improvements and development of roads, ports and airports will contribute and facilitate connecting linkages for the business sector.

We are undertaking a number of measures to strengthen the investment climate. The investment laws are being reviewed and reformed to suit modern requirements.

I wish to emphasize that all efforts of our government are to create an economy firmly based on foreign and domestic private investment, driven by a dynamic and forward-looking private sector and our target is to attract much more investments in high value products. In doing so, Sri Lanka wishes to gain from transfer of technology. Our highly literate work force is quite competent to adjust to any new technological sharing.

India is strong in industry sectors like textiles, Information Technology, Agri – business and the private sector of the two countries could explore collaboration related to investment, technology transfer, value addition processes in these sectors.

India is among the top five foreign investors in Sri Lanka. I could name a few big players such as, Ashok Leyland, TATA Group, Taj Hotels, Piramal Glass Limited, Ultratech Cement, Ambuja Cement, Nilkamal Ltd. with having presence in the hotel industry, manufacturing etc.

Ladies and Gentlemen,

The Government is committed in facilitating, protecting and promoting the liberal investment climate in Sri Lanka by continuing to re-align the systems and procedures to suit the modern business needs and the prospective investors are encouraged to take advantage of these untapped investment opportunities in the island.

According to the Sri Lanka government's policy framework, it is expected to position the country as an export-oriented economic hub at the Centre of the Indian Ocean. With the completion of the Port City Project, Colombo is expected to be the Financial Hub of the Region. It may be worthwhile to explore how Indian businesses could be integrated with other countries that would be involving with the Financial Hub.

Under the Colombo Port City project, industry members of FICCI could explore investment opportunities in the construction industry, IT related service sector, logistics, real estate etc.

The Western Region Mega Polis Plan, in the area around Colombo, is an urban planning, zoning, and development project aimed at creating a planned Megapolis in Sri Lanka's Western Province by 2030. Expectation of investment opportunities could create high level of business.

These projects will generate enormous investment opportunities in various forms of infrastructure; transport; real estate, both commercial and residential, including large-scale affordable housing programs; zones for financial and IT-enabled services; logistics, upgrading of ports and airports; manufacturing, where a series of industrial zones are being established; and training and skills development.

On manufacturing, we would welcome Indian businesses in developing Industrial Zones, automotive components, automobiles; pharmaceuticals, textile, and engineering, which are areas that could offer great potential.

Sri Lanka has enormous potential as a tourist destination as well. Investment opportunities are considerable in this sector. India is ranked number one as the source with highest number of tourist arrivals into Sri Lanka with approximately 20% of our total tourist arrivals. Taj and ITC Hotels have already invested in Sri Lanka in the hospitality sector which has also contributed to boosting the quality of Sri Lankan Tourism.

Following Hon. Minister's visit to Delhi earlier this year, the Export Development Board had organized a formal discussion with the stakeholder organizations including Board of Investment, Department of Commerce and Trade Chambers on 5th March 2020 at the EDB. During this meeting, it had been proposed to:

Organize inward and outward delegations for exploring the Indian market for Sri Lankan potential products; and

For the Board of Investment to organize an investment promotion forum.

In view of the current COVID situation which prevents physical trade promotional events, we initiated promotional programs virtually which include,

a webinar jointly organized by ASSOCHAM, India and Ceylon Chamber of Commerce, Sri Lanka on 15 May 2020 to discuss the post pandemic economic recovery.

an interactive video – conference organized by Federation of Indian Export Organizations (FIEO) on 22 May 2020 with the participation of Federation Chamber of Commerce and

Industry Sri Lanka (FCCISL) and Colombo Chamber of Commerce to discuss trade and investment opportunities between the two countries; and

a video – conference, organized by the PHD Chamber of Commerce and Industry of India on 1 May 2020, wherein Federation of Commerce and Industry of Sri Lanka participated.

Currently, the EDB and BOI work jointly to promote export led investments. Below sectors have been selected under this program.

Rubber Sector (Tyres (Solid & Pneumatic), Auto parts) , Smart Apparels & PPE, Electronic and Electrical products, ICT Sector, Mineral Based products, (Graphene & Related products), Food Processing and Pharmaceutical Sector

The EDB, I am told, is currently working to prepare a “Market Entry Strategy to India” which has already started its first phase of selecting a suitable research and consultancy agency to undertake a research based study report. The second phase will be on creating linkages between the buyers and sellers in the two countries with the objective of increase exports to India.

The EDB had also organized Sri Lanka’s participation at the “India International Mega Trade

Fair (IIMTF)” to explore Indian Market for the Sri Lanka’s export product of Herbal & Personal Care, Handicraft, Ceramic, Spices & organic Products, Hand-made floral arrangement, Lace creation and Electrical & Electronic.

In conclusion, Ladies and Gentlemen, I wish to emphasize that India and Sri Lanka being neighbours, have so much in common – our culture, language ties, religious links, which provide a foundation to build synergies and promote trade and investment links. Let these links be the gateway to our common prosperity.

The potential is out there to be tapped, which would benefit both countries. I wish FICCI to be the bridge between the businesses of the two countries.

I once again thank the FICCI and the LKI for organizing this webinar and inviting me to make the opening remarks. I wish extremely fruitful deliberations at the webinar today.

Thank you.

