

Keynote Speech of H.E. the President of Sri Lanka
The 26th International Conference on “The Future of Asia” / Japan
(20th May 2021 Virtual format.)

It gives me great pleasure to address you today at this prestigious international conference on “Shaping the Post Covid Era: Asia’s Role in the Global Recovery”

It is unfortunate that present circumstances have prevented us from gathering in Tokyo in person for this forum. Nevertheless, I commend our host, Nikkei, for taking the decision to proceed with this conference in this hybrid fashion.

I also take this opportunity to convey my best wishes to Prime Minister Yoshihide Suga and the Government of Japan. Sri Lanka and Japan have enjoyed a long and fruitful partnership for many decades. Sri Lanka is very eager to further strengthen the warm bilateral ties between our two countries, including through trade and investment.

The strengthening of relationships between countries in Asia, and increasing cooperation amongst nations globally, is even more important today than it has been in the past, given the ongoing pandemic and its consequences.

COVID19 has been catastrophic for the world at large. It has cost several million lives, caused serious illness for more than a hundred million, and devastated economic activity throughout the globe.

Although Sri Lanka was able to prevent a major domestic outbreak of the virus during most of last year, the pandemic’s impact was nevertheless devastating.

Our economy contracted by 3.6 percent during 2020. Sri Lanka has historically depended on certain key sectors for foreign exchange income. These include tea, rubber, coconut and spices exports; garments exports; remittances from Sri Lankan workers abroad; and tourism. Each of these sectors was seriously affected by the pandemic, especially in the middle of last year.

Although most sectors rebounded to their pre-2019 levels by the end of 2020, the tourism sector could not. Tourism is one of the highest earners of foreign exchange in our economy, and a sector on which approximately 3 million people depend. Although Sri Lanka reopened to foreign tourists in early 2021 with bio-safety bubbles and reduced quarantine requirements for vaccinated travelers, tourism will continue to be adversely affected until the pandemic is contained globally.

In recent months, countries in South and Southeast Asia have experienced a significant increase in COVID19 infections and deaths. There has been a rise in positive cases in Sri Lanka as well. We hope to contain this new outbreak swiftly, and without causing serious long-term

disruption to the livelihoods of the public. Employing the lessons learnt from our past experience as well as the shared experiences of other nations will be critical in doing so.

The lack of technical capacity and preparedness in the healthcare system is a challenge faced by most countries. However, the increased international cooperation that has taken place throughout the pandemic to strengthen this capacity is encouraging.

Sri Lanka has benefited from the generous assistance of many bilateral and multilateral donors both within Asia and from outside the region. This assistance has greatly strengthened our ability to deal with the pandemic and its consequences.

Ultimately, the only viable long-term solution to the challenges posed by the pandemic is mass vaccination. Unfortunately, severe supply and resource constraints have affected the vaccination drives of many developing nations.

The pandemic does not respect national boundaries. If the virus is allowed to spread unchecked anywhere in the world, deadlier strains could emerge that threaten the progress already made through inoculation elsewhere. Speed is therefore of the essence. Production capacity must be significantly enhanced, and supply chain constraints must be overcome soon to allow the global rollout of vaccines in a short span of time. It is only if this is done that we will see an end to this catastrophe.

The COVID19 pandemic posed unprecedented challenges for which no nation was prepared. However, in grappling with its consequences, some positives also emerged.

In Sri Lanka, remote working became normalised for knowledge workers and education migrated to online platforms in a very short span of time. This was accompanied by rapid skills development and the strengthening of digital infrastructure throughout the country. Even very remote parts of the country gained high quality internet connectivity through the expansion of fiber optic and wireless networks.

The pandemic also tested the capability and depth of our public health system and healthcare infrastructure, which ongoing capacity building will greatly strengthen as we go forward.

Internationally, a significant positive development that emerged from the pandemic is the sense of unity and spirit of generosity that arose amongst nations in facing a common threat. The knowledge sharing and support extended by and between countries all over the world is encouraging and should continue into the future too.

