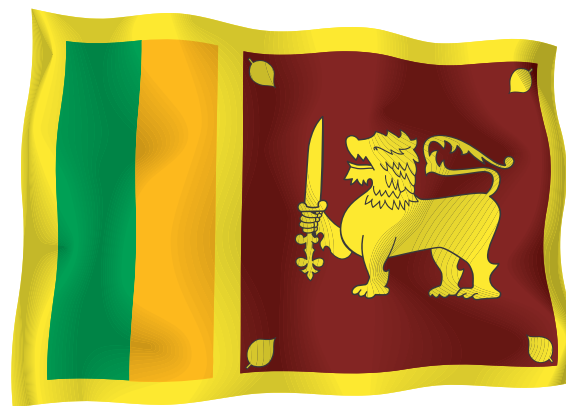


# UK SRI LANKA RELATIONS



Points To Ponder



A New Era

# SRI LANKA - UK RELATIONS

## Points To Ponder



Sri Lanka High Commission

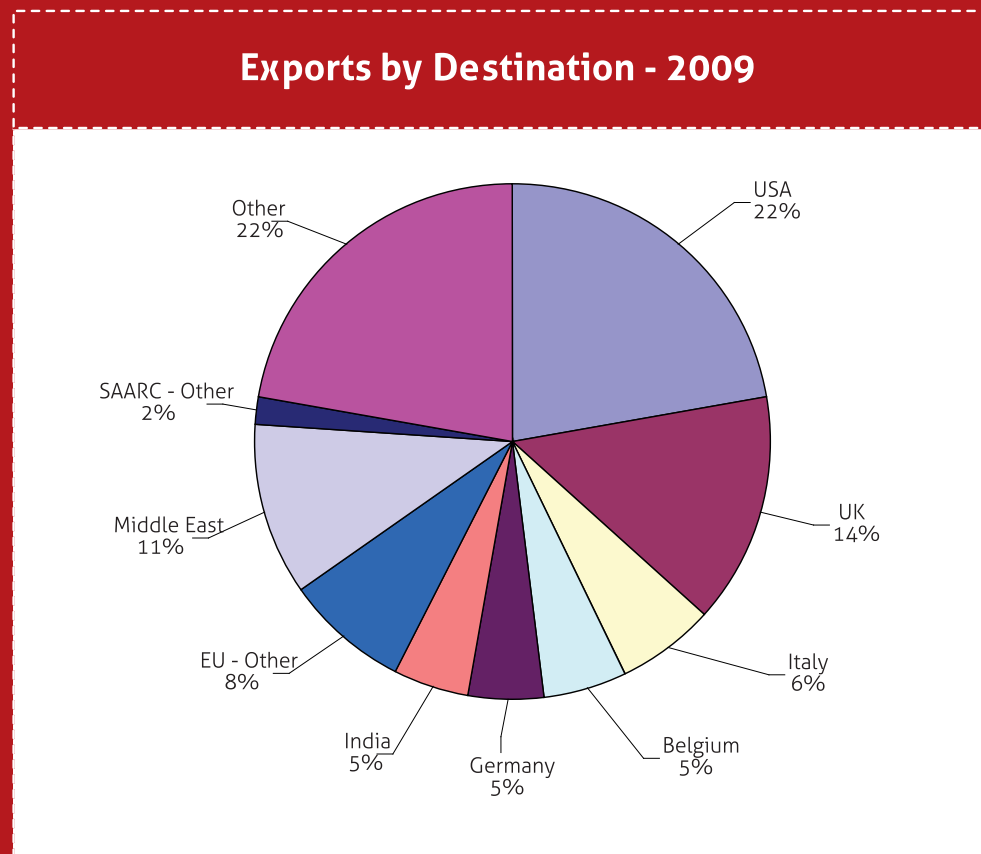
London – September 2010



Sri Lanka considers its relationship with the West as being very important...



