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Exclusive Interview with: Sri Lankan President Maithripala Sirisena

President Trump's
Inaugural Speech

THAAD
Is a Purely
Defensive System
For South Korea



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Prof. Toynbee and Hyo (孝)

Prof. Arnold Joseph Toynbee, one of the greatest Western scholars in the 20th century, declared that the "Hyo" (孝, filial piety) philosophy is one of the greatest ideas of mankind.

In January 2016, I happened to sit at the same table with Mr. Lee Man-wii, a former Minister of Environmental Administration, at a breakfast session.

During our casual conversation, Mr. Lee mentioned an episode concerning Prof. Toynbee. He said that a Japanese scholar in a recent meeting previously asked Prof. Toynbee in which direction the future of mankind should evolve.

The British scholar reportedly answered to the effect that the world had better develop itself in line with Korea's "Hyo" theory.

Then, Mr. Lee wondered how Prof. Toynbee came to know Korea's "Hyo" philosophy. At this point, I explained to him that it was me who introduced the "Hyo" philosophy to Prof. Toynbee.

I told Mr. Lee that I interviewed Prof. Toynbee at his apartment near London's Hyde Park in September 1973. I also explained to Mr. Lee how I impressed Prof. Toynbee with Korea's centuries-old tradition of filial piety.

In short, I introduced it to Prof. Toynbee as follows: First, the concept of the "Hyo" ideology is based on the main principle that one inherits every part of the body from his or her parents, and therefore, the basic essence of "Hyo" is how to preserve one's body in a healthy, intact state.

Second, one should live not only in a healthy state, but also in an honorable way to glorify his or her name, as well as the names of one's parents, I explained to Prof. Toynbee.

Upon completing my short explanation of the "Hyo" theory, I asked the then 85-year-old British scholar how he evaluated Korea's "Hyo" tradition. Prof. Toynbee was so moved - even to tears - and said as follows:

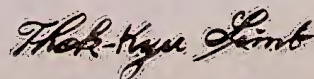
"Upon hearing your explanation, Dr. Limb, I have come to the conclusion that the "Hyo" theory should become one of the greatest ideas for mankind... the idea should not be limited to Korea alone, but also propagated widely in the West, too. Dr. Limb, why not start a campaign to teach the philosophy outside Korea? I am willing to help you."

When I finished retelling this discussion with Prof. Toynbee, Mr. Lee Man-wii was so moved, and declared aloud, "Chairman Limb, it was a great achievement that you persuaded Prof. Toynbee to embrace the 'Hyo' tradition."

Unfortunately, the aged scholar passed away in 1975 before I could start a campaign to spread the "Hyo" theory abroad, as Prof. Toynbee suggested.

I am proud, however, that it was a meaningful achievement for the future of mankind, as I could persuade the great scholar to accept the greatness of our "Hyo" philosophy.

Now, the whole world has become one community. I would like to spread the "Hyo" philosophy as widely as possible so that happiness can prevail in every family in the world.

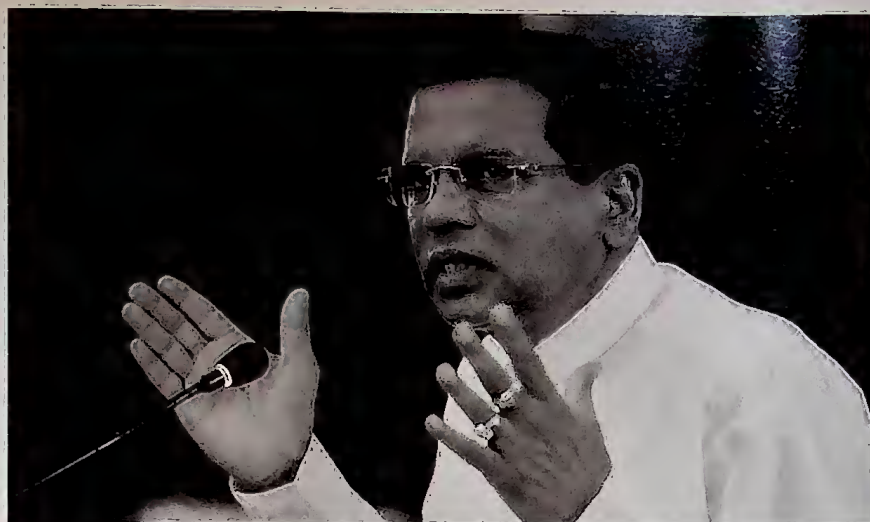


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Chairman

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President Maithripala Sirisena of the Democratic Socialist Republic of Sri Lanka is the elected head of state and head of government of Sri Lanka. The President leads the executive branch of the Sri Lankan government and is the commander-in-chief of the Sri Lankan Armed Forces. In his exclusive interview with DIPLOMACY, he said, "As much as the 21st century is the century of Asia, it is also the century of knowledge and innovation. Combined with and enriched by the long civilizational traditions of Asia, Sri Lanka looks forward to engagement in the new century with hope and enthusiasm."