Another positive has been the pace at which new advances were made in several fields. Significant improvements emerged in medicine and in the pharmaceutical industry, reflected in the speed at which new vaccines were created and new treatment protocols devised. These can have a transformative impact on humanity's future.

Such transformations are especially important to us in Asia. The development thrust of many Asian nations have lifted hundreds of millions out of poverty in recent decades. Asia's younger generations are now much better educated and more tech-savvy than ever before. They are

well equipped to take advantage of new global transformations such as rapid digitization, and to help the region face the future with greater confidence.

As leaders in Asia, we must not only encourage these trends domestically but across the region too. Asian countries must continue to improve cooperation, resolve differences, and devise a regional structural design that enables all countries to rebuild their economies on a sounder, more progressive, and more sustainable footing.

Regional groups such as ASEAN, BIMSTEC and SAARC should be reinvigorated with well-crafted, practical, integrated work plans to support this. Encouraging increased intra-regional trade, as well as trade between Asia and the rest of the world, is crucial.

As an island strategically located at the centre of the Indian Ocean, Sri Lanka has been a hub that connected the East and the West since ancient times. Today, Sri Lanka has outstanding port infrastructure that can facilitate transshipment and provide world class services even for the largest container ships. We also contribute greatly towards maintaining maritime security in this region, helping protect vital sea lines of communication on behalf of all nations.

We are determined to safeguard our national interests based on friendly, cooperative interactions with all our partners on equal terms. We follow a neutral foreign policy. We aim to harness the advantages of our strategic location to develop our economy and uplift the wellbeing of our people in a sustainable and equitable way.

We seek to significantly strengthen our bilateral relationships with all countries, and in particular with our partner countries in the Asian region in terms of trade and investment.

Although still a developing country, Sri Lanka ranks relatively high in many social development indices. The country has a robust public health system and provides free education through to the tertiary level. We have a well-educated, highly skilled, hardworking, and capable workforce.

Sri Lanka is one of the most connected nations in South Asia, with major global centres less than five hours away by air. Colombo, the commercial capital, is one of the most beautiful cities in the region and ranks as one of the very best cities in South Asia for the quality of life it provides.

In this context, the new development extending the Colombo business district to 269 hectares of reclaimed land represents an exciting new opportunity for international businesses. The Port

City will be a Gateway to South Asia. It will create a vibrant new cityscape incorporating an international financial centre, a Marina district, outstanding residential and commercial facilities, as well as world class infrastructure, all within a tropical beachside paradise.

New legislation that will ensure an attractive environment for investors and greater ease of doing business within the Port City has been prepared and is before Parliament. Special status and a host of exemptions and special incentives will be accorded to businesses that will have a broad economic impact.

I am confident that investors from all over the world will benefit greatly from these initiatives and from the Port City's unique geostrategic position at the heart of one of the most rapidly advancing regions in the world. I invite all nations to encourage their businesses to take advantage of this opportunity, and to be part of what will become a key service hub to this region in the future.

The Agriculture sector has been a historically important one for my country. It continues to be vital to our economy and employs a significant proportion of our population. Sri Lanka is blessed with great natural fertility and is home to a wide variety of crops, including several that have been identified as superfoods with great export potential.

My Government is eager to encourage investments that will introduce new technologies including high-tech farming that can organically improve yields and help businesses develop agro-industries that add value to our produce and enable higher export revenues from them.

Sri Lanka is similarly keen on encouraging investments in technology based industries. We have large numbers of qualified, experienced and skilled professionals in the Information Technology space. Our ongoing educational reforms at the secondary and tertiary levels will further enhance the prospects of our young people in this sector in future.

New legislation, including an Act on personal data protection, is being formulated to create a more robust environment that will enable global technology companies to operate from Sri Lanka. The Government has already instituted several other supportive measures towards this, including instituting a zero-tax policy for technology companies headquartered here.

Sri Lanka also has the raw materials used in many high-tech industries in abundance. My Government is prepared to provide significant support to investors who seek to create value added industries in connection with these resources.