- There has been some criticism by Western Governments regarding the action against the LTTE terrorists, which was taken, only after all other options were exhausted.
- Sri Lankan citizens have strong historical links to the West and many Sri Lankans live in the West making useful contributions to society in their chosen professions.
- The bulk of trade is with the US and EU, and peace will provide significant new opportunities for Western investors.



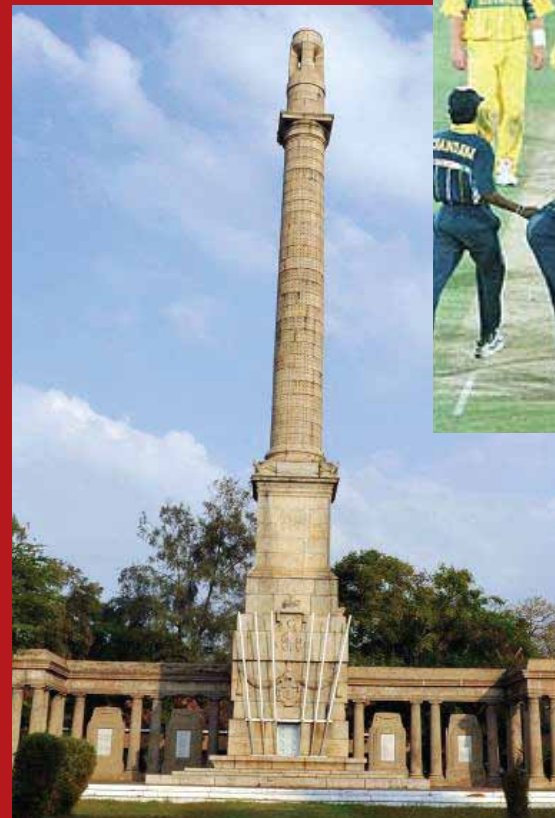


Historically, UK and Sri Lanka have been linked closely...

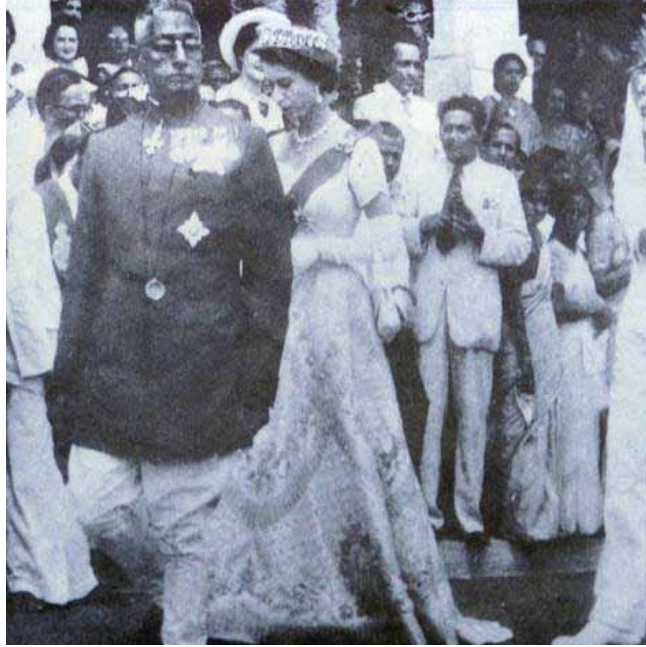


- Sri Lanka and the UK have had a well established relationship since 1796.
- During World War II, Sri Lanka served as an important Allied military base for Britain.
- On February 4th 1948, Sri Lanka gained independence.
- Sri Lanka inherited from the UK a Democratic Parliamentary System, Plantation Economy, Road and Rail Road Network, English Education, Structured Civil Service, English Company Law, The British Judiciary System and Cricket as a main sport.

**Sri Lanka has been able to build on these fundamentals and maintain its sovereignty, cultural and social values.**



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UK and Sri Lanka are friendly nations...





- Her Majesty, Queen Elizabeth II, visited Sri Lanka twice since independence, first in 1953 and again in 1981.
- The Victoria hydro-power reservoir was constructed in 1980 with British aid and was ceremonially opened by the then Prime Minister, Margaret Thatcher, in 1984.



