

“SRI LANKA – A GROWING HUB IN THE INDO-PACIFIC”

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In addressing this timely subject; “Sri Lanka as a growing hub in the Indo-Pacific”, first, let me briefly present context and background to my island home in relation to the topic.

Since time immemorial, Sri Lanka has been known to the travelers of the ancient world as a hub in the Indian Ocean. They identified the country by many names like Lanka, Serendib and Ceylon.

In our recorded history of over 2,500 years, it is stated that visitors like the 13th Century Muslim Scholar Ibn Battuta and 4th Century Chinese Buddhist pilgrim Fa-Hien have described the glorious past of my country vividly.

During the colonial era, since 1505, the Portuguese, the Dutch and then the British have held a foothold in Sri Lanka, primarily due to its geographic location in the oceans of the world.

Contacts with the United States started when American merchant ships from New England called at the Galle harbor around the same time that the new American Republic adopted its Constitution, in 1789.

All those visitors recognized my country as an excellent trading hub and reckoned that our land was endowed with precious gems, spices and other bounties of nature that included elephants and exotic flora.

Given the importance and popularity of the location, cartographers of the ancient world depicted Sri Lanka much larger than its actual size. The map of Ptolemy in the first Century AD is probably the best example.

Sri Lanka neither existed nor evolved in isolation in the ancient world. It is recorded that Sri Lankan Kings sent envoys to the Royal court of Roman Emperor Augustus.

The people of Sri Lanka, as islanders, since ancient times, were influenced by several waves of external interactions that led to the exchange, not only of goods, but ideas and knowledge, with travelers and traders passing through or visitors from lands close and far. Some traders and visitors settled in Sri Lanka, making our country their home. As a result, Sri Lanka today is a multi-ethnic, multi-cultural and multi-religious nation.

Buddhism has thrived in Sri Lanka since Buddhist teachings were introduced to the country in the third Century B.C. by emissaries of Emperor Ashoka of India. Arab traders brought with them the teachings of Prophet Mohammed. The symbol of the Cross found in the ancient city of Anuradhapura, points to the existence of Christians, perhaps Persian Christians, even before arrival of colonial powers.

Hinduism, Hindu beliefs and customs have contributed to Sri Lankan culture very significantly, and has become ingrained in the every-day life of people. It is not only those who identify themselves as Hindus who practice Hindu customs in our country. For example, almost all Buddhist temples have images of Hindu Gods and Goddesses installed in them. The Hinduism practiced in Sri Lanka, has evolved in close interaction with South India. An interesting snippet with respect to Hinduism in our country is that the bronze statues of Hindu Gods and Goddesses discovered in the ancient city of Polonnaruwa, crafted by local artisans and bronze casters, are considered to be some of the best in the world.

The beauty and wealth of the Island had caught the imagination of Arab writers to such an extent that the land they referred to as 'Serendib' was incorporated into the stories of Sinbad the Sailor. They believed that Adam lived there when he was exiled from Paradise. Even today, a Holy Mountain in Sri Lanka, 7,300 feet in height, called 'Siri Pada' or 'Adam's Peak', is venerated by Buddhists, Hindus, Muslims and Christians. A depression at the Summit that resembles a footprint of this spear-shaped Mountain is considered by the Muslims as Adam's. The same footprint is venerated by Buddhists as that of the Buddha; by Hindus as that of Shiva; and by Christians as that of St. Thomas the Apostle.

Let me now turn to the modern era.

In our world, the seas cover seven-tenths (70%) of the planet. Six-tenths (60%) of our borders are sea coast. Nine out of ten people (90%) on the planet live on the coastal regions. Around 90% of world trade is carried by

international shipping. And seaborne trade continues to expand, bringing benefits for consumers across the world through competitive freight costs and the growing efficiency of the modes of shipping.

We are all aware that the Ocean is a bountiful resource not only for fish but for energy and minerals which require well-managed and rules-based exploitation. Therefore, it was not fortuitous that Sri Lanka provided leadership at the United Nations to evolve the Law of the Sea Convention. And now, the concept of “blue economy” is evolving for upholding sustainable development of the oceans to benefit all, in particular, littoral countries. It is clear that the world needs peaceful oceans to sustain its benefits in the ever-growing blue economy.

Sri Lanka has the benefit of the vast ocean around us over which we enjoy exclusive economic rights. The country is situated on the world’s busiest shipping lane. This busy East-West shipping route passes just six nautical miles south of Sri Lanka, carrying two-thirds of global petroleum supplies and half of all containerized cargo. This is both an opportunity and a challenge for our nation.

