

One Sri Lanka



BUSINESS
TODAY
the magazine of the corporate world

The annual convention of Viyathmaga on the theme ‘An Interlectually Inspired Sri Lanka’, focused on building a roadmap for the country so that it is positioned strategically to be an active participant of the rising Asian economy in the global context by 2030.

The Need for an Actionable Vision for Sri Lanka

Gotabaya Rajapaksa, Chairman Viyathmaga and Former Secretary of Defence and Urban Development

As shown by multinational professional organisations, the economy of China will be twice as large as the economy of the US by 2030. The Indian economy will be at the third position, at number four Japan and Indonesia will be at number five. Once China, India, Japan and Indonesia become the first, third, fourth and fifth largest economies in the world, the centre of the global economy will be the Indo-Asian region. Is Sri Lanka ready for this global economic change?

Through the Viyathmaga organisation we are attempting to ensure that professionals, researchers, artistes and entrepreneurs of this country recognise their responsibilities and the tasks they need to perform to take our country towards the goals we wish to achieve by 2030. Economic growth or development is the priority of our country. Without development or economic growth, it is impossible to do anything. Economic growth is the solution to all questions. The foundation of our country should be economic growth. Economic growth is the stepping stone. We should change the current economic model and framework. In order to build an efficient and productive economy, we need to formulate an economic development framework.

Before presenting my views, I would like to say that we would be able to enable economic growth through a socialist market economy, while also preserving our sovereignty, and culture. This has been an example set for us by other Asian countries. What is important is that on the instances that we open the country, it

should be done in a manner that our sovereignty and culture are not destroyed. We cannot distance ourselves from the world and achieve the economic growth we require. It will be necessary to open the country to the world as well. We will need to restructure the current economic system. In a similar manner the relevant policies too will need to change accordingly.

We Require A National Economy That Can Be Categorised As Skilled-Labour Intensive And Labour Intensive. Through A Skilled-Labour Intensive Economy There Will Be Economic Growth, Development And Prosperity.

If we hesitate or delay to change the traditional economic model, then the opportunities that we have will fade away. The 'Window of Opportunity' will not be open to us always. The economic problems will worsen. Our products and exports are traditional as well as in most instances utilise limited technology. Hence, the manufacture of products with quality through the use of high technology occurs less in Sri Lanka. Furthermore, high value added products are less.

Therefore, it is essential to develop these areas under a new economic framework. Simply said we require a national economy that can be categorised as skilled-labour intensive and labour intensive. Through a skilled-labour intensive economy there will be economic growth, development and prosperity. We know that from 2005 – 2010, the Per Capita Income increased rapidly, resulting in Sri Lanka's present Per Capita Income being 4,000 USD. With a labour force that hopes for a higher standard of living, the benefits of our labour intensive industries are reducing. Therefore, we need an economy that is knowledge intensive and skilled-labour intensive. Through knowledge-based exports, we can increase foreign exchange in the country.

Likewise, knowledge-based exports converge throughout the economy. Today, the global economy is migrating where science and technology is advancing at a rapid pace. Robotics, artificial intelligence, big data, biotechnology and Internet of Things (IoT) as well as internet based business are the hot topics in the global corporate world. Therefore, we too should progress forward, developing with global trends. For this, we need to create a system of industries aligned with new technology. We

need to especially create strategic industries. Our culture is linked with agriculture. As such we cannot distance ourselves from this sector. We must modernise and enhance the agricultural sector with new technology. As such, we can then increase the income of the sector. In addition, it is suitable that we work towards becoming a new and technological innovator. The services industry, hospitality sector, tourism sector, medical tourism, information technology industry and international education sector are among the industries that we can develop. We must improve industries connected with web based technology. Science and technology research must be developed. Thereby, we can create a digital and smart society.

Although we conduct research, if we do not translate this to products and commercialise the resultant innovations there will be no benefit for the country. Therefore, organisations, universities as well as research institutes must together enable the commercialisation of technological advancement. Small and Medium Scale Enterprises should be encouraged by the Government to produce new innovations. Innovation must be encouraged and it will be the engine of the new model.

As we transform our economy in line with the global economy, certain changes will be required. Therefore, the efficient management of state resources is essential. If we do not revoke the regulations and policies that hinder the development of the country, we will not be able to bring about the required transformation. In addition, the growth of private companies should be assisted, encouraged and they should be guided. We must make changes in the corporate sector. Administrative monopolies should be removed and the creation of monopolies in the market should be avoided. Therefore, the policies required to strengthen investment must be created and implemented. After all, we are always talking about the need for more domestic and foreign investment in the country.

