

**Mrs. Grace Asirwatham, Ambassador-Designate of Sri Lanka to Belgium
and the European Union, on ‘Sri Lanka-EU Relations’**

4 April 2019*

- Since the establishment of ties with the then European Community in 1962, EU-Sri Lanka relations have expanded and diversified through dialogue and partnership and the relations between the two have been very dynamic, in many fronts. A Commercial Cooperation Agreement was signed between Sri Lanka and the European Community in 1975 which was replaced by the EU–Sri Lanka Cooperation Agreement on Partnership Development in 1995.
- The focus of Sri Lanka–EU relations is one of the key issues under the Cooperation Agreement such as diversification of trade and investment, networking between EU and Sri Lankan business communities, strengthening technical, economic and cultural ties, technical assistance, improving the living conditions of poorer sections of the population, and environmental protection and sustainable management of natural resources.
- The Cooperation stressed on the respect for democratic principles and human rights. The fundamental principle of EU foreign policy is promoting human rights. Achieving Universality of Human Rights is one of the key priorities which is promoted through a global campaign under the banner *EU4Human Rights*.
- Since 2015, the relations between the EU and Sri Lanka has taken a new dimension and strength. Sri Lanka has committedly worked towards upholding the shared values. Sri Lanka strengthened the key democratic institutions, focused on improving accountability in aspects of governance, justice and promoting human rights.
- As provided for in the EU–Sri Lanka Cooperation Agreement on Partnership Development overall relations between the two parties are reviewed annually at the EU–Sri Lanka Joint Commission. Under the Joint Commission there are three Working Groups, (i) Governance, Rule of Law and Human Rights; (ii) Trade and Economic Cooperation; (iii) Development Cooperation, which meet annually, and the outcome of each is fed into the subsequent Joint Commission session. The three Working Groups met in 2018 and February 2019, reviewing the relations in these areas.

- The Joint Committee on Readmission (JRC) established under the EU-Sri Lanka Readmission Treaty, also provides for cooperation on readmission matters between Sri Lanka and EU Member States. The objectives of this Treaty are to combat illegal migration and organized crime as well as to guarantee safe and orderly return of all illegal migrants and failed asylum seekers. Sri Lanka and EU are in discussion to introduce a skilled labour migration from Sri Lanka to the EU labour market.

Trade & Economic Relations

- The European Union (EU) is one of the largest trading partners for Sri Lanka for over 30 years and has emerged as the number one market for Sri Lanka's exports, totalling approximately USD 3,321.40 million in 2017. EU is the 4th largest import partner of Sri Lanka.
- The EU funds a number of trade-related programmes—including capacity building, technical assistance, assistance in sectoral diversification and improved productivity among other things—to increase the competitiveness of small and medium-sized enterprises in regional and EU markets.
- The EU's decision to re-open its market for Sri Lanka's fish exports, along with the provision of GSP+ concession has significantly contributed to deepening our trade relations. Under the new export strategy, Sri Lanka has identified new sectors for diversification of our exports basket which will enable more opportunities for access to European markets.

Employment

- These efforts have resulted in over one million direct and indirect employment opportunities, thereby contributing to the country's socio-economic development. Similarly, an enhanced EU-Sri Lanka investor dialogue can be a catalyst for attracting more EU investments to the country creating a win-win partnership for all.

GSP+

- The GSP+ is granted based on two broader criteria, (i) vulnerability, and (ii) sustainable development. The country must ratify and effectively implement the 27 GSP+ relevant international conventions on human rights and labour rights, environmental protection, and good governance.
- In August 2010, the EU discontinued the GSP+ concession to Sri Lanka, due to significant shortcomings in the country's implementation of three international Conventions – International Covenant on Civil and Political Rights (ICCPR), Committee Against Torture (CAT), and Convention on the Rights of the Child (CRC).

