

H.E. Muhammad Nawaz Sharif on ‘Pakistan-Sri Lanka Relations’

5th January 2016

Honourable Mangala Samaraweera, Foreign Minister of Sri Lanka and Chairman of the Institute, Mrs. Dinusha Panditaratne, Executive Director, Lakshman Kadirgamar Institute of International Relations and Strategic Studies, Honourable Members of Parliament, Excellencies, Distinguished Guests, Ladies and Gentlemen,

Ayobuyan, Assalam-o-Alikum, Wanakum and a very good evening,

I would like to thank the Lakshman Kadirgamar Institute for this opportunity of addressing an illustrious group of parliamentarians, diplomats, scholars, professionals and media representatives.

Mr. Chairman, this institute reminds me of the late Lakshman Kadirgamar, the former Foreign Minister of Sri Lanka, a man of remarkable abilities, who offered supreme sacrifice for his country. In a violence prone global environment, we look up to leaders like him, who are able to transcend ethnic, sectarian and confessional boundaries, by standing up to the forces of evil. Excellencies, Pakistan and Sri Lanka enjoy special relations, which are deep rooted in shared history, culture and traditions. As we share a glorious past, we also enjoy commonalities in our vibrant present. Our young and dynamic people are moving into a peaceful and prosperous tomorrow, under the guidance of democratic leaderships.

Ladies and Gentlemen, the true spirit of democracy lays emphasis on policies and laws crafted to reflect the hopes and aspirations of the people. After assuming power, we devised a comprehensive programme which centers on four E's i.e. Elimination of Extremism and Terrorism, Strengthening the Economy, overcoming crippling Energy shortages and ensuring Education for all. And, in achieving these goals, we have adhered to the highest standards of probity, fairness and transparency.

Ladies and Gentlemen, terrorism is an unfortunate by-product of political and geo-strategic developments in the region, over the past 30 years. To deal with this chronic scourge, we are waging a comprehensive campaign “Zarb-e-Azb”, against all terrorist groups, without any distinction. This Operation is complemented by an all-inclusive National Action Plan. It

encompasses police and security actions, political and legal measures and social and economic policy packages, aimed at countering violent extremism.

Excellencies, our well thought out and vigorously implemented strategy has started to deliver positive results. Terrorists' sanctuaries, command and control centers and infrastructure, have been destroyed. Thousands have been killed or captured. Simultaneously, through well-coordinated, intelligence-based law enforcement operations across the country, my Government has launched a focused campaign against terrorist sleeper cells, their supporters, sympathizers and financiers. As the operation goes into its final phase, our valiant forces are clearing the remaining hideouts.

Ladies and Gentlemen, the significant improvement in the security situation would not have been possible without the resolve of the people, national consensus and the dedication and sacrifice of our security forces, all of whom stepped forward to confront this menace. The blood that has been shed has only strengthened our national resolve to fight until the last terrorist is eliminated.

Excellencies, radicalization emerges from multiple sources. We need to address not only the symptoms of radicalization, but also its root causes, which are often to be found in political or social alienation and exclusion, as well as extreme poverty. The global threat of terrorism cannot be defeated, unless we address its underlying causes.

Excellencies, democracy creates far better opportunities for both economic growth and cultural progress, than the authoritarian regimes. My government has placed a strong emphasis on bold economic reforms to achieve significant improvement in all sectors of the economy. As a result of these policies, Pakistan's GDP growth has increased from an average of around 3% over the past 7 years to 4.6%, and is expected to be over 5% this year. Inflation was at 4.6% in the same year and in the first quarter of the last fiscal year, it is at a historic low of less than 2%. The per capita income has risen by 12.91% in the first two years of my Government's tenure, while the budget deficit has been brought down from 8.2% to 5.3%. During this period, tax revenues have increased by about 33%, due to measures aimed at tax-net broadening and removal of exemptions.

Ladies and Gentlemen, leading international publications, fund managers and rating agencies have acknowledged Pakistan's outstanding economic performance. Bloomberg has described Pakistan as "the best undiscovered frontier market". Morgan Stanley's Vice President has predicted that "the rise of Pakistan is only a matter of time, on account of its strategic location and demographic dividends". Moody's has upgraded Pakistan from CAA 1 to B-, while Standard and Poor's have improved our outlook to Positive from stable. On the other hand, Fitch has given a rating of B to Pakistan. All these positive assessments have been made on the back of a major turnaround in Pakistan's economy. We will continue to take steps to further consolidate these economic gains.

Excellencies, my government also inherited an acute energy crisis, which hampered our economic growth and progress. I, therefore, attached top priority to addressing this severe problem. Since 2013, we have evolved a comprehensive strategy, geared towards overcoming the energy problem, on a sustainable basis. Our goal is to overcome energy shortages by end of 2017. Our focus is not just on ending load-shedding in Pakistan, but at laying the foundation of a robust energy sector that will meet the country's needs for the next two decades.

