

Natural Partners



The relationship between Sri Lanka and Germany has been a long standing one. Dating back to antiquity, Germany has been a partner in the country's history providing support in many spheres. Trademarks of Germany has been its massive input to vocational training and construction of the Rantambe and Randenigala dams, which signified the generation of power in the country. This is to name but a few. While focusing on the software as opposed to hardware, Germany today continues to strengthen private partnership projects while investment and the number of German companies-many whom are already established in the country-will continue to grow. Dr Juergen Morhard, Ambassador of the Federal Republic of Germany to Sri Lanka, spoke of how the two countries are natural partners in the journey forward.

By Udeshi Amarasinghe Photography Mahesh Bandara and Indika De Silva

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Sri Lanka and Germany have a very strong relationship that goes far back, can you elaborate on how this relationship has grown over the years?
The friendship between our two countries can be traced back to centuries where German anthropologists and philosophers came to Sri Lanka to study Buddhism, translate the country's major spiritual works as well as biologists who visited the country to study biodiversity. The German Embassy in Sri Lanka had an exhibition at the Berlin Museum showcasing diaries and sketches from 1845 when a Prussian Prince named Waldemar von Preußen had visited Sri Lanka. Then the famous German writer Hermann Hesse wrote the novel 'Siddhartha', which has influenced the thinking of the younger generation and brought the spirit of the South Asian region to Germany. People have mistakenly thought that these influences were from India, but most of them have been from Sri Lanka. Our diplomatic relations have been established in 1871 where during colonial times our Emperor had sent a governor and not an ambassador to Sri Lanka. Though we try to narrow our relationship today to post-Independence in the case of Sri Lanka, and post-war period in the case of Germany, I believe that categorisation is artificial as the two countries have had strong ties for centuries.

Since 2011, Sri Lanka Does Not Fall Into The Category For Development Aid From Germany, Which Is A Good Thing Because It Shows That The Per Capita Income Has

Increased.
Cooperation with large scale infrastructure projects began in an era when economic development aid was implemented in the post-war, post-Independence period. Germany was developing with economic strength and we renewed our already existing partnership with Sri Lanka as well. In the 1960s, Sri Lanka qualified as a core partner for economic cooperation projects. Trademarks that we have left behind are the dam projects-Randenigala and Rantambe-because these were built at a time when they made a huge impact. These dams influenced the infrastructure when it came to electricity generation. With Sri Lanka's own successful economic development and the global changes after the fall of the iron curtain, Germany started to diversify its cooperation into other countries as well, especially in the European neighbourhood. We redirected our development aid policies again, during the course of time, and since 2011, Sri Lanka does not fall into the category for development aid from Germany, which is a good thing because it shows that the per capita income has increased.

At the time when Germany was providing large scale development assistance to Sri Lanka, none of your neighbours were being partners to you as today. China and Japan were only providing assistance in a limited manner. Today the strong economic countries in all parts of the world share the responsibilities of economic cooperation. It is fortunate that Sri Lanka now has immediate neighbours who have very strong success stories and are able to cooperate with the country on major infrastructure projects.

Since 2011, we have readjusted our development assistance because Sri Lanka is not classified as a least developing country any more. We have refined our development aid concept and today it is more on how we can help Sri Lanka to overcome the legacy of the internal conflict. We are focusing on conflict prevention, peace building and reconciliation and are staying engaged in a different manner. We are strong with our projects in the North and East of the country. We are not as visible as we were before because more than visible infrastructure projects, we are now working with and within the administration.

We are currently working with the Ministry of Social Cohesion and National Languages to develop a national cohesion plan and to focus on ways to resolve local conflicts in the North and East. We have been very strong in the Jaffna Peninsula,

even before the end of the war in supporting the improvement of efficiency of the administration through capacity building. The main project for us is vocational training in the North.