Nurtured Over Decades With Free Universal Health and Education Facilities:

“Sri Lanka Probably Has Very High Human Resources In Asia and the World”

– Sri Lankan President Maithripala Sirisena Told Diplomacy –

"My vision for Sri Lanka is epitomized in the actions of this government. Sri Lanka has a major opportunity now to develop steady and consistent economic policies in areas such as health, education, and agriculture, among others," said President Maithripala Sirisena.

In an exclusive interview with Diplomacy, President Maithripala Sirisena said, "Sri Lanka probably has very high human resources in Asia and the world, nurtured over decades with free universal health and education facilities. However, further investment in human capital development is necessary, as developing a knowledge economy is crucial today to face increased global competition."

The following are excerpts from the exclusive interview. - Ed.

Question: Your Excellency President Mr. Maithripala Sirisena of the Democratic Socialist Republic of Sri Lanka, how do you view Korea-Sri Lanka relations?

Answer: Sri Lanka and Korea as two Asian countries enjoy friendly relations spanning centuries based on historical, religious and cultural links. Following the inauguration of the national unity government in Sri Lanka in 2015, there is greater focus on widening and deepening the existing friendly relations with Korea, with particular emphasis on the political and economic spheres.

Our two countries will be celebrating the 40th Anniversary of the Establishment of

Diplomatic Relations in November 2017. My government, therefore, looks forward to the elevation of relations between our two countries this year to coincide with the 40th anniversary.

In accordance with the new government's economic policy framework, which is focused on promoting investment and exports, integration in global value chains, and creating a knowledge economy, Korea is emerging as a country of prime focus with which to further expand economic ties. Sri Lanka has much to learn and benefit from cooperation in science, technology and innovation (STI) from the Republic of Korea.

A very important aspect of our bilateral cooperation is labor relations, with approximately 25,000 Sri Lankan workers engaged in the manufacturing, construction and fisheries sectors under the Employment Permit System (EPS) in Korea. The Government of Sri Lanka is deeply appreciative of the opportunities made available to Sri Lankan workers by the Korean government, whose contribution and remittances continue to make a significant impact on the economies of our two countries.

In addition, Korean ODA to Sri Lanka, defense cooperation, opportunities in higher education offered to Sri Lankan students, and cooperation in multilateral fora, including in the area of environment and climate change, comprise important aspects of the bilateral relationship.

At the popular level, Korean television dramas and increased opportunities for Sri Lankan youth to participate in the Korean labor force has brought Korea close to the hearts and minds of the people of Sri Lanka.

Q: Would you tell me the current economic conditions of Sri Lanka, and what are your major economic policies?

A: The end of the internal conflict in 2009 provided Sri Lanka with a unique opportunity to raise the living standards of its people, address regional disparities and move towards sustainable economic development. From a human security perspective, land and labor had been under-utilized in productive activities during the period of conflict, which spanned nearly three decades.

These resources could finally be utilized for productive economic activity in Sri Lanka's journey towards achieving sustainable development.

My government that was elected in 2015 has further strengthened democratic institutions in the country to increase equal opportunities for economic, social and political participation for all people. Together with Prime Minister Ranil Wickremesinghe, my government has attempted to correct the deficiencies of the earlier process by focusing on sustainable growth and development approaches within, which increased equality between regions and within income groups.

We harnessed the support of the

domestic private sector and the international community for the growth process in a transparent and a cohesive manner. We have encouraged public-private partnerships (PPP), improved relations with global and regional economic powers and have put in place an environment conducive to foreign direct investment.

Q: How do you foresee the promotion of economic relations between the Democratic Socialist Republic of Sri Lanka and the Republic of Korea, especially in what fields are you interested in inviting Korean investors?

A: The Republic of Korea is an economic success story in modern times. Since our two countries established diplomatic relations on Nov. 14, 1977, there has been a steady expansion of economic relations between the two countries. However, I feel that there are many more avenues to widen the existing economic relations.

Sri Lanka is a highly conducive location for investment opportunities in the South Asian region, offering a well-educated and skilled work force, a relatively low cost manufacturing environment and attractive incentives.

A combination of strategic location, increased investment in infrastructure, efficiency gains and a favorable regulatory environment in a context of peace and political stability has seen Sri Lanka emerge as a potential maritime hub in the Indian Ocean.