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UK's commercial interests have been extensive and diversified ...



- UK has wide ranging interests in Sri Lanka from plantation to commerce and industry.
- The UK private sector continues to invest in Sri Lanka. (the volume of British investment in Sri Lanka in the year 2009 was US\$ 80 million)  
Major British companies which are present in Sri Lanka include BAT, Unilever, De La Rue PLC, Brandix, Marks & Spencer etc.
- The UK is Sri Lanka's Second largest:
  - Export market
  - Investor



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Since 1980's,  
Sri Lanka has suffered  
from adverse  
propaganda and  
fabricated stories ...

09

unstable and  
corrupt country

involved in  
an un-winnable war

no peace prevails  
in the country

war crimes have  
been committed

no democracy

thousands of civilians  
being killed by troops

genocide of Tamils

no efforts to  
provide a political  
solution

highest war  
expenditure

failed state

hundreds of thousands  
of IDPs are  
suffering in camps

no development  
plans for  
North and East

Adverse propaganda  
has been  
detrimental to  
UK-Sri Lanka  
relations...

10

- Even though there were no direct or indirect issues between our two countries, the relationship has been weakened, primarily due to the concerted adverse propaganda by sections of the Tamil Diaspora in the West. Its purpose has been to discredit the Sri Lankan Government's fight against terrorism during the last three decades.

**Hence, for a long-time, the UK and the Western public and their governments were fed with factually distorted versions which have been very damaging to the image of Sri Lanka.**



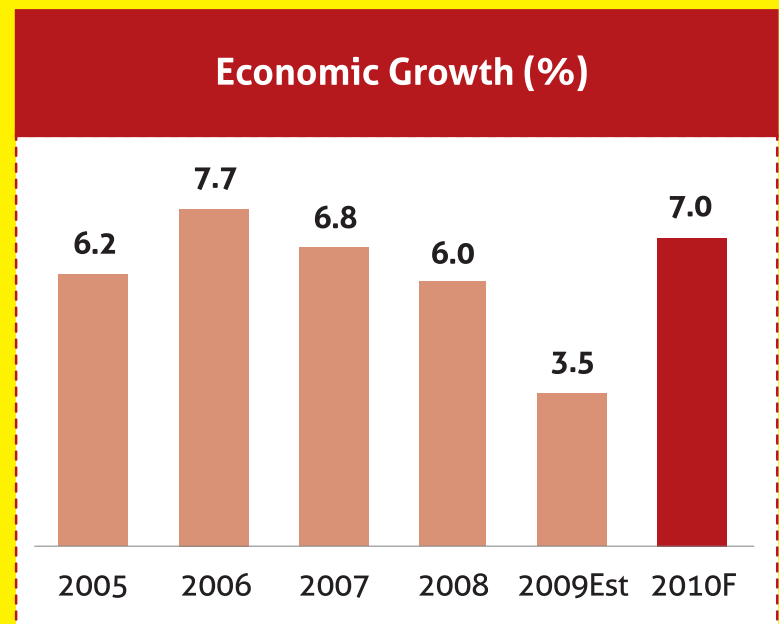
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The fact remains...

11

**The fundamentals are right for Sri Lanka to secure major growth and international investment...**

- Sri Lanka is now the 'second fastest growing economy in Asia' according to The Economist Intelligence Unit.
- The IMF upgraded Sri Lanka to 'middle income emerging market' status in 2009.
- Since 2004, Sri Lanka has managed an average economic GDP growth of 6% while fighting terrorism.