Excellencies, one of the key pillars of my government's policy is to encourage regional integration and connectivity. This is where Pakistan and its neighbors have the biggest opportunity to reap the dividends of peace. The most promising element of this policy is the recently launched China-Pakistan Economic Corridor (CPEC). It embraces a package of multiple infrastructure and development projects estimated at US \$46 billion. The corridor is expected to be operational within three years and will be a strategic game changer in the region, which would go a long way in transforming Pakistan into a regional economic hub. The project also envisages major upgrades and overhauls to Pakistan's transportation infrastructure.

Ladies and Gentlemen, Pakistan is also promoting other regional energy and infrastructure projects, including the Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline project; Central Asia-South Asia (CASA)-1000 electricity project; the Kunar Power Project and the Torkham-Jalalabad Road Project in Afghanistan.

Mr. Chairman, our people need peace to prosper. This can be achieved only through a process of sustained dialogue, not disengagement. When I assumed office of the Prime Minister of Pakistan in June 2013, one of my first priorities was to normalize relations with India. I reached out to the Indian leadership to emphasize that our common enemy was poverty and under development. Cooperation, not confrontation, should define our relationship. Pakistan neither wants to, nor is engaged in, an arms race in South Asia.

Excellencies, my visit to New Delhi in May 2014, at Prime Minister Narendra Modi's invitation to his swearing in ceremony, resulted in a cordial exchange between us. Though it did not lead to the resumption of the dialogue process, I remained committed to my objective of promoting peace and stability in South Asia.

To this end, I presented a new peace initiative in my speech to the United Nations General Assembly in September 2015, when I proposed four specific and feasible steps that could serve as the basis for progress towards normalization. My brief meeting with the Indian Prime Minister in Paris on the sidelines of the Climate Change Summit, led to the meeting of the two National Security Advisors in Bangkok on 6 December 2015. Later, the Indian External Affairs Minister, Madam Sushma Swaraj was kind enough to visit Pakistan on 9 December for the Heart of Asia Conference. This has resulted in an understanding to revive the dormant comprehensive dialogue process between our two countries.

Moreover, I was also deeply touched by Prime Minister Modi's decision to fly into Lahore on 25th December to convey his good wishes. Our friendly exchanges in Lahore were marked by warmth and cordiality, which has characterized the South Asian ethos. Within the next few

days, the Foreign Secretaries would be meeting in Islamabad, to determine the modalities of the renewed dialogue process.

Excellencies, let me now turn to our western neighbor Afghanistan, which is a country with which we have deep bonds and linkages that go back to thousands of years. In fact, the destinies of Pakistan and Afghanistan are intertwined. We believe that a peaceful and stable Afghanistan is in the interest of Pakistan and the region. We have explicitly stated that the enemies of Afghanistan cannot be friends of Pakistan, and terrorism is our common enemy.

Excellencies, Pakistan desires long-term peace and stability in Afghanistan. We have, therefore, consistently supported an Afghan-owned and Afghan-led reconciliation process. We will continue to facilitate resumption of the reconciliation process, as desired by President Ashraf Ghani during his visit to Islamabad last month, at the Heart of Asia Conference. I deeply appreciate the constructive and meaningful deliberations during the Conference, culminating in the adoption of a result-oriented and forward-looking Islamabad Declaration.

Ladies and Gentlemen, South Asia needs strategic stability and this requires serious dialogue to fill the gap between the promises of SAARC and the reality of its accomplishments. We should build on convergences, minimize divergences and most of all, seek to augment complementarities for the greater good of the people of this region. My vision for our region is a dispute-free South Asia, where instead of fighting each other, we jointly take on poverty, illiteracy, disease, malnourishment, and unemployment. We invest in our youth to unleash their creativity, talent, and enterprise. We strengthen our bonds of trust, so that we can solve our problems.

Excellencies, our democratic and economic journey has not been without setbacks. But the Pakistani nation has once and for all decided that its future lies in a democratic and progressive country, where all citizens enjoy the same rights and opportunities and none is left behind. I can confidently say that our direction is set, and we are now implementing our nation's economic and democratic agenda. And indeed, driving a democratic Pakistan forward in its journey towards an economically vibrant future is a labour of love for me. We look forward to playing our part to build a brighter era of peace and prosperity in South Asia. We owe it to our people and to succeeding generations.

Ladies and Gentlemen, Pakistan is among the few places in the world that offer the promise of land, geography and people, all at the same time. Pakistan has one of the most attractive investment regimes in the world, allowing foreign investors 100% repatriation of profits and easy convertibility into foreign exchange. Numerous investment opportunities are available in the Energy, Consumer goods, Food & Agriculture, Housing, Healthcare, Education, Finance Services, Capital Markets, Information Technology, Oil & Gas and Infrastructure sectors of Pakistan. We have also enacted Special Economic Zone Act, which provides numerous investment incentives.

Excellencies, I would like to avail myself of this opportunity to invite Sri Lankan businessmen and investors to come to Pakistan to reap the enormous peace dividend in Pakistan that is accruing from rapid economic growth as a result of the Pakistan-China Economic Corridor and

other multibillion dollar investments. My government is willing to provide duty free and quota free access to large number of priority products of Sri Lanka exports to Pakistan. I also assure you that my government will support all endeavors by Sri Lanka business houses to market their products in Pakistan and enhance their business relations.