We also seek investments for power generation through the use of renewable sources such as wind and solar, in keeping with our growing industrial needs and our policy of enhancing environmental sustainability.

Sri Lanka has long welcomed visitors from all countries as honoured guests. With its unique scenic beauty, culture, and history, the country has many vibrant attractions that will be widely sought after as global travel resumes.

We therefore seek to invite Foreign Direct Investment that can take advantage of the post-COVID surge in tourism. We are keen on encouraging investments into hotels, resorts, and entertainment facilities that cater to high spending tourists. Such investments should create unique experiences that capitalize on our many and varied strengths as a beautiful tropical island nation with a warm and welcoming people.

With our highly qualified, experienced, world class medical professionals and our accredited private hospitals, Sri Lanka is also well positioned for investments in medical tourism. We also welcome investments into tourism projects that focus on wellness, which can supplement our existing world class facilities in this space by leveraging Sri Lanka's rich heritage of mindfulness and holistic healthcare.

In concluding, I convey my best wishes to all participants and wish you a thought provoking and very productive two days in discussing "The Future of Asia". I also hope that as normalcy returns globally, we will have the pleasure of warmly welcoming all of you to Sri Lanka in the not-so-distant future.

Thank you.

Q & A Session:

- **Questions from the Moderator Mr. Go Yamada to H.E. the President of Sri Lanka.**

1: Last month, you conveyed very friendly message to visiting Chinese Defence Minister General Wei Fenghe. In this respect, as a South Asian nation, how do you balance the relationship with China and India from now on? And how do you think about establishment of the Defence tie with China?

- **Answer by H.E. the President:**

Sri Lanka has historic relationships spanning centuries with both India and China. Our deep social, cultural, religious, economic and diplomatic ties with India are well known. We have

many strong bonds with China too. Formal diplomatic relations between Sri Lanka and the Peoples Republic of China were established 64 years ago. The Rubber-Rice trade pact was signed even earlier, in 1952.

In recent decades, the relationship between Sri Lanka and China was strengthened because of the 30 years of terrorist conflict Sri Lanka experienced until 2009. Many countries provided essential support to Sri Lanka in overcoming this conflict. India provided training as well as critical non-offensive equipment. China, Pakistan, and Russia provided support that included weapons platforms, ammunition, and ordnance, mostly on commercial terms through state companies. Several countries also supported us with intelligence sharing.

After the conflict ended, Sri Lanka had urgent requirements for post-conflict reconstruction in war affected areas. We also needed accelerated infrastructure development throughout the country. Our rail and road networks, including expressways, and our port facilities needed expansion. China supported Sri Lanka by providing concessionary loans for many such projects. This has unfortunately been misinterpreted.

Attention has been drawn to the Hambantota Port, which has been called a 'debt trap' by some. However, the requirement for a southern port in Sri Lanka had been there for a very long time. Different Presidents and Governments tried to construct that port over decades. However, it was only implemented in President Mahinda Rajapaksa's tenure.

The Hambantota Port is a commercially viable project. The organization that took on a loan to ensure its construction is the Sri Lanka Ports Authority. This is a profitable enterprise, and it had a proper plan to repay the loan. In fact, the first instalment of the loan was paid in full. The Hambantota Port is not a 'debt trap', but a potentially transformative addition to Sri Lanka's port infrastructure.

Our cooperation with China is on par with our overall economic and commercial trajectories. China has been a key investment partner to Sri Lanka, as have many other countries. As a developing country, Sri Lanka wishes to obtain the support of all partner nations to fast track our development aspirations and improve the livelihoods of our people. My Government is keen to further strengthen our relationships with Asian nations and countries farther away.

While we are aware of world power rivalries and regional power dynamics, our foreign policy is neutral. We consider India our closest neighbour and a long-standing friend, and we understand their security concerns and sensitivities. We will never allow anyone to use Sri Lanka to jeopardise India's security. We will work closely with India and all regional partners to ensure that the Indian Ocean remains secure for the benefit of all countries.