We must protect our local investors and industries, and provide safety nets. In order to attract foreign investment, we must encourage and protect the legitimate rights of foreign investors. The Free Trade Zone was established in Sri Lanka a long time ago, however due to the mismanagement of the zones and because it was not transformed at the right time, a bad impression was created and opportunities were lost. Other developing nations are seeing a rapid growth in their Free Trade Zones. We must modernize our Free Trade Zones. We know that Sri Lanka has a unique

and important geographical position. Free Trade Zones near harbours must be created and developed. To compete in the global market, we must have industries that manufacture high quality exports in line with technology and for this we must increase our volume and capacity to export. In our country presently the capacity of factories is less. Hence, investment in this regard is important, both in terms of domestic investment and FDIs. Investment is an important element of the economy, while it also helps to expand the economy. However, there are certain factors that we must be conscious of in terms of managing investments.

An Economy Is Not Created Based On Principles And Guidelines, It Is Created By The People Who Respect And Work In Line With These Principles And Guidelines... It Is Based On The People Who Commute By Bus Or Foot To Either Farms, Factories And Offices, And Work Hard For Over Eight Hours.

All investments must be productive, or else if the loans that we obtain for the investments in development cannot be repaid, it will lead to a balance of payment crisis. We must also invest in infrastructure. However, we must remember that the return on infrastructure investment will take some time. In addition, fair profits must be received from investment. The Government should not make investments without a thorough analysis of the market. The state enterprises that are developed with Government investments must be profitable enterprises.

The efficient management of state enterprises will result in profit for the country. The constant year on year inefficient management of state institutions result in losses, which affect state resources as well as the growth of the economy. The employees of the state sector must be paid a fair wage. However, to pay a fair wage, we must earn a profit from these state institutions. For a developing country such as ourselves, the acceleration of economic growth is only possible through the inclusion of technologically savvy people to the economy. This can only be possible through the increased focus on the development and modernisation of education.

It is through a developed education system that we will be able to add technologically fluent and innovative people to society and the economy. Without an increase in the numbers of those educated in technology it will not be possible to

see a growth in the economy. In addition, with good education system, it is extremely important that we increase the number of researchers and innovators in the country. Furthermore it is important to produce qualified engineers and technicians who would develop manufacturing processes and products. Through a good education system, product developers and technological managers should be nurtured for industries. Engineers, technicians, administrators and skilled labourers must be continuously nurtured through a sound education system. For economic stability and continuous growth, education is of great importance.

In today's society, the requirements for a good standard of living for Sri Lankans have expanded. Therefore, in addition to material and cultural needs, Sri Lankans also require socialist and democratic development. Calls for the need for equity and equality for all ethnicities, respect the value of every Sri Lankan, respect the rule of law and the justice system, fairness, equal protection as well as the request from the youth for a good environment are greater today.

Economic rehabilitation and governing according to the law must go hand in hand. To create complete autonomy of the rule of law, the implementation of the law must be carried out. Courts must be allowed to carry out justice. While everyone and all organisations must honour the Constitution, everyone must work within their constitutional rights. No one has the right to go above the Constitution and Law. Another obstacle to economic growth is the corruption within the political and state sector. We must make the decision to ensure that all stakeholders of the country move away from corruption. Consequently, it is important that politicians and public servants of a higher standard be developed in the country.

In conclusion, an economy is not created based on principles and guidelines, it is created by the people who respect and work in line with these principles and guidelines. Likewise, an economy is not built on the flow of capital, but on the people who invest the capital in a prudent manner. Investors are not nurtured by economic advisors or product and export data, but rather based on the people who commute by bus or foot to either farms, factories and offices, and work hard for over eight hours.

Sri Lanka's Geo-Politics and National Security in 2030: Continuity or

Change?

Prof Rohan Gunaratna

What a great audience. This audience produced the fifth executive president of Sri Lanka and I believe this audience will also produce the seventh executive president of Sri Lanka. Sri Lanka was more prosperous than Japan and Hong Kong in the 1950s. Sri Lanka was more prosperous than South Korea, Malaysia and Singapore in the 1960s. Sri Lanka was more prosperous than Taiwan in the 1970s. But what happened? The very foundation of social stability and of economic growth and prosperity is dependent on security. Unless we build a stable nation, a nation where there is stability and harmony, then we cannot move from the third world to the first world. Many countries that were not so as prosperous as Sri Lanka have surpassed Sri Lanka, because the stability and security of this nation could not be maintained, because geopolitically we made some blunders. And I thought, I should speak very frankly and very openly of those mistakes.

I served as a Research Assistant to President J R Jayewardene. At the time, I had very unique insights into what went wrong. The rule before President J R Jayewardene, by Prime Minister Sirimavo Bandaranaike, she shifted towards alliances, friendship and associations with the East, such as Marshal Tito, links with the Soviet Union and forming a very close relationship with Mrs Gandhi. And then President J R Jayewardene moved very close to the United States.