Korean businesses are invited to explore possibilities of investing in Sri Lanka, including in the sectors of manufacturing, infrastructure development, tourism, software industry, BPM/IT& education, agriculture, dairy and fisheries. Sri Lanka has identified nanotechnology as a new potential area of growth and appreciates the progress made by Korea in scientific and technological innovation. I look forward to the collaboration of Korean businesses with Sri Lankan partners in the future in the above sectors.

As Sri Lanka strives to become a regional hub for South Asia, we will expand on the existing Free Trade Agreement (FTA) with India, and we are in the process of negotiating FTAs with other major economies in Asia, including China and Singapore. I am sure Korean businesses will want to benefit from these emerging opportunities.

Q: What are your major foreign policy goals?

A: Today, we are in a globalized new world and every country in the world is important to us. There are many things we can learn from them and they can also learn from us. Openness and friendship with all will remain as the foundation of our foreign policy. My government will pay more attention towards an Asia-centric middle-path foreign policy that fosters friendship with all nations in the region and beyond.

At the same time, Sri Lanka participates actively in regional and international fora

Who Is Mr. Maithripala Sirisena?

Maithripala Sirisena is the sixth Executive President of the Democratic Socialist Republic of Sri Lanka. He is also the Chairman of the Sri Lanka Freedom Party (SLFP) and was its longest serving General-Secretary. In January 2015, he won the presidential election with a mandate to restore good governance, national reconciliation, and economic prosperity, as the common candidate of a broad alliance of political parties including the United National Party (UNP) and civil society organizations.

Maithripala Sirisena's image as a politician with an impeccable track record, untainted by either corruption or violence, despite having survived six attempted suicide-bomb attacks, helped him emerge as a leader with genuine national appeal.

Once elected President, he formed a national unity government with the participation of the two main political parties, the UNP and SLFP, and appointed the leader of the UNP, Ranil Wickremesighe as Prime Minister. Epitomizing the selfless personality of Maithripala Sirisena, he led the passing of the 19th Amendment to the Constitution that reduced the powers of the executive presidency and limited its term to five years. The same Amendment established independent commissions to strengthen democracy and the rule of law.

Known as the "Common Man's President," Maithripala Sirisena was born as the first child into a middle-class farming family from the predominantly paddy-growing district of Polonnaruwa, the people of which he would represent in Parliament since 1989. He held many ministerial portfolios, including that of agriculture and health.

Maithripala Sirisena is a determined champion of the anti-tobacco struggle. Upon seeing a local musical show being sponsored by a tobacco company, just as he

to engage and cooperate with the international community to ensure that the people in Sri Lanka benefit from such engagement, while contributing to the greater global good.

Q: What are the major challenges that you are facing in Sri Lanka today?

A: It is true that we have weathered decades of political turbulence due to the inability to agree on fundamental approaches to good government and stable relations among different community and political interest groups. But the broad coalition that we have forged with the two leading parties in Sri Lanka, the United National Party and the Sri Lanka Freedom Party, has to a large extent succeeded in creating a viable consensus on policies to address our political and economic issues.

For instance, our ruling coalition has no extreme groups. And, we have to a large extent brought greater amity and better understanding between the two main ethnic groups in the country. While our efforts are not yet complete, we have forged good links with those that have been critical of our country during the



President Maithripala Sirisena

entered leftist politics at the age of 16, the young and angered Maithri wrote in his diary in 1967, "Tobacco companies have no legitimacy to sponsor arts and lure the youth into their trap."

Ever since, his struggle would continue for decades. His commitment to fight narcotic drugs, tobacco and alcohol has been honored nationally and internationally. His tireless work in eradicating the menace of drugs and tobacco as Minister of Health was recognized by the Harvard Health Leadership Award 2013 from Harvard University as well as the World Health Organization on "World No Tobacco Day Award 2013."

This year, President Sirisena was awarded the "Excellence in Public Health Award by the WHO South-East Asia Region" for his remarkable role in public health gains.

As President, Maithripala Sirisena refused to live in the palatial President's House and continued to live at the ministerial residence with his wife, Jayanthi, who is a housewife, and three children. *

conflict period.

Our rehabilitation and reconstruction efforts carried out in a transparent manner have been commended by the international community. These efforts continue in a steady manner.

The political change that we established in 2015 is the most significant factor for our long-term growth. We are now a society where there is law and order and the rule of law prevails. Moreover, by and large, we have ushered in an era of greater democratic freedoms, particularly with the 19th Amendment to the Constitution guaranteeing individual rights, independence of the judiciary, and secured our rights with a strong Right to Information Act that was passed by Parliament unanimously.

The international community too has expressed its goodwill towards the new political regime and has continued to extend its support in numerous ways. The restoration of fisheries exports to the European Union and the restoration of the GSP+ status in Europe, the latter which is in process, are concrete examples.