We Usually Speak Only About The Relationships And Cooperations Between Governments, But What Characterises The Relationship Between Germany And Sri Lanka Are The Human Bonds,That Is The Bonds Between Private Persons.
More than anything Germany is well known for German Tech in Moratuwa. There are many who come and ask me whether I know the principal, director, trainers or former staff at the institute. It is because this institute has made a big impact in terms of skills development as it fulfilled the technical need to maintain the railways, automobile services and other such activities. Every year hundreds of students pass out from German Tech. We are trying to repeat this success story in vocational training, jointly, with the government in the North. The main training centre will be in Kilinochchi. We will not have German trainers any more, but we will develop the curricula and train the trainers. We will also support the construction of a new school building. Economic development can only succeed with skilled and well trained personnel. Moreover, we are currently discussing a new venture of vocational training in the field of tourism.

We usually speak only about the relationships and cooperations between governments, but what characterises the relationship between Germany and Sri Lanka are the human bonds, that is the bonds between private persons. On the website, Germany Helping Hands, we have 480 registered private partnership projects. These are private persons who do their own development projects in Sri Lanka without any help from any government. They come to the country because in most instances they have some contact with persons in civil society in Sri Lanka.

Most of the projects have been there for more than ten years where many were started in the aftermath of tsunami, but there are those that have been in Sri Lanka for a much longer period of time.

I recently met a lady who has come to Sri Lanka for the 100th time and inquired from me whether any assistance was needed due to the drought in the North. This type of bonds are very strong and unique and I as an ambassador try to do my utmost to honour both sides of these partnerships and I am very proud that we

have such an excellent relationship on a civil society level.

Germany Is The Third Largest Export Market For Sri Lanka And The Second Largest In Europe Besides The UK, Which Always Plays A Different Role Because Of The Historically Closer Bonds Between The Countries. What Is Remarkable Is That Sri Lanka Enjoys A Trade Surplus With Germany.

What about trade between the two countries?
Germany is the third largest export market for Sri Lanka and the second largest in Europe besides the UK, which always plays a different role because of the historically closer bonds between the countries. What is remarkable is that Sri Lanka enjoys a trade surplus with Germany. People do not expect this. Germany is well known as an exporter, and it is not that we are drowning markets with German cars or other export products only. No, we are also a very open market for imports. Our exports are sustained and only possible because of imports. If you look at our export industry not everything is done from scratch in Germany, but mostly depends on imports from somewhere else. This aspect is not well understood.

I have visited many places in Sri Lanka and I am actually surprised how much value addition can be done to local products. Take the coconut for instance. There are products ranging from activated carbon for filtering systems and fibres for car seats beside the coconut milk and meat. I have great respect for the coconut as well as Sri Lankan technology and innovation, because the coconut is not unique to Sri Lanka. It is just amazing how Sri Lankan companies utilise every element of this crop and have found ways to market it. Then, take rubber related products, which can have high value addition as well. I have seen the rubber gloves already originally packed for immediate sale in German supermarkets.

We have a stable annual bilateral trade volume of USD 900 million per year with a steady growth growing over the years. I was very surprised to see that some of the neighbouring countries in Asia are strongly integrated into the Sri Lanka’s economy as Germany.

There are many top German brands in Sri Lanka. For German businesses in Sri Lanka, it is not only the sales of well-known brands-the visible consumer products

that are important. German companies are more successful with not so visible technology products and machineries, such as pumps, turbines, engines in ships and many more industrial applications and equipment.

We are the number one with 95 percent market share in the premium car market. We are also the number one contributor to the field of vocational training, and number two when it comes to the import of machinery and mechanical appliances with a ten percent market share. We are number three by inbound tourist arrivals and I am confident that we are going to hit the 100,000 mark this year.

Then of course we account for USD 1.2 billion in German bilateral loans and grants since 1966 and USD 75 million in German foreign direct investments since 2005.

As we celebrated 60 years of diplomatic relations with Sri Lanka last year, we could look back to more than 50 years of vocational training through GIZ and almost 60 years of language training by the Goethe Institute. As such I dare to say, we have a strong presence in Sri Lanka.