In fact, on my arrival in Washington, when I visited the Headquarters of National Geographic, I observed two giant 18th century maps, one depicting the Occident and the other, the Orient. And right in the middle of the Orient, staring right at me, was Sri Lanka.

The strategic location of Sri Lanka in the Indian Ocean is a geographical feature that made Sri Lanka a maritime hub since ancient times, which led

to Ptolemy featuring Sri Lanka several times larger than its actual size. And now, having achieved peace and stability in our country, we are keen and able to re-assume an important role as a Hub in the Indian Ocean and its extended terrain, the Indo-Pacific.

After five centuries, world economic power is once again shifting towards Asia. It is estimated that by 2030, Asia will surpass other regions on GDP, population, military spending and investment in technology and even in innovation. Meanwhile, United States will remain a predominant power in the Indo-Pacific with its economic and business outreach as well as its unparalleled naval strength across the seas of the world.

We are eager to work with the maritime powers of the Indian Ocean and beyond, to make our oceans secure for unimpeded commerce and peaceful navigation. Sri Lanka takes the security of sea lanes and maritime security in the oceans around us, seriously.

We are determined, as it is in our interest, to work with the maritime powers of the region and beyond to ensure that the Indian Ocean is conflict free. We now welcome an increasing number of Navy vessels of major sea powers who regularly call at our ports on goodwill visits. In fact, just now as I speak, the United States Pacific fleet and its transport vessel USNS Fall River is at Hambantota Port on the first-ever Pacific Partnership goodwill Mission to Sri Lanka from 6-18 March, in partnership with the Sri Lanka Navy.

We are eager to work in partnership with countries in the region and beyond on humanitarian and disaster relief operations in the region. We are committed to prevent seaborne conflict, and to combat terrorism and piracy, and assist in harmonizing geo-strategic complexities in the Ocean around our region. In our view, an ocean based security architecture can be built to ensure a peaceful Indian Ocean, which can be extended towards the Indo-Pacific in time to come.

In fact, the Prime Minister of Sri Lanka recently stated that *“we must commit ourselves to an order based on the rights of all States to the freedom of navigation – the unimpeded lawful maritime commerce and over-flight. Our own futures and the futures of our extra-regional partners are therefore heavily invested in how strategic security is managed in the region. Many countries remain dependent on energy supplies and traded goods that are carried across the region. Those who are geographically located in the region have a primary interest in the security of the Ocean, which is more often than not linked to their economies and the livelihoods of their people.”*

In the ever changing global market place, where goods and services are required to be channeled across the world swiftly for the benefit of consumers, market and service hubs have become an essential component in the ever-growing global network of trade and business.

As a result, just like in the ancient world, even more hubs are required to drive trade and commerce, contributing to prosperity along the way.

However, we all recognize that such hubs require certain specific and important qualities and characteristics to be successful.

-Appropriate infrastructure is essential. Human talent and skill, resources to support, easy and quick access – all these are essential ingredients or components.

-Most importantly, a hub city or nation must provide a stable and a peaceful space.

On the basis of such qualities, there are several hubs in the world that are recognized as important: New York, London, Dubai, Singapore, Hong Kong and others, all with bustling ports nearby.

Centred on the City of Colombo and its well-established deep water Port, Sri Lanka now has the potential to assume such a status.

The Colombo Port already is the busiest trans-shipment port in South Asia. Over 70 percent of cargo trans-shipped in the Port is for India which lies just 20 miles away from Sri Lanka, adding shipping efficiency to export-import trade in India.

And Sri Lanka is situated in the sea-lanes connecting with the other main growth engines in the Indo-Pacific like China, Indonesia, and Vietnam, as well as well-established economies like Singapore, Japan, South Korea, Australia, and New Zealand.

Meanwhile, Sri Lanka seeks to broaden the existing Indo-Sri Lanka Free Trade Agreement. In fact the Free Trade Agreement between India and Sri Lanka was the first for both countries when it was signed in 1998. Sri Lanka enjoys a Free Trade Agreement with Pakistan, and is now working towards such Agreements with China and Singapore.

A hub requires infrastructure of quality. The Colombo Port has recently expanded to become a deep-water hub Port with capacity to berth the largest container ships in the world. The newly built deep-water Hambantota port near the ever busy East-West sea lane is already engaged in vehicle transshipment, and is an ideal location for a commercial hub with export industries.