**Sri Lanka has targeted an average economic GDP growth of 8% by 2010, but more importantly, it will seek to ensure that the growth is more evenly spread.**

# Macro-economic fundamentals are now favourable...

## ■ Sri Lanka now has

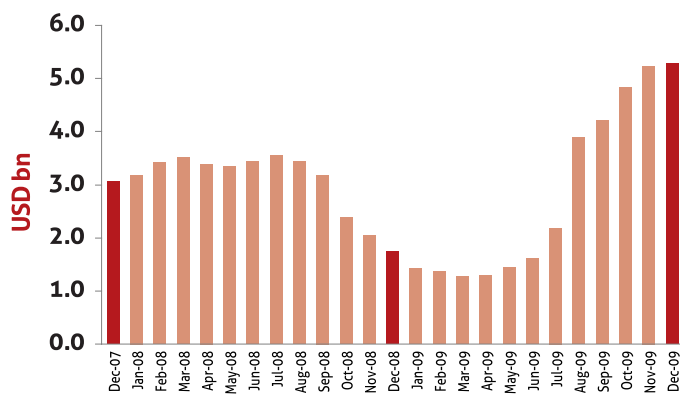
- Low interest rates
- Stable and moderate inflation

## ■ Stable exchange rates

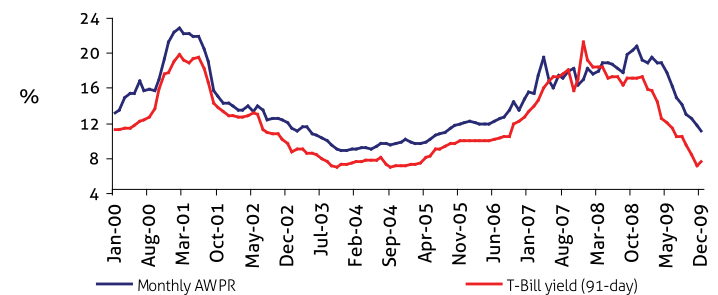
- High foreign exchange reserves

12

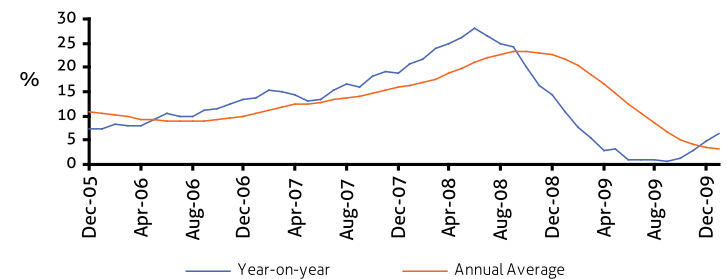
### International Reserves



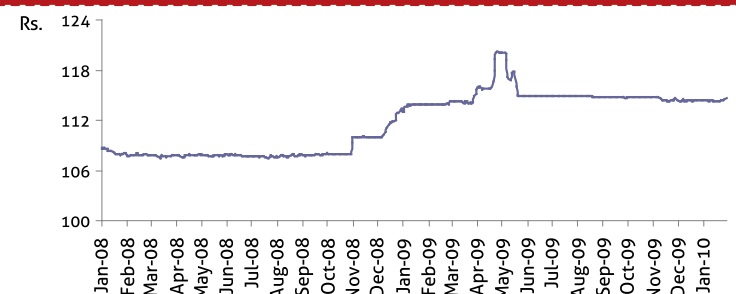
### Interest Rates



### Inflation



### Exchange Rate Movement



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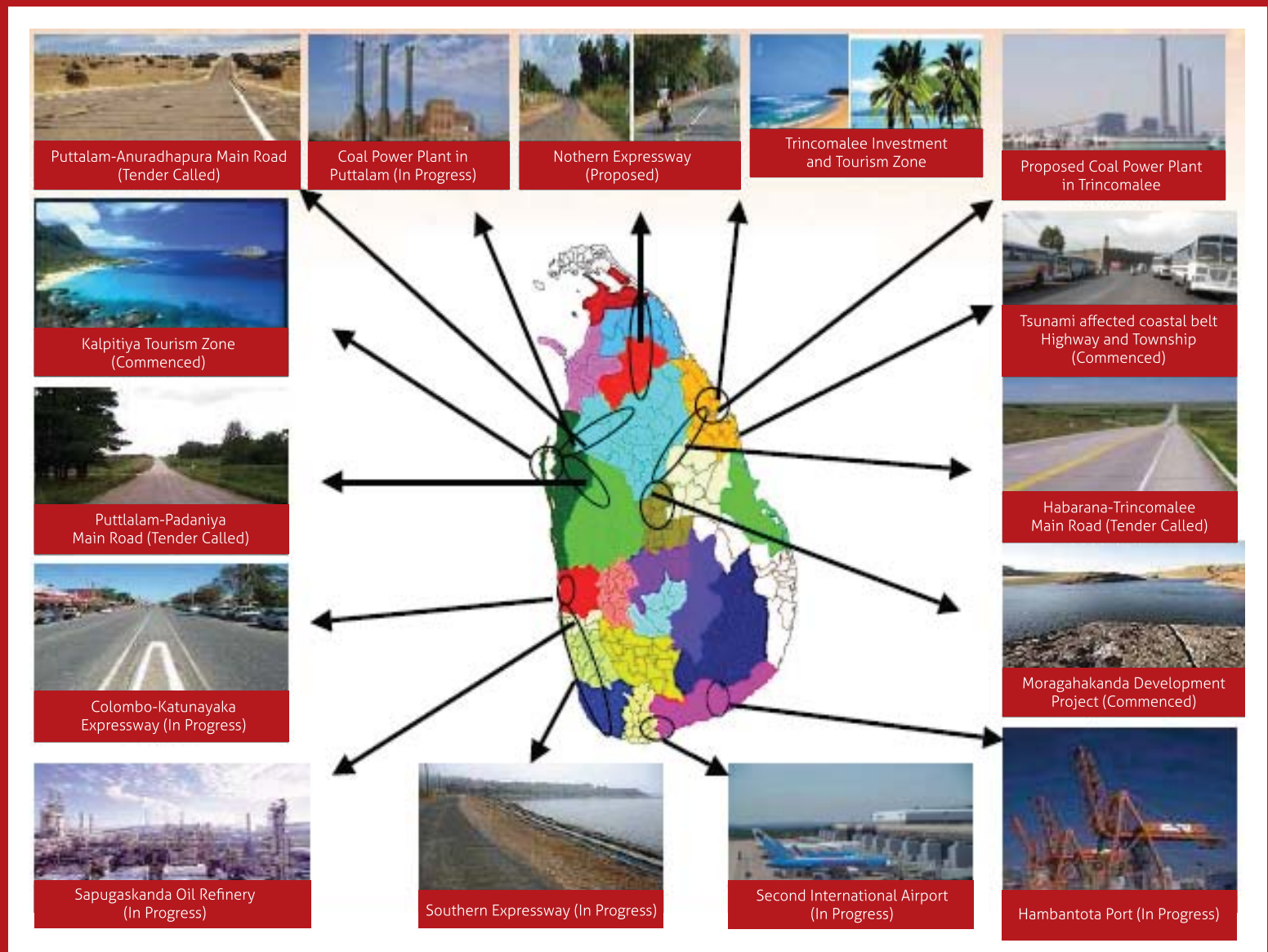
The reality is...





# Sri Lanka is implementing massive infrastructure development programmes...

- Construction of a new international airport in the South.
- Establishment of the Trincomalee Investment and Tourist Zone in the North East.
- Construction of one of the largest deep water ports in the Indian Ocean at Hambantota in the South.



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11,000



The truth is...



4,382

# People's religious and cultural rights have been preserved...

- Sri Lanka is home to all 4 major religions in the world.
- Members of the clergy and followers of all faiths live in peaceful co-existence.
- Sri Lanka is a multi-ethnic, multi-cultural country.

Religious Denomination	No. of Religious Places	No. of Clergy
Buddhist	11,000 Temples	32,100
Hindu	4,382 Kovils	12,103
Islamic	2,100 Mosques	4,784
Christian	1,258 Churches	1,942

2,100



1,258



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An all encompassing democracy ...



# Sri Lanka is one of the oldest democracies in Asia, with about 64 registered political parties...

- Universal adult franchise was introduced in 1931.
- Females had voting rights since 1931, much before the British females had the franchise.
- Generally, voter turnouts in excess of 70%.