Mr. Chairman, the people of Sri Lanka are close to the hearts of the people of Pakistan. I also know that similar sentiments prevail in this beautiful land. We need to constantly nurture this unique bond of friendship, solidarity and brotherhood that was established soon after our independence. This reminds me of the message of Quaid-e-Azam Muhammad Ali Jinnah on the occasion of the then Ceylon's independence on 4 February 1948 and I quote, "Pakistan has the warmest goodwill towards Ceylon, and I am sanguine that the good feeling which exist between our two people will be further strengthened as the years roll by and will bring us into still closer friendship" unquote.

Excellencies, indeed, Pakistan was one of first countries visited by Ceylon's first Prime Minister Mr. D.S. Senanayke in 1948 during which he held talks with Quaid-e-Azam Muhammad Ali Jinnah, the founder of Pakistan. Our unique relationship has evolved in accordance with the vision of our founding fathers. Our multifaceted relations are firmly established on the bedrock of sincerity, mutual trust, feeling of empathy and desire to help each other through thick and thin. These relations are being further strengthened by various institutional mechanisms in bilateral, regional and international context. Pakistan still remembers the strong support extended by the Government and people of Sri Lanka in 1971, despite external pressure. It gives me great satisfaction to recall that Pakistan too was able to extend its modest support to the people and the Government of Sri Lanka, when this great nation faced threats of terrorism and secession.

Excellencies, President Maithripala Sirisena visited Pakistan soon after assuming office, in April 2015. I vividly remember the public passion that was at display during this visit. This amply testifies to the importance that Pakistan attaches to its relations with Sri Lanka. The visit provided us an opportunity of solidifying our cooperation in new key areas, such as civil nuclear field, disaster management, shipping, health and counter-narcotics.

Today, we stand at a point, where new opportunities await us. Pakistan and Sri Lanka are located at strategic global coordinates from East to West and North to South. Pakistan's ports of Karachi and Gwadar open up to Central Asia, South Asia, West Asia and indeed China, Europe and Russia. Pakistan is also central to the historic and modern day Silk Route. Sri Lanka, the pearl of the Indian Ocean, similarly enjoys geo-strategic and geo-economic advantage.

Excellencies, this requires our two countries to synergize and complement each other to our greater benefit, as well as that of the entire region. This calls for immediate launching of strategic dialogues between us. I am pleased to inform that the leadership of Sri Lanka has agreed to this proposal of immense significance. Being vibrant democracies, the role of Parliament in promotion of friendship and cooperation between two nations is important. It is satisfying that Pakistan-Sri Lanka Parliamentary Friendship Groups exist in our respective Parliaments. I would like to see greater exchanges between our Parliaments, so as to learn from

each other's experiences. Today, I had a substantive engagement with Sri Lankan members of Pakistan Sri Lanka Parliamentary Friendship Group.

Mr. Chairman, coming to the Economic Cooperation between the two nations, I would wish to say that Sri Lanka enjoys exceptional position of being the first country with which Pakistan entered into a Free Trade Agreement (FTA). The present volume of trade, (approx.US \$ 325 million) however, does not reflect the vast potential available in our respective economies. When President Sirisena visited Pakistan in April 2015, we decided to set a bilateral trade target of US \$ 1 billion. To realize this objective, both countries have to work with greatest resolve and commitment. Many business delegations from Pakistan have visited Sri Lanka and vice versa. My Commerce Minister's recent visit to Sri Lanka is a testimony to our serious endeavors to achieve the trade target of US\$ 1 billion. My own visit is aimed at enhancing and energizing the economic content of our relationship.

Excellencies, the two countries have agreed on the inclusion of Services and Investments chapters in the bilateral FTA. This would enable our companies to form joint ventures for export to third countries. Given the strategic locations of our two countries, the opening of the services sector also holds a lot of potential which needs to be exploited. Exchange of business delegations and holding trade fairs would also play a crucial role in realizing this goal. I am pleased to inform that TDAP is organizing a Pakistan Single Country Exhibition in Colombo from 15-17 January 2016. I would like to invite the Export Development Board of Sri Lanka to organize a similar exhibition in Karachi. We are also examining the possibility of setting up of a Joint Investment Company and having a Currency Swap Arrangement with Sri Lanka.

Ladies and Gentlemen, Sri Lanka enjoys a key position in the Indian Ocean and has much to offer in terms of maritime cooperation and maintenance of peace and security in the Indian Ocean region. Pakistan desires enhanced maritime cooperation with Sri Lanka and seeks increased engagement between the armed forces of our two countries. Pakistan will continue to offer training facilities to the Sri Lankan Armed Forces, police and other institutions.

Ladies and Gentlemen, we, in Pakistan, do not merely admire the brave and indomitable people of this enchanting Island, who under inspiring leadership of President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe, have strengthened Sri Lanka's unity and integrity, peace and harmony. More importantly, we greatly value Sri Lanka's abiding friendship with, and resolute support for Pakistan, over the past many decades. We are now resolved to jointly enhance and strengthen our cooperation in all spheres, in order to make this relationship a strong bulwark for peace and stability in the region.

Long live Pakistan Sri Lanka friendship.

I thank you all.