Such goodwill and support towards the

Government is extended by multilateral institutions such as the IMF, the World Bank, the ADB, regional groupings such as the European Union, and countries including India and China.

The other important factor we are focusing on is reconciliation among all communities in Sri Lanka and nation building. Given the political history of the country after independence, this is no easy task. We have taken many important steps in the nation building process. It may take some time, but we are on the road to national unity. I believe that this will be the biggest contribution towards long-term economic development of our country.

Q: What is your vision for Sri Lanka in the 21st century?

A: Sri Lanka takes sustainable development very seriously, and is working to achieve a just, equitable and progressive society that works for all. It is often said that this is Asia's century. As Asia's share of the world economy increases, we are preparing Sri Lanka to play an active role in that process, while maximizing the

opportunities available to us.

My vision for Sri Lanka is epitomized in the actions of this government. Sri Lanka has a major opportunity now to develop steady and consistent economic policies in areas such as health, education, agriculture among others. This National Unity Government, which brings together the two major political parties in the country, has a unique opportunity to ensure steady growth in the 21st century.

In achieving a nation that leaves no one behind, we have identified key areas of intervention. First, the year 2017 has been declared the "Year of Poverty Alleviation," so that our focus on economic inclusivity is prioritized. Reducing real as well as relative poverty is our focus. The need to curb the economic and regional disparities has also been identified. In this context, we have identified three priority areas:

- (a) Improving human capital further to support domestic industry and service sectors in a globalized environment;
- (b) Attracting foreign direct investment (FDI) to exploit the country's comparative

advantage; and

(c) Entering into new trade agreements with other countries and regional groupings, while maximizing the benefits of existing arrangements.

Sri Lanka probably has very high human resources in Asia and the world, nurtured over decades with free universal health and education facilities. However, further investment in human capital development is necessary as developing a knowledge economy is crucial today to face increased global competition.

On the other hand, Sri Lanka is keen to become an innovation hub in the region. In the Asia Corporation Dialogue held in Thailand last year, Sri Lanka committed to lead the "Pillar of Innovation, Science and Technology," and a centre of excellence in this field will be established in Sri Lanka.

As much as the 21st century is the century of Asia, it is also the century of knowledge and innovation. Combined with and enriched by the long civilizational traditions of Asia, Sri Lanka looks forward to engagement in the new century with hope and enthusiasm. ★

The Gov't's Plan to Receive Sufficient Funds to Offset the Debts:

"Your Children Will Not Have to Pay These Debts But Can Reap The Benefits of a Dynamic, Int'l Air-Sea Hub"

- Prime Minister's Economic Statement at the House of Sri Lanka -

"Towards creating newer markets for our exports, we are also negotiating three trade agreements; ETCA with India, and two FTAs - with China and Singapore - said Sri Lanka's Prime Minister Ranil Wickremesinghe.

In his speech at the House of Sri Lanka, Prime Minister Ranil Wickremesinghe said, "These are significant developments, even as these two large economic regions struggle to maintain economic momentum in their domestic markets, which have been traditional export destinations for our businesses."

The following are excerpts from the economic statement by the Sri Lanka's Prime Minister at the House of Sri Lanka on Oct. 27, 2016. - Ed.

We can once again become the resplendent nation that we were under Manawamma and Parakramabahu. But it is a path that must be pursued with determination, commitment and patience. Only then can we create the country that we can confidently pass on to the future generations. At the time,

I made the statement last year, I affirmed that our collective economic journey requires revolutionary thinking, bold policies and initiatives that would transform Sri Lanka into a vibrant and prosperous nation.

The National Government started work on a sound footing - by increasing the actual wages of the public sector including those of general workers. This process stimulated domestic demand and addressed the imbalance in income levels, the economic legacy inherited from the previous regime.