## Multi-Party Democracy in Sri Lanka

- 01 Akila Ilankai Tamil Congress
- 02 Akila Ilankai Tamil United Front
- 03 All Ceylon Muslim Congress
- 04 Ceylon Democratic Unity Alliance
- 05 Ceylon Worker's Congress (P.Wing)
- 06 Communist Party of Sri Lanka
- 07 Democratic Left Front
- 08 Democratic Peoples Front
- 09 Democratic United National Front
- 10 Democratic Unity Alliance
- 11 Democratic People's Liberation Front
- 12 Democratic Tamil National Alliance
- 13 Desha Vimukthi Janatha Pakshaya
- 14 Eelam National Democratic Liberation Front
- 15 Eelam People's Democratic Party
- 16 Eelam People's Revolutionary Liberation Front
- 17 Eelavar Democratic Front
- 18 Eksath Lanka Maha Sabha
- 19 Eksath Lanka Podujana Pakshaya
- 20 Green Party Sri Lanka
- 21 Ilankai Tamil Arasu Kadchi
- 22 Jana Setha Peramuna
- 23 Jathika Hela Urumaya
- 24 Jathika Sangwardhena Peramuna
- 25 Lanka Sama Samaja Party
- 26 Left Front
- 27 Mahajana Eksath Peramuna
- 28 Muslim National Alliance
- 29 Muslim Liberation Front
- 30 National Congress
- 31 National Peoples Party
- 32 National Unity Alliance
- 33 National Alliancel
- 34 Nawa Sama Samaja Party
- 35 Nawa Sihala Urumaya
- 36 New Democratic Front
- 37 Okkoma Wasiyo Okkoma Rajawaru Sanvidanaya
- 38 Our National Front
- 39 Pathmanabha Eelam Revolutionary Liberation Front
- 40 People's Alliance
- 41 People's Liberation Front
- 42 People's Liberation Solidarity Front
- 43 Puravesi Peramuna
- 44 Ruhunu Janatha Party
- 45 Sinhalaye Mahasammatha Bhoomiputra Pakshaya
- 46 Socialist Equality Party
- 47 Socialist Alliance
- 48 Sri Lanka Freedom Party
- 49 Sri Lanka Labour Party
- 50 Sri Lanka Mahajana Pakshaya
- 51 Sri Lanka Muslim Congress
- 52 Sri Lanka National Front
- 53 Sri Lanka Progressive Front
- 54 Sri Lanka Vanguard Party
- 55 Tamil Eelam Liberation Organization
- 56 Tamil United Liberation Front
- 57 Thamil Makkal Viduthalai Pulikal
- 58 The Liberal Party
- 59 United Democratic Front
- 60 United National Alternative Front
- 61 United National Party
- 62 United People's Freedom Alliance
- 63 United Socialist Party
- 64 Up-Country People's Front





There is a vibrant media presence including foreign media such as BBC in Sri Lanka.



## Electronic and Printed Media in Sri Lanka

No of TV Channels	<b>31</b>
No of Radio Channels	<b>60</b>
No of News Papers	<b>35</b>
Internet users	<b>2.4m</b>



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The Humanitarian Operation was to liberate thousands of innocent Tamil people who were used as human shield by the LTTE ...





- On numerous occasions, the LTTE was requested to lay down arms, surrender and free the civilian hostages. But, the LTTE rejected these overtures.
- From April 2009 there was a surge of civilians escaping from the LTTE controlled areas for safety.
- This exodus continued despite the LTTE's shootings at the fleeing civilians



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Rehabilitation (of former LTTE combatants) has been given highest priority...

Rehabilitation is imperative, because no one can absorb ex-militants without rehabilitation.

■ **Ex LTTE combatants**

- The government considers all LTTE Ex-combatants as victims of war, not as suspects or prisoners, and they are being given a second chance to start life fresh and new as peaceful citizens of the country through a process of appropriate rehabilitation in order to reintegrate them for the development of the nation.