As We Have The Technology And Experience, Germany Is Already A Traditional Trading Partner To Sri Lanka. And This Is A Reason Why Sri Lankan Companies Have Also Turned To Germany.

Will Germany be looking at partnering with Sri Lanka in the renewable energy sector?

Taking a look at the German economy, we have turned around our economy to a more sustainable energy nation. We are phasing out nuclear energy and have been on a path of developing renewable energy for more than 20 years. Supporting the renewable energy sector was a good opportunity to restart the economy in former East Germany. However, we are not only promoting and supporting new ways of generating energy, but also encouraging our industries on how to save energy in their consumption as well as with their products. As such, more efficient motors inside vacuum cleaners and washing machines have been introduced. Less energy consuming fridges are also on the market in Sri Lanka and there are many more energy efficient appliances that will be introduced.

Of course as we have the technology and experience, Germany is already a traditional trading partner to Sri Lanka. And this is a reason why Sri Lankan companies have also turned to Germany. Sri Lanka's neighbours such as India and China are also becoming very strong on renewable technologies as they too have seen the need. Not all renewable hardware might come from Germany, but German companies will remain strong on the relevant engineering expertise. We invited Sri Lankan companies to the State of Bavaria to see what is available as technologies and we also conducted a two day seminar on renewable energy in the beginning of September in Colombo-both these initiatives were very successful. Smart grid technologies have become more important and very crucial in this context.

Another aspect, which is very important but usually forgotten, is legislation. Usually when it comes to renewable energy, technical solutions and finance might be available but what is lacking is the political will and the decision making ability. Sri Lanka has the political will but needs to look at ways in which proper legislation could be drafted and implemented in this area. This is something where Germany can assist.

Germany is a traditional location for trade fairs and we have some of the most important trade fairs when it comes to renewable energy. Exploring technologies and opportunities might justify a visit.

Can you elaborate on the German tourist market in Sri Lanka?
Traditionally the German market has been a very important tourism market in Sri Lanka. Of course the numbers dropped during the last years of the conflict, but since 2009 tourism is steadily growing. We will not be able to compete with the large number of Chinese that might come, but what is important is to see is what kind of a tourist market Sri Lanka has and what the country has to offer. Sri Lanka is not the cheap "all inclusive" holiday destination. Most of the German tourists who come here are those who know Sri Lanka already and are coming back.

The German Tourists Who Come To Sri Lanka Are Not Those Who Come On Tour Packages. They Come Here To Explore The Country And Meet People
The country is well established in Ayurveda and beaches, but there is a strong competition for that in other regions. Sri Lanka is well known for its cultural and historical sites, where some were not accessible until now and as such have to be

marketed properly. Many people really do not know yet what is offered in the cultural triangle. The German tourists who come to Sri Lanka are not those who come on tour packages. They come here to explore the country and meet people. Our tourist enjoy visiting local restaurants and going out on their own. We can see that development in Negombo and in many other places around the country. They can feel safe. And then, I am saying this from our own experiences, Sri Lankans are nice and welcoming people and are easy to communicate with. This explains why we Germans have started so many private projects in Sri Lanka. The hospitality, friendliness and generosity of the people of this country are truly amazing. Sri Lanka is such a diverse country with beaches, mountains, tea, wildlife and heritage- all within a small area. It is this mixture of factors, which make this destination really unique.

Now, there are good roads and infrastructure, trains and bus services running to Jaffna and one could always hire a car to go anywhere. One of our favourite places is the northern island Delft, which is an untouched and not yet touristy area. The East coast is a hidden gem for all the young surfers and my sons. This is a place where individuals travel to and the trend that I see is that people who can afford will prefer individual travelling. They may not all come and stay at five star and seven star properties, but they will go around visiting places, dine out at restaurants and enjoy themselves and look for decent places to stay.

In Sri Lanka we find a few organisations that promote German culture. Can you tell us about the activities done so far and how this has helped to promote the relationship between the two countries?