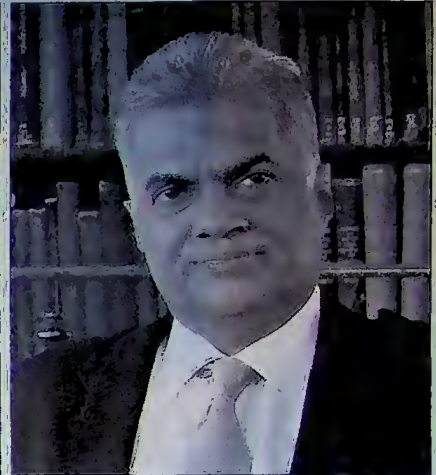
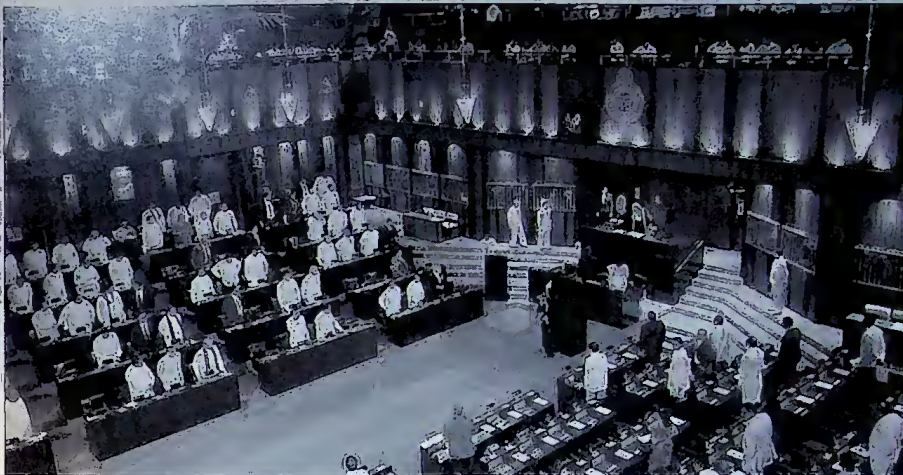
However, we acknowledge that much more needs to be done. We aim to enhance the income potential of Sri Lankans on a faster trajectory. During the last 60 years, Sri Lanka has not kept pace with the Southeast Asian nations and has been only barely ahead of our South Asian neighbors. Doubling our current level of per capita national income (US\$4000) is no magic trick - rather, it is setting in motion a planned effort to grow at a faster rate. If we continue to grow at our current rate of 5% per annum we will only double our personal income levels by 2033.

We can double our personal income levels by 2025 if we set in motion a growth rate of 7% per annum. This rate was achieved in the aftermath of the war in 2009 but the momentum brought on as a dividend of peace did not last.

In 2012, it went down below 5% per annum. Private businesses were nationalized while local and foreign investment dried up. Heavy state borrowing for economically non-viable state sponsored projects did not leave any funds for private investors to borrow from the banks.

In 2015, we have addressed the inequality in income distribution at a national level. Consequently, we have been able to uplift the income levels of low income earners and public officials. At the same time, tax levies are being imposed on affluent groups to fund higher wages and minimize government borrowing.

Along with the IMF (International Monetary Fund), the World Bank (WB) and the Asian Development Bank (ADB), lending institutions of the United States, Europe and Japan have



The Parliament of Sri Lanka is the 225-member unicameral legislature of Sri Lanka. The members of Parliament are elected by proportional representation for five-year terms, with universal suffrage. Parliament reserves the power to make all laws. It is modeled after the British Parliament. The Speaker presides over Parliament. The nation's President has the power to summon, suspend, prorogue, or terminate a legislative session and to dissolve the Parliament. (left) Prime Minister Ranil Wickremesinghe (right)

expressed their willingness to lend Sri Lanka funds at considerably low rates of interest; these funds would enhance and strengthen the economy. The last time such funds were made available was between 2001-2004, when I was the Prime Minister. Today, President Maithripala Sirisena and I have been able to successfully revive such funding sources towards assisting Sri Lanka.

For centuries, Sri Lanka's location in the heart of the Indian Ocean between Western and Eastern Asia has made us active partners of inter-regional trade. The strategic importance of Sri Lanka as an Indian Ocean hub in the realm of global logistics and commercial activities has been widely acknowledged.

In this context, the foundation for a more sustainable economic model has been laid already, enabling us to recover from the inward looking economic policies of the past. Our exports with a value of US\$11 billion are contracting while garment exports remain static at US\$5 billion per annum. The garment industry will see a revival when GSP+ returns - we have already set in motion the process towards it being obtained once again.

Agricultural exports have declined as a result of prices for tea and rubber slowing down. It must be noted that in the plantations sector, some of the companies are being run well while others not so. The government plans to restructure the regional plantations companies by infusing new capital and introducing efficient enterprises.

Our export base has remained the same for over 30 years and is dependent on a narrow export base of garments, tea, rubber, gemstones and tourism. The economy cannot experience growth based on such limited exports.

A key economic contribution in the form of remittances from the Middle East remain volatile as oil prices fall and countries like Saudi Arabia are reducing the salaries of their own citizens. This will pose a new challenge to Sri Lankans employed in the Middle East.

As the global economy struggles to recover, Sri Lanka has been able to successfully navigate amidst changing economic dynamics, maintaining a prudent domestic economic level of growth. The Government has encouraged the people living abroad and in Sri Lanka to invest in construction, which has resulted in a construction boom.

Sri Lanka is seeing a staggering growth in

tourist arrivals as our image as a safe and a friendly tourist destination is growing rapidly. In the aftermath of a decade of neglecting markets, major international airlines and hotel chains are once more entering a vibrant Sri Lankan market.