Then...



Stolen Childhood



- Ex-combatants surrendered or captured are being rehabilitated under the provisions of Emergency Regulations and authority vested on the Commissioner General of Rehabilitation.
- Out of the total number of 11,696:
  - Child combatants – 594 (All the children are handed over to their parents and are schooling in schools of their own choosing.
  - Disabled combatants – 1420 (All released)
  - Others released – 1591
  - Hard-core LTTE cadres – 706 (who have committed grave crimes against the society will be subjected to a legal process, based on the evidence against them)
  - Other ex-combatants under rehabilitation – 7385

## Now...



### Acceptance

## Freedom



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- The President has appointed a Commissioner General of Rehabilitation (CGR), who is entrusted with the responsibility of rehabilitation of ex-combatants. Under the CGR, they are being rehabilitated in 12 centres.
- The International Organization for Migration (IOM), United Nations International Children's Emergency Fund (UNICEF), some expatriate Tamils, three Tamil organizations including the Hindu Congress have already been granted access to the rehabilitees. Foreign Ambassadors are being allowed to visit PARCs (Protective Accommodation and Rehabilitation Centre). The ICRC not being able to access the rehabilitees due to the fact that the agreement between ICRC and the GoSL is under review at the moment.

.....and Now



Finding Partners

- The Commissioner General of Rehabilitation is conducting rehabilitation programmes for the ex-combatants.
  - 7473 – Has gone through some form of Vocational training and all have undergone Mentorship, Religious and Psychological development programmes.
  - 355 – Completed GCE (A/L) examination and joined their families on 4 September 2010.
  - 200 ex-child combatants preparing for GCE (O/L) examination in December 2010

.....and Now



To jobs



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- Rehabilitated ex-combatants are being re-integrated into the society and will be assisted in securing job opportunities etc.
- Bureau of Commissioner General of Rehabilitation is planning a Job Fair in Vavuniya during last week of September. The aim of this Job Fair is to offer job opportunities to all reintegrated beneficiaries to join the development of the Nation.

## .....and Now



Entertainment



Responsible citizens

- Already, a private apparel manufacturer (Tri Star Apparel Pte. Ltd. and Link Apparel) has employed 650 rehabilitees. They will enjoy the same salaries and all other benefits received by the others in the apparel group. Over and above this 100 Heavy Vehicle drivers are given job opportunities in Jaffna.

## .....and Now

### Learning



### Playing



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# Resettlement of IDPs is a tough and complex process ...

## ■ Resettlement

- Of the 297,000 people rendered internally displaced when the conflict situation ended by 19 May 2009, 265,304 (as at 1 September 2010) have been able to leave the transit welfare villages (camps)
- Only about 28,654 (as at 1 September 2010) remain in six (06) camps and they enjoy freedom of movement contrary to the widespread misinformation that they live in confinement.
- The Government is targeting to complete the resettlement process and to close all the camps by the end of the year 2010.





# Much has been done in the resettlement of IDPs...

## ■ Housing

- Providing shelter
- Providing all essential amenities including utensils

## ■ Livelihood

- Resettlement allowance of Rs. 50,000 per family
- Loan of Rs. 200,000 to start self-employment
- Banking facilities to engage in economic activities



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The difficulty is...



## ■ Mines

Approx. 1.5 million mines spread in 1744 sq.km  
Nearly 1500 personnel are employed  
29 Flail machines are being used

## ■ Clearance

Progress as at 27 June 2010  
Physically cleared - 897 sq.km.  
Recoveries at 27 June 2010

Anti-personal mines - 173,722  
Anti-tank mines - 417  
Unexploded ordnance Devices - 116,191  
Total no. of mines/Explosive devices - 290,330

## ■ Estimated duration to complete

To complete populated/Inhabited areas - by 2014  
To complete the whole area - by 2018

## ■ De-mining by UK as of 27 June 2010

HALO Trust - 83,693 mines 17,054,848 sq.m.  
MAG- 11214 mines – 27,509,979 sq.m



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Government has started a massive development programme for the North and the East...