The foremost is the Germancultural institute, the Goethe Institute, which has been in Sri Lanka for 60 years. More than 1,000 Sri Lankans are studying their German courses every year. We have four Sri Lankan schools that offer German as a subject, and they are incorporated into the official support programme. The latest newcomer to the programme is St Patrick’s College in Jaffna. They offer German language studies and that means we are also reaching the younger generation in the North as well.

Then the Institute of course offers a much extensive programme. We do not want to promote the old clichés, but we want to show the young and contemporary Germany. We want to show what daily life in Germany is like and as such the

Institute has its own film festivals, theatre, and music shows. These are not the usual German classical music genre only and I am very grateful to the director of the Goethe Institute because he is really looking at the younger generation to showcase young life in Germany.

The Goethe Institute is an open house and they offer a platform for young Sri Lankans, musicians and artists to come and showcase their talents. We try to promote giving priority to all those who have links to or a strong interest in Germany.

We are now looking at including the North and East in the cultural activities because we want to reach out to the entire country. Due to known circumstances, we were restricted to Colombo. However, now we have events in Galle, the East and North. The Goethe Institute and the Embassy jointly supported the Art Biennale and Colomboscope together with other European partners.

Will we see greater investment coming from Germany to Sri Lanka?
There are many German consumer brands in Sri Lanka; this is of course due to the rising lifestyle standards. We see new German kitchen appliances, kitchen designs and furniture. Then even a German rental car company came into Sri Lanka. Deutsche Bank and other well know global companies from Germany are operating in Sri Lanka. We are also engaging in service industries. This means not only banking, but also insurance and logistics. We have more than half a dozen logistic companies in Sri Lanka, not many know that DHL is German. We have all major car companies here. German machineries and tools have been represented here for decades. Most companies have been well established in the market with Sri Lankan partners.

Today attracting foreign investment is a beauty contest as many countries are competing for foreign investments. The idea of investing in infrastructure and developing Sri Lanka in line with a hub concept is brilliant. However, now that the house has been built we have to fill it with life. There is so much more that the government can do, but the future success is also dependent on the general business climate in Asia.

There Are Many Companies That Are Interested And It Is Only Now That People Are Beginning To Understand The Huge Potential Of The Infrastructure That Has Been Developed So Far. It Is Brilliant To Have A Harbor, A Maritime Logistics Center That Is Linked With An Aviation Hub.

I am very much convinced that due to the demographics and the economic development in the region, the economic power house of the world will gradually shift to Asia for many years to come. As such, Sri Lanka is geographically on the right side of the world.

The question is how to integrate? Sri Lanka needs a comparative advantage to its neighbours as the domestic market is very small, it is a 22 million population only. This 22 million market is not evenly developed, it does not have the same level of income and entering the domestic market with other than niche products will not be easy. On the other hand, the hub concept is attractive, but the question is “hub to where?”. As such, Sri Lanka needs to look at how the neighbouring countries are developing and look at ways of better integrating economically to the region. Europe is negotiating a free trade agreement with ASEAN countries and is considering an FTA with India, which is on hold for the moment. It is time for Sri Lankan policymakers to open trade gates with the region to make the hub attractive and workable.

To become attractive, Sri Lanka will also have to focus more on strengthening its economic, banking and financial institutions. Then, hassle free flow of goods, easy handling at ports, judiciary, rule of law, anti-corruption regimes and consistency of policies-it is in these areas that you are competing with others. However, I feel that the basic idea is right, but the hub concept to my understanding has not been spelt out clearly. If any businessman goes to Hong Kong and say that they want to invest in China, the people in Hong Kong will convince them to stay there and offer their partnership and guidance. That is what Sri Lanka can do too, being a diving board to India, as Sri Lanka is already a transshipment point and can offer more value adding easily.

There are many companies that are interested and it is only now that people are beginning to understand the huge potential of the infrastructure that has been

developed so far. It is brilliant to have a harbour, a maritime logistics centre that is linked with an aviation hub. There might be a huge potential in that idea in the time to come.

We might see garment manufacturing shifting back to Sri Lanka from other locations because it is becoming more important not only to have high quality labour, but also environmental protection and labour standards, which are stringently followed in Sri Lanka.