We are now ready to enter the next and the most important phase of economic activity, that of creating new and productive jobs and livelihood for the young people. The creation of one million jobs will empower the youth and enhance their standard of living.

We need to sustain a higher rate of growth for the plans to succeed, one that will result in higher exports and a greater domestic demand. Such growth will also increase state revenue. As I mentioned last year, a drop in government revenue and an increase in commercial debt to its upper limits can have a drag effect on the economic development.

Achieving a high level of growth in exports need major capital infusion and greater investments. New technological innovations, better management of data systems and up-to-date market information systems are needed to achieve better results.

I must emphasize at this juncture that we are committed to the sustainable development goals adopted by the UN General Assembly in September 2015. Our development of industry, services and agriculture will be guided by these principles. For instance, when we develop 15,000 acres of free trade zones in the South, we will undertake reforestation of unutilized lands in other parts of the country. Similarly, we are finding solutions to the overwhelming problem of solid waste disposal in our major cities. This is a hazardous situation affecting the lives of thousands of people, one left unchecked by the last government.

We are going ahead with schemes that provide safe drinking water to the communities in need of such projects around the island; we are also seeking to improve treatment of waste water. The pristine status of our natural environment remains our most precious resource and has been praised by visitors throughout the centuries.

We pledge to take utmost care to preserve our natural resources and our heritage within all our development efforts. The economic vision of the National Government will yield prosperity for all Sri Lankans. It is an economy that will share the benefits of development among all. One that will be friendly to all, beneficial to all, keeping its focus on including

sustainable development as well.

What we are hoping for is a lawful economic environment that will set the stage for sustainable development. We will incorporate a sustainable development entity that will provide the necessary framework and initiate mechanisms required. I called this the third generation of economic reforms. The first generation was introduced by President Jayewardene, the second by President Premadasa.

What is now envisioned by us here, is based on multifaceted economic linkages to global supply chains and the planned increase in trade development. Many qualified people prefer well-paying jobs that are given based on professional capabilities. It is not viable to maintain a low paying production based economy.

These developments will result in the creation of one million jobs and the expansion of the middle-class; a nation in which the farmers prosper and every child has access to education. Our end goal is prosperity for everyone. Every citizen must enjoy the benefits of living in a wealthier nation.

Sri Lanka has evolved a variety of distinct economic sectors, which are capable of further integrating the country's economy into the Global Value Chain. The digital economy, tourism and commercial agriculture are coming of age concerning their potential to offer high-value skills and remuneration to young job seekers in the country.

With the new economic orientation that will include fewer opportunities with the government and more exposure and opportunities for entrepreneurs and skilled professionals, we aim to accelerate the broad basing of opportunities in these segments - the digital economy, tourism and commercial agriculture.

The digital economy will empower our nation - through providing affordable and secure Internet connectivity to every citizen in any part of Sri Lanka, removing barriers for cross-border international trade. A platform for cashless payments will also be created. Digital technology will be included as a new subject in the school curriculum. We plan to foster entrepreneurship opportunities in digital commerce while providing training in cyber security monitoring and response.

We shall strive to attain the status of a modern manufacturing economy that will

include state-of-the-art equipment. We plan to overcome the bottleneck of being a middle-income country with low wages in our pursuit towards greater prosperity for our people.

We will establish a public commercial enterprise board by law, an organization that will manage SOEs enabling them to be more efficiently run on a commercial basis ensuring value for money. We are creating a Public Wealth Trust through which the shares in state-owned entrepreneur enterprises will be held in trust for the people.

With the passage of the microfinance legislation in Parliament early this year, rural microfinance is now a legitimate activity. Urgent measures are being undertaken to link foreign microfinance providers with local communities to promote greater credit penetration in rural areas. The Ministry has already allocated five billion Rupees for a special SME financing scheme to empower business formation and development.

A National Financial Inclusion Policy will be evolved by the Central Bank to set quantitative targets for opening of accounts, disbursement of SME loans etc. To enable this, we will be consolidating rural development banks (RDBs). Rural development banks have become the main channel for concessional lending to small and medium enterprises.

Their decentralized management structure is reinforced with the Central Bank of Sri Lanka, through its newly created regional departments. We seek to initiate a nationwide campaign to encourage banking and endow a spirit of entrepreneurship among all.

The plan to make Sri Lanka a high value destination is on the cards. It will herald in prosperity that will showcase our cultural pursuits, wild life and the environment via provinces developed as unique tourist hot spots. We believe that Sri Lanka will be one of the finest travel experiences for the global traveller.

It takes over a decade to modernize the sectors of agriculture and fisheries. We plan to establish a rural modernization board, which will include all stakeholders. Fisheries and poultry will be the first categories to be promoted for exports. The difficulties faced in the tea and rubber industry will be reviewed. The government will restructure the plantations sector to invite new capital and eliminate inefficiency.