Why Not Sri Lanka Be A Neutral State Where All Powers Can Work With Sri Lanka? Why Not We Build Sri Lanka's Profile On The Basis That Constitutionally We Say That We Are A Neutral State.

I recall on a visit to India, I met the Founder/Head of India's Foreign Intelligence Service – the Research and Analysis Wing, R N Kao. Mr Kao told me, very frankly, he said India was within the Soviet sphere of influence and that Sri Lanka had stepped out of the Non Aligned orbit and was within the American sphere of influence. He mentioned Trincomalee, the Trincomalee oil tank farms and that Indians feared there was an American build up within Sri Lanka. There was a Voice of America station, and that Indians feared the VOA was spying in to what was happening in India. In fact, in one of the last meetings I had with President J R Jayewardene, he

said that Mrs Gandhi at one point told him, there was an Israeli infraction in Sri Lanka, and to get rid of it. President J R Jayewardene had said, Madam, but you have similar Israeli presence in Bombay, or Mumbai now. She said that is because I have a Jewish community, a large community and I cannot do that. So I want to say that in many ways the Indo-Sri Lankan relations created huge tension. All of us know that after the riots of July 1983, India armed, trained and financed more than 20,000 terrorists. They were all based in Tamil Nadu. The first batch of Tamil Tigers were trained in Uttar Pradesh in 'Establishment 22', north of Chakrata in Dehradun and the second batch was trained in Himachal Pradesh and eight other batches including the woman who killed Rajiv Gandhi, Dhanu, her real name is Thenmozhi Rajaratnam, she was trained in the seventh batch from the training that was conducted in India. For 30 years, Sri Lanka suffered as a result of conflict and it was a huge challenge and a huge miracle that Sri Lanka could achieve peace. Because it fought not just a terrorist group, but a highly capable force, it was very much like going to war in another country and we must not forget that.

We got our geopolitics wrong. What is the solution for this? In the next ten years this region is going to be a region of great competition, of rivalry and of challenge. Already, we have seen the developments in the Maldives, in the Seychelles, Indian links in the Maldives, and the Chinese build up. All this is going to create great tension in the next ten years.

**Certainly There Must Be Agreement Between Leaders That This Is
In The Long-Term National Strategic Interest Of Sri Lanka As
Opposed To Personal And Political Interest.**

As Sri Lanka moves into the future, what kind of strategy are we going to adopt? I would put before this audience of Pandits, of men and women of intellect, to debate an idea. Why not Sri Lanka be a neutral state where all the powers can work with Sri Lanka? Why not we build Sri Lanka's profile on the basis that constitutionally, we say that we are a neutral state and do not build a special alliance either with the Americans, the Indians or Chinese. We advocate issues of freedom of navigation in the Indian Ocean. We advocate issues where we may resolve disputes and challenges because the Indian Ocean is going to be a region where there is going to be a great focus as the centre of gravity of the world. Ships from the Asia Pacific to Indo Pacific region. Already we have seen great signs and landmark developments

where the world powers are shifting towards Asia. Let us look at the West, the West dominated the world only for 500 years; the Spanish, the French, the Portuguese, the Dutch and the British. But before that we witnessed great civilisations; the Aryans, the Persians, the Arabs, the Greeks, the Romans, the Egyptians and the Chinese. So if you look at global civilisations, it is only for 500 years that the West has dominated the world. Today, we are seeing a revival of those old powers, Iran challenging the West, China rising and challenging the West. We are witnessing a momentous era. Sri Lanka is going to be at that geopolitical moment, a very important entity.

Let me also go deep into the history of our nation and tell you that 21 countries have invaded this beautiful land in the last 2,500 years. We had 17 invasions from India, one from the Dutch, another from the Portuguese and another from the British. But there was also an invasion of the Chinese.

The Chinese took our King away in the 14th century, Admiral General Zheng He, he came in his armada of battleships. He took King Veera Alakeshwara, King of Kotte, to China and he wanted to behead the King. General Zheng He brought a plaque that was placed in Galle and the plaque said that the king did not honour the law of the Buddha and as such the king was taken captive by him. Zheng He wanted to behead him, but fortunately the king became blind during the voyage to China, so Zheng He spared the king. From the king today we have an extended family of Sri Lankan-Chinese.

I want to share with you that for Sri Lanka to survive, that for Sri Lanka to prosper and for Sri Lanka to raise its profile, we should then think whether we can be the Geneva of Asia. Switzerland, during World War II advocated this policy, Switzerland hosted the League of Nations that became the United Nations. Switzerland became the key hub for hosting many of those international organisations. Why not Sri Lanka? At this point the United Nations is decentralising. Very soon New York will only be a conference hub for logistics, procurement, accountancy and for IT. The UN is going to move. Already a key decision has been made to move the Department of Peace Keeping Operations to Kampala in Uganda, because 80 per cent of the peace keeping operations are in Africa. It makes no sense for the UN to be all centralised in New York. I believe that this is a great moment for Sri Lanka to offer land for the UN to base one of its entities in Sri Lanka.

