

SRI LANKA SET TO REVIVE AND UPGRADE FTA WITH INDIA: RANIL

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Ranil WickremesingheERANGA JAYAWARDENA

Sri Lanka will revive its Free Trade Agreement (FTA) with India and upgrade it to a “a comprehensive economic and technological partnership”, President Ranil Wickremesinghe has said, signalling Colombo’s willingness to revisit a stalled pact.

Addressing the Sri Lanka India Society on Thursday, Mr. Wickremesinghe said his government would take steps for better trade integration with India.

“We will revive and upgrade the Free Trade Agreement into a comprehensive economic and technological partnership. We started that in 2018 and 2019,” he said, referring to the Comprehensive Economic Partnership Agreement (CEPA) that was later known as the Economic and Technical Cooperation Agreement (ETCA). Both versions of the proposed deal sparked stiff resistance within Sri Lanka, as critics feared it would impact Sri Lankans’ job prospects with more competition from Indians.

“We look forward to trade integration in many areas with the RCEP [the China-led Regional Cooperation Economic Partnership], with the EU, but the cornerstone of this is to achieve trade integration with India,” Mr. Wickremesinghe noted.

The current Indo-Sri Lanka Free Trade Agreement (ISFTA) came into effect in 2000 and several rounds of bilateral discussions later, Colombo and New Delhi are yet to reach an agreement on its upgraded version. Mr. Wickremesinghe, as Prime Minister between 2015 and 2019, attempted to sign an upgraded trade pact with India, but was unsuccessful.

He reiterated that his government is looking into India’s bilateral development cooperation projects in Sri Lanka and set up an international trade office for negotiations. The “slow” pace of the projects has remained a concern for New Delhi.

Focus on energy

Speaking of areas with potential for bilateral cooperation, Mr. Wickremesinghe referred to the “long-term energy solution”, the power grid connection between India and Sri Lanka, offshore wind energy, the solar power plant at Sampur and the renewable energy projects on three islands of Jaffna Peninsula. “We have a tremendous scope of potential renewable energy, and India has stepped in first,” he said. Citing the Trincomalee Oil Tank Farm project, being developed with Indian assistance, as having “big potential”, he said Sri Lanka would further develop itself as a logistics hub. “Together with India, Adani Group has already taken over part of the West terminal [at the Colombo Port,” he said, underscoring the scope for private investment both ways.

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