We must understand that in order to grow out of being a poor, backward country, we need to focus on large scale FDIs and accelerate growth. Towards this direction, the Government plans to create a positive investment climate that will generate jobs.

Hurdles that stand in the way of achieving growth for business start-ups will be removed. The processes of starting a business, getting construction permits, electricity connections and bank credit, registering property, protecting minority investors, the payment of taxes, trading across borders, the enforcement of contracts, the resolution of insolvency, and regulations governing labor market will be efficient mechanisms that will facilitate business growth.

Additionally, the Government will also prepare legislations to establish a single window for investment approval. Further, we will hold discussions with the Trade Unions and relevant stakeholders. The targeted

outcome is to bring Sri Lanka within the top 70 nations of the "Doing Business Index by 2020."

We plan to build on these strengths and initiate plans for a logistical and business centre in the Indian Ocean. With this in mind, we have started developmental work on three international ports and airports, providing efficient connectivity within the region.

A new set of investment incentives based on Capital Allowances and low tax regime will be introduced; the details will be announced in the budget. We plan to repeal the Export and Import Control Act and bring in new legislation on the lines of Singapore's (a) Regulation of Imports and Exports Act and (b) Strategic Goods Control Act.

Current domestic market enterprises also have a greater role to strengthen the economy - in addition to expected direct investments of local and foreign origin. They too can add to export volume. The Government will assist them to connect to the global value chain by introducing a trade adjustment package which will include Capital Allowance for new equipment.

Concurrently, we are reviewing the growing interest of local and foreign business concerns towards solving the twin problems of low private investment and the accumulation of vast debts by the Government.

As you are aware, during the last year, President Maithripala Sirisena and I have travelled to key destinations with an objective of reviving the interest in Sri Lanka. We have met with success. During my recent visit to Brussels, the officials of the European Commission expressed their confidence that

the GSP+ trade concession would be given favorable consideration. The Japanese Prime Minister has also appointed a senior official to especially coordinate Japanese Sri Lanka Joint Comprehensive Partnership Programme.

Towards creating newer markets for our exports, we are also negotiating three trade agreements; EFTA with India, and two FTAs - with China and Singapore. These are significant developments even as these two large economic regions struggle to maintain economic momentum in their domestic markets which have been traditional export destinations for our businesses.

Most of us thought that our next generations would have to pay the debts incurred for Hambantota port and Mattala airport. Now, we have entered into a debt to equity swap. Chinese investors have made significant commitments to invest equity in the debt strapped Hambantota Port and the Mattala Airport as PPP ventures.

The Government plans to receive sufficient funds to offset these debts. You can now be assured that your children will not have to pay these debts but can reap the benefits of a dynamic, international air-sea hub.

Strong interest in utilizing these zones along with other such zones in the western province have been noted by investors from China, Korea and Japan. They plan to create an export market focused on Europe, China, Japan and the United States of America and the crescent of markets around the Indian Ocean. Between the Middle East, Iran, Afghanistan, Pakistan, India, Bangladesh, Myanmar, Thailand, Malaysia,

The Gal Vihara, also known as Gal Viharaya and originally as the Uttararama, is a rock temple of the Buddha situated in the ancient city of Polonnaruwa in North Central Province, Sri Lanka. It was fashioned in the 12th century by Parakramabahu I. The central feature of the temple is four rock relief statues of the Buddha, which have been carved into the face of a large granite rock. The images consist of a large seated figure, another smaller seated figure inside an artificial cavern, a standing figure and a reclining figure. These are considered to be some of the best examples of ancient Sinhalese sculpting and carving arts, and have made the Gal Vihara the most visited monument at Polonnaruwa.



Singapore and Indonesia there exists a fast-growing population currently of over two billion people. This combined market has the potential of three billion consumers by 2050.

Going forward, our development strategy will be aimed at capturing trading opportunities within these identified Indian Ocean markets via pursuing trade liberalization agreements with their governments. Concurrently, we are focusing on defining the two development corridors across the country - this will be a focal area for investment by the public and the private sector.

The logistical and infrastructural facilities that provide faster, secure links to the global value chain-empowering viable business ventures, will be spearheaded for the first time in Sri Lanka, in these development corridors.

The two development corridors will correspond to the two distinct halves of the country irrigated by the two monsoons. The South-Western corridor will have as its major axis the proposed Kandy-Colombo highway linked to the existing Southern highway. This region has the strongest potential to link up with global value chains, because of its close proximity to the Katunayake airport and the Colombo harbor.

This project envisages creating the Megapolis Development Authority to develop the entirety of the Western Megapolis an urban area of over 8.5 million people. A brand new financial city centre that will be based at the new reclaimed land development project alongside the Port of Colombo.