- In 2015, Sri Lanka took the policy decision to engage with the EU to regain the GSP+ concessions. In May 2017, the EU decided to reinstate the GSP+ facility to Sri Lanka, following the fulfilment of the above requirements and its commitment to making progress in identified areas.
- Grant of the GSP+ facility involves vigorous monitoring which includes dialogue and visits by GSP+ monitoring missions, through which the EU engages with authorities in a frank and open discussion on identified shortcomings and remedial actions. A scorecard with a list of issues that the EC prepares for each GSP+ country, based on the reports of the UN monitoring bodies on the shortcomings of the implementation of the 27 international conventions.
- The first monitoring mission to Sri Lanka took place in September 2017, and the next is scheduled for this year. The initial scorecard for Sri Lanka was received in March 2018, and the response was submitted in August 2018.
- Sri Lanka is yet to harness the full potential of the GSP+ scheme, [Directorate-General for Trade European Commission](#) has noted that Sri Lanka has a utilisation rate of 55%, while Pakistan and Philippines recorded utilisation rates of 96% and 73%, respectively. Therefore, further efforts are needed domestically, to make the impact of the GSP+ concession more meaningful for citizens.

Development Cooperation

- The EU's longstanding development cooperation with Sri Lanka, spanning over 45 years has been broad-based which includes agriculture, livelihoods, environment, education, health, housing etc.
- The EU's support to the District Development Programme which stands as an exemplary programme in our cooperation, aims at achieving holistic social and economic empowerment reaching the poorest communities and regions in the country.
- Over the past decade, the EU has provided a total of approximately EUR 760 million in assistance to Sri Lanka.
- EU has allocated 190 Million Euros of Development Assistance (grants) under its Multi-Annual Indicative Programme for the period 2014–2020, and has also made additional grants through its Multiannual Regional Indicative Programme for Asia (MRIPA) 2014 - 2020. The assistance is channelled in the areas of rural development, trade-related assistance, reconciliation and good governance.

Tourism

- The EU is one of the important regions generating inward tourism for Sri Lanka. The overall tourism arrivals to Sri Lanka from the Western European countries which largely comprise EU member states stand at 43% of the total arrivals between January-September 2018.
- The FDI from EU countries accounted for 18% (2016) of the total FDI of Sri Lanka.

Brexit

- EU and UK are important trading partners of Sri Lanka. A no deal Brexit will affect Sri Lanka's trade with the EU. Sri Lanka will lose out significantly on the margin of preference enjoyed by its key exports to the UK (apparel, fish product, etc.). In such a scenario, the MFN duties will be applied to Sri Lanka's competitors such as China, India and the Maldives. Therefore, requests have been made to the UK government to safeguard the export interests of its principal suppliers such as Sri Lanka (mainly apparel and fish products).
- The UK Government has assured Sri Lanka that the GSP+ concessions will continue in the Brexit transitional period. The UK is Sri Lanka's second single largest export market.

Special bilateral preferential trading arrangement

- Following Brexit, Sri Lanka is hopeful of working out a special bilateral preferential trading arrangement with the UK to promote and sustain bilateral trade, and protect Sri Lanka's exports to the UK. In this regard, the UK has informed Sri Lanka that it needs to formulate legislation for 60 products out of 6000 receiving the GSP + benefit.
- Sri Lanka will be a focus country as it develops into an Indian Ocean trading, financial and logistical hub.
- Anticipating possible adverse impact on the UK's trading partners, a 'Review Mechanism' to systematically address all such concerns has been set up by the UK Government.
- Sri Lanka has been requested to submit a detailed brief with facts and figures, outlining its concerns to be referred to the Review Mechanism.
- It is also speculated that with the UK out of the EU, it might focus more on the Commonwealth to give trade concessions to Commonwealth members as they are more diverse. Therefore, it will give an opportunity for the British to invest in developing countries like Sri Lanka. Since we are diverse in terms of our markets and economies

compared to European countries, it will bring about a lot more prospects to Sri Lankans and the British.

**This text has not been checked against delivery.*

These remarks were delivered by Mrs. Grace Asirwatham, Ambassador-Designate of Sri Lanka to Belgium and the European Union, at a Foreign Policy Round Table held on 4 April 2019, at the Lakshman Kadirgamar Institute of International Relations and Strategic Studies (LKI).