Another aspect is that many countries that are already based in China and producing for that market are looking to move out as the labour costs are rising in China. They want to base their manufacturing in another country and re-export to China. This is a very good opportunity for investors to come to Sri Lanka, because you might have an FTA with China. The workforce in Sri Lanka is educated and well trained, which is a major plus point.

I already mentioned that Germany is engaged in vocational training in Sri Lanka, but we also welcome more students from the country to study in Germany. It is not well known that we have undergraduate and graduate programmes in English. Due to the demographic change in Germany and our interest to remain at the high-end of technology development, we are looking forward to employing skilled engineers and experts from around the world.

It is interesting to note that the number one best performing foreign student on a scholarship programme in Germany in 2013 was a Sri Lankan.

Germany Has Recognised That There Is A Global Shift In Terms Of Economic And Political Power. Today, German Policy Is To Be A Partner In All Regions In The Political, Economic, Social And Cultural Spheres.

What can we expect in terms of Sri Lanka-Germany relationship in the future?

Germany has recognised that there is a global shift in terms of economic and political power. Today, German policy is to be a partner in all regions in the political,

economic, social and cultural spheres. In Asia we are even more politically active as Europeans; the EU is partner to Asian political organisations such as ASEAN and SAARC. Europe and Germany want to be active partners in this existing political framework.

German business interest is global. That is why German companies are looking for opportunities for trade and ways to invest in economically growing regions.

Sri Lanka still has a small industrial sector; but you see China manufacturing more German cars, than Germany. Then the headquarters of one of our global players in the health sector is in Singapore and not in Germany. Many sectors are moving out. We are firm believers in the free global markets and we are not pushing businesses or trying to make a strong government push, we leave it all to market forces. It is not the German government, but more self-help by the German companies themselves through their own network in the Chambers of Commerce providing support. The Indo-German Chamber of Commerce is opening a Sri Lankan desk as we do not have a chamber here yet. And we are going to intensify this cooperation.

Then, I am convinced that Sri Lanka will become an even more preferred destination for German tourists. And of course, this Embassy as well as my colleagues at the Sri Lankan Embassy in Berlin and in the Sri Lankan Consulate in Frankfurt will continue to do our utmost to further enhance the relations between the two countries.

It is the 25th anniversary of the fall of the Berlin Wall, can you tell us about the significance of this event?

It has been a very important event, which changed the course of history, not only in Germany but within the global context as well. Nothing that happened leading to the fall of the Berlin Wall would have been possible without the historical developments in the former Soviet Union.

Mr Gorbachev saw that the Soviet Union model was not sustainable. He changed the society, he loosened the grip on the former eastern bloc and this led to a situation where all these countries could articulate more openly about themselves.

At the very end, the fall of the Berlin Wall was a peaceful revolution. But it was building up very slowly with changes in the global context.

It was also the cry of freedom in Poland and Hungary that enabled the fall of the Berlin Wall. Many Germans living in the East tried to leave, they could not travel, and there was no freedom of movement. They would travel via Hungary to Austria in 1989. There was enormous pressure building up inside East Germany during the course of the year, although no one foresaw the wall coming down. But the mass demonstrations reached a climax on November 9, 25 years ago and the East German government finally declared that the gates inside Berlin will be open and the people were free to travel.

We felt such euphoria because it had been a sad part of our history, being separate countries after the war. The removal of the wall not only opened East Germany to West Germany and vice versa, but it essentially opened up the east and the west of Europe-opened the iron curtain. I myself could not imagine that we would be reunited again. I was born after the war and did not know the situation of the country before that. Bonn was a small nice capital. For me and my generation, there was the wall, the iron curtain wall, and I did not know clearly the realities behind it. This was really a miracle in history.

I remember my first contact with people from Georgia, I was surprised about how European they were, same for people I made friends with from the East and Russia. Because I was behind the wall, in the West, all my youth.