A sub-corridor that will stretch along the central highlands from Kandy via Nuwara Eliya to Badulla and linked to the Kandy-Colombo Highway. This will connect the revitalized plantations economy and modernized agricultural pursuits and will also lay emphasis on tourism and service delivery initiatives.

The second North-Eastern development corridor will connect the Eastern Province and the North Central Province to Jaffna linking the Trincomalee Port City to the Rajarata. The completion of the Moragahakanda and the Malwatu Oya reservoirs will create new vistas for the country and will result in the region gaining more land for agriculture. It will further

result in the historic cities of Polonnaruwa and Anuradhapura emerging as modern urban centres. Trincomalee will be urbanized and transformed into a world-class Port City.

Reconstruction of housing and civic infrastructure will be given highest priority within the previously war-affected areas around Jaffna, Mullaitivu and Kilinochchi.

While the priority remains economic stimulation and the improvement of individual finances, the plan also focuses on establishing a society in which every citizen has access to equal opportunities and individual rights are safeguarded - this includes the right to shelter. The Rural Housing Loan Programme, Urban Regeneration Housing Programme, Estate Housing Programme and Resettlement Programme are being implemented with focus on vulnerable groups.

Plans are underway to construct 500,000 housing facilities for the middle-class to meet the rising demand for housing in urban and suburban areas, 65,000 houses for the urban underserved population, 65,000 houses for internally-displaced people in areas previously affected by conflict, and to fulfill 65% of the estate housing requirement by 2020.

The government is committed to creating good and safe working conditions through sufficient investments and promoting entrepreneurship to create quality and high paid jobs in the country while targeting to increase the female labor force participation rate to 40% by 2020. It is also acknowledged that female-operated small and medium enterprises (SMEs) could well cater to the demands of the rising middle class, which is important to Sri Lanka now given the country's move towards an upper middle-income economy. The Act has reserved 25% of representation for women in local authorities.

A fresh policy initiative for making 13 years of education mandatory is now in place. A pilot project on providing 13 years of mandatory education will commence next year. Those who do not pursue higher education after O/Ls will be trained under an Upper Secondary Vocational Education System. We will recruit teachers and

instructors required for this purpose as well as enhance the additional number of teachers needed to fill the cadre requirements for the next three years.

Our focus will be on ensuring that there will be no teacher shortages by 2019 and ensure all schools will have complete cadre. We will bring in a law for providing separate cadre for every school. We will also commence school inspectorate to ensure that high quality levels are maintained in teaching. School boards consisting of parents, staff and past pupils will work towards maintaining high standards.

We will also commence a pilot program to provide tablet PCs to all post O/L students. Development of school infrastructure will be given to those needing to build capacity for new intake of students. A five-year program focusing on early child development (ECD) has been launched for improvement of systems and quality, to enhance the overall effectiveness and increase the enrolment of children for the ECD programs. Early childhood development is not only meant for pre-school education, but includes interrelated segments such as health, nutrition, psychological condition, child care, probation and protection which are also essential components that will be considered in the ECD.

The country's current education system, particularly the higher education system, is being recalibrated to produce graduates who will meet the skill and knowledge requirements of the corporate sector. We will ensure a culture where job-oriented skill development will take precedence over the passing of exams, while introducing more real-life vocational situations and simulations to the curriculum.

Today, what the economy needs is not more governance but to achieve a goal of prosperity that can happen via the liberation of the economy. The first generation of economic reforms introduced in 1978 set the country free from the ill effects of a closed economy. Today before us is the challenge of introducing the third generation of economic reforms. We have the potential to become

In the past, Sri Lanka has missed many opportunities to achieve truly viable economic success. We cannot let the opportunity before us slip once again. That is why we must be able to comprehend the current global conditions and make the best use of our strengths, utilizing it successfully towards emerging an economically robust nation.

All of us may have personal opinions and different political affiliations but we as a nation must be able to rise above it all, to come together to take our country forward. We have the best opportunity for that under the National Government.

We cannot hold the past accountable for not going forward into the future. There is no use in shedding tears over the wrong economic pursuits of the past. Instead, we need to focus on the path forward, on our ability to compete successfully in a dynamic global market place and carve out our niche among the prosperous nations of the world.

The future generations will depend on us for choosing the right economic path. As a nation committed to sustainable development and success, only then can Sri Lankans become the empowered citizens of an economically sound nation.*



Colombo is the commercial capital and largest city of Sri Lanka. According to the Brookings Institution, Colombo metropolitan area has a population of 5.6 million, and 752,993 in the city proper. It is the financial centre of the island and a popular tourist destination. It is located on the west coast of the island and adjacent to Sri Jayawardenepura Kotte, the legislative capital of Sri Lanka.