After almost thirty years of conflict, since 2009, peace has been consolidated in Sri Lanka. Our democracy, the oldest modern democracy in Asia, has been reinvigorated after a peaceful and people-led political transition in January 2015.

The unity Government comprising of the two main political parties in the country, has bolstered its age-old democracy by firmly re-establishing the independence of the judiciary, combating corruption, and allowing a free and vibrant media to flourish.

In addition, the Government is working with all stakeholders in the country as well as the international community, and in particular with the United Nations, to establish mechanisms for truth-seeking, justice, and reparations to give solace to all those who suffered during the long years conflict and

with a view to promoting reconciliation with a firm objective of guaranteeing non-recurrence.

The government has embarked on further constitutional reforms to address the requirements of a modern, progressive nation that promotes social justice and social responsibilities.

Coupled with political transformation, the Government has embarked on economic transformation that promotes growth with equity, as well as transparency in business facilitation. Measures have been taken to promote fiscal discipline to ensure financial market stability.

To facilitate investments that would promote hub status, total foreign ownership of a business is allowed with no restrictions on repatriation of earnings.

Safety of foreign investments is guaranteed by the Constitution with Investment Protection and Double Taxation Relief Agreements with over 25 countries. And Sri Lanka implements strong intellectual property law in line with WIPO Regulations.

It is in this context that Sri Lanka's potential as a services hub becomes apparent; a niche manufacturing destination to produce goods which plug into regional and global value chains, particularly light engineering and electronics; a location for high-value agricultural products such as fruits, vegetables and dairy, both to service the rapidly growing tourism sector and for exports.

A tangible example of infrastructure improvement is the Western Province Megapolis Project. This development will cover several cities in the area around Colombo, and, in the South West of the country. There will be zones dedicated to logistics, industry, IT and entertainment. And there will be a financial district centered on the newly reclaimed land mass near the Colombo Port called the 'Colombo international financial city'.

We envisage a major role for the private sector as well as for public-private partnerships in implementing these projects. For this purpose, the Government will further improve the ease of doing business, and investing as well as trade policy and trade facilitation.

A modern economy requires smart people to manage it, and more people to power it. Though Sri Lanka already has an educated human resource base with the highest rate of literacy in South Asia and a very high physical quality of life in terms of Health Indicators, we are now upgrading education, training and skills to create a human resource base which can support a competitive and rapidly modernizing economy.

A commercial and trade hub in the modern world needs facilities for Rest and Recreation as well. Geographically the size of West Virginia, and with a population about the same as Australia's, Sri Lanka is endowed with unparalleled natural beauty. Surrounded by warm sea waters with long sandy beaches, and a picturesque hill country with naturally climate controlled tea gardens, world renowned exotic tropical forests with abundant fauna and flora, including over 6,000 wild elephants (the largest land mammal in the world), and blue whales (the largest sea mammal in

the world) roaming close by the Eastern and Southern seas of the country, in the eyes of many, Sri Lanka is truly a paradise on earth. And in 65,610 square kilometres of space in Sri Lanka, there are 6 cultural world heritage properties or sites, and 2 natural world heritage sites recognized by UNESCO. Ancient historical sites of Sri Lanka include the largest brick building in the world in the fourth century AD, an ancient giant Buddhist Stupa, built, brick by brick.

The number of tourists visiting Sri Lanka is now growing at an exponential rate. Infrastructure to accommodate this growth is developing fast with hotels of several international hospitality chains engaged already in this effort.

Sri Lanka's cultural traditions that respect the environment are embedded in the psyche of our people. This creates a groundswell of public opinion in favour of sustainable development. Sri Lanka is committed to achieving 20% renewable energy usage by 2030, over and above the current 35% of hydropower. Environmental sustainability is central to Sri Lanka's development plans.

Sri Lanka has had direct experience with several aspects of international migration. About 10% of Sri Lankans work as temporary migrants abroad and many more has settled permanently in developed economies. As a result, the country has gained experience in dealing with associated opportunities and challenges. As Sri Lanka becomes fully integrated into the world economy as a hub in the Indo-Pacific for shipping, aviation, trade and commerce, as well as for financial and service industries, this

experience can be leveraged to manage and augment the human resource base as required to be compatible with industry requirements.

In the current international environment where many locations are becoming insecure and volatile or environmentally challenged, in comparison, Sri Lanka is a country at peace and has consolidated democracy, and revived economic growth, with emphasis on a green and a blue economy.

Sri Lanka now stands ready to play its full role as a responsible member of the world community, as a hub nation in the Indo-Pacific that serves its people, the region and the world beyond, for common prosperity.