It was amazing for me to meet “new European” people with the same values and culture. I know that there are many divergent views on tourist flows, but I am happy that so many Russians and Chinese can visit Sri Lanka today. There was a time that people were not able to travel due to political reasons, though they may have had the financial capacity to do so. It is fantastic how it is today.

There are similarities between Sri Lanka and Germany, and there is much that this country can learn from our experience. You have to reconcile. We had a similar task of welcoming and integrating former East Germany. And many people in former

East Germany were concerned about their past; they wanted legal justice for wrong doings and injustices they experienced in their lives. We used a very transparent process at the time. All official files were opened and anyone could use the German legal system to address their grievances. However, the perpetrators too enjoyed the protection of the legal system. As such everyone was able to rely on the protection of the legal process and a fair trial.

Sri Lanka Needs To Understand That Economic Development Takes Time…There Are Those Who Are Very Impatient In Sri Lanka And What I Tell Them Is That They Have To Wait.

As in the states of former East Germany, Sri Lanka needs to understand that economic development takes time. During the first few months when the wall came down, many young, motivated and well educated immediately left former East Germany because the economy crashed. In Sri Lanka too in the former conflict areas economic activity is not very high due to various reasons. But economic opportunities will slowly come.

It was the same in East Germany, where re-development began with large scale infrastructure projects with roads, public buildings and city rehabilitation. What really helped us was investing in educational institutions. That is schools, universities and research facilities.

Then the “market forces” came into play and the young people had a choice and could decide where they wanted to study. The modern state of the art facilities attracted more students, academics and researchers. And the young people started returning to the country to make use of these opportunities. Their presence resulted in a spillover effect benefitting the local communities. There are those who are very impatient in Sri Lanka and what I tell them is that they have to wait. You need good infrastructure and education centres and that is why we support vocational training in Kilinochchi. It is for the next young generation.

Final thoughts?
I regret that I am already in my third year and I might have to leave for a new posting next year. My family and I have been extremely happy here as we are in a

country where we are warmly welcomed wherever we go.

Development is happening at a large scale and if we take Colombo, it is a vibrant city. It is clean and further infrastructure work is being done. The city is getting green and I like that priority is given to pedestrians. Even the work that is being done to rehabilitate and improve structures in low income settlement housing schemes, I consider it as a good
initiative. Of course, property issues and the due legal process have to be respected.

Colombo Is A Vibrant City… Things Are Not Just Built For The Sake Of Being There, No, The New Infrastructure Is Accepted And There Is A Demand For It.

Three years ago when I came to this country, I asked a person where I could go out to, they would name a few hotels. But today not only are there more hotels, but many more restaurants, bars, clubs and lounges to go. The city is becoming more vibrant. I like to walk and before there were no places to walk as the pavements were almost non-existent. Now I can walk conveniently all the way up to the Racecourse and Independence Square. Then there is Marine Drive improving as well. There are new plants and the ocean view is just beautiful.

The roads and expressways that have been developed to bring the airport closer to the city have been mostly overdue. What people also appreciate as well as at times take for granted is that the system for garbage collection is working in most of the towns and urban areas. We see massive pipe structures being laid in Colombo and suburbs for electricity cables, telephones as well as sewage, which is a massive but necessary investment. There are people asking who is going to walk, but it is my impression that there are more people walking now beside myself. The walking tracks and development that has been done at Independence Square, Diyawanna and the area surrounding the Parliament, Waters Edge and Victoria Park, have been accepted by the people. These places are always full of people. Even at 10.30 in the night in Sri Jayawardenepura you will find people jogging near the lake. What is important too is that it is safe in the city to do so. Things are not just built for the sake of being there, no, the new infrastructure is accepted and there is a demand for it. There was a time that people could enjoy the ocean front only at Galle Face

and the Galle Face Hotel. But not today, there are many new cafes, restaurants and hotels on the Marine Drive with a good view of the ocean. And it will get even better.

Sri Lanka is doing well and Germany will always be a partner to this country, and my family and I will keep Sri Lanka and Sri Lankans always close to our hearts.






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