Let me move beyond the theory of an equidistance foreign policy. Moving even beyond into a neutral Sri Lanka, constitutionally enshrined. How can it be done? Certainly there must be bipartisanship between Government and Opposition. Certainly there must be agreement between leaders that this is in the long-term national strategic interest of Sri Lanka as opposed to personal and political interest. This is one of the scenarios that I would like to share with you. Secondly, as Sri Lanka moves forward it needs to relook at its national security. In the lead up to 2009, where Sri Lanka defeated one of the ruthless hybrid groups, an insurgent army and terrorist organisation. It developed through innovation, many capabilities; in law and enforcement, military and intelligence.

Restore stability; even Gokulan, who came and performed today, is a rehabilitated cadre. His father Shanthan sang 600 songs that brought people to join the LTTE. Another 600 songs after rehabilitation, which were devotional songs and another 200 love songs. Similarly, Gokulan sang both love songs and devotional songs. They were rehabilitated.

Rehabilitation is one of the greatest achievements of the then Sri Lankan Government to restore long-term stability and security in this country. The world learned from the Sri Lankan example. We never called a terrorist in rehabilitation a terrorist or a criminal or a prisoner or a detainee. But we called him a beneficiary. Today even in Pakistan in SWAT, in the two rehabilitation centres, they have learnt so much from Sri Lankan experience, they refer to their terrorists undergoing rehabilitation, beneficiaries. Because they benefit something. I want to say that Sri Lanka was at the cutting edge of innovation, that is why the war could be won.

I want to say that another innovation that we should think of is to create a fourth force. We have a Sri Lanka Army, Sri Lanka Navy and Sri Lanka Air Force. But today, the real challenge is not only coming from the physical space, but from the cyber space. We need another capability; we need to create as the fourth force a Sri Lanka Cyber Force. A force not for offence but for defence, to protect our IT infrastructure, to protect our cyber domain and to protect our gateway. Of course in the event of conflict, the transformation of defensive weapons into offensive weapons is not difficult.

Sri Lanka Suffered In The Past. The Nations From Outside Interfered And Intervened Because Of This Challenge. We Have To Get This Fixed Right And There Is Nothing More Important Than Building That Harmonious Sri Lanka, That One Sri Lanka.

Let me move beyond a third phase. I mentioned, that one of the greatest accomplishments of the Government of Sri Lanka is, as the war ended the reintegration of 12,000 fighters. None of them went back to war to fight or to do attacks. There were some un-rehabilitated cadres who tried to create some issues, but they were also contained. The phase of humanitarian assistance was followed by socio-economic development and the North and East grew at 14 per cent and beyond. Then, the political engagement phase. I want to say that in the future, the stability and security of Sri Lanka, which is paramount to maintain good inter-ethnic and inter-religious relations.

Sri Lanka suffered in the past. The nations from outside interfered and intervened because of this challenge. We have to get this fixed right and there is nothing more important than building that harmonious Sri Lanka, that one Sri Lanka. This is something we can do because this is something that we have done in the past. Otherwise Gokulan could not have come and performed on this stage.

I believe that we need to develop through our criminal justice and prison systems and enter into the penal code, where insulting anyone's religion or race should be made a crime. We need a Harmony Act, an act where we treasure each other's cultural, linguistic and religious diversity. I know that many of you who are here have worked very hard to restore that balance even after 30 years of war. I believe and I am very confident that as you develop the master plan for 2030, as you look at geopolitics, as you look at crafting foreign policy and national security and internal security that you will take into consideration, those issues that had challenged our nation. The riots of Digana could have been stopped after that three-wheeler incident. The police intelligence service could have very clearly kept a very sharp eye on whether anything could go wrong in Digana. Because there were brutes waiting to strike. They were waiting for that man to die and to create chaos.

I want to share with you how if you look at the world, one of the greatest challenges

the world is facing is from terrorism and extremism. Sri Lanka defeated terrorism, but Sri Lanka still has a challenge of defeating extremism. Terrorism is a vicious byproduct of exclusivism and extremism. We all have to work towards inclusion.

Let me conclude my remarks by saying that this great nation has survived for 2,500 years and braved 21 invasions. I have no doubt that as this region moves into a period where the Indo-Pacific region becomes a centre of global power or global economics and also a region where we will see intense global competition; where we may even have three fleets – the American fleet, the Indian fleet and the Chinese fleet in this region. We will still be able to prosper if we develop that astute vision of creating a foreign policy and a national security strategy that is future oriented.