- Two dedicated and targeted development programmes, 'Eastern Reawakening', Rs 197 bn £ 1.125bn (US\$ 1.7 bn) for 2007 – 2010 and the 'Accelerated Northern Province Development Programme', Rs 295 bn - £1.685 bn (US\$ 2.6 bn) for 2010 – 2012.
- From 2010 onwards, the Government will allocate US\$ 1 bn - £0.657 bn (Rs 115 bn) each year, for 3 years for the North and the East for reconstruction and rehabilitation.
- Refinance facilities to the North under which Rs 1.3 bn has already been disbursed for agriculture, fisheries, livestock development, trade and self-employment and small enterprises. In addition, the Central Bank has allocated Rs 2 bn to be disbursed for medium scale projects in the North and the East.

### Uthuru Wasanthaya - new life in the North

**Uthuru Wasanthaya (Northern Spring), the new development program, is the brainchild of the Government to improve the lives of people who suffered due to the three-decade war in the Northern peninsula. Several development programs were launched after the Wannu humanitarian operation.**

- All infrastructure facilities have been developed to resettle the IDPs in their ancestral villages.
- The Thondamanaru anicut in Jaffna which is believed to be a marvellous creation of the ancient irrigation workers was reconstructed recently.
- All facilities have been provided to farmers to cultivate 312,862 acres of barren paddy fields in the Northern Province.
- A new youth centre has been opened in Vavuniya to give a new lease of life for youth in the Northern Province.
- The world renowned Madhu Church, considered a major religious place for Christians, and its access roads have been rehabilitated.
- Major irrigation projects in the Northern and the Eastern Provinces are being constructed and other major tanks in the Northern and Eastern Provinces which have a direct impact on agrarian life in areas such as Karabahugala, Rugam Ella, Giant's Tank and Iranamadu tank and irrigation canals are being reconstructed.

**Agriculture industry**

**Transport facilities**

**Road development**

**Machinery from China**

**New Look of Madhu Church**

**Machinery for development projects have been provided by China to Sri Lanka for the Uthuru Wasanthaya program.**

**All plans have been finalised to set up a trade zone in the Northern Province with factories manufacturing fishing material, aluminium and oil based products.**

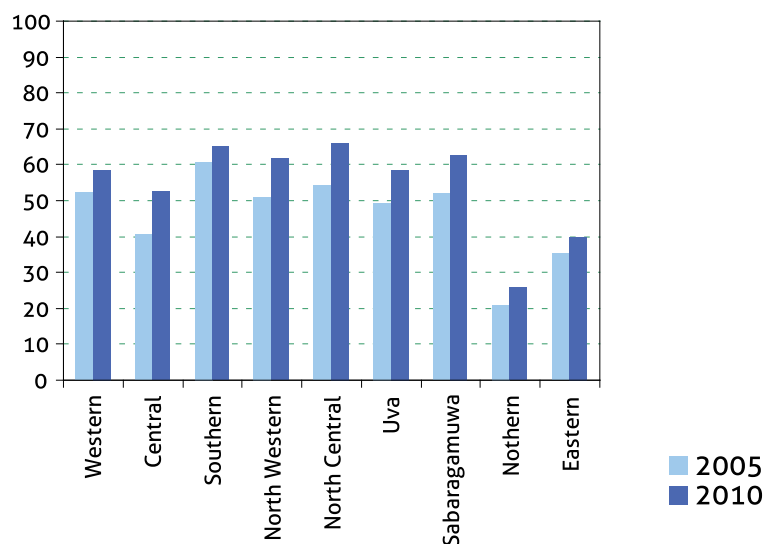
**Observer graphics by Mahil Wijesinghe**



# The Elections are now over and political stability has been established...

- President Mahinda Rajapaksa won the Presidential election by nearly 58% of the votes cast in the election held in January 2010.
- The Parliamentary election was also held in May 2009 and people have voted for a stable government.
- For the first time, many people in the North and the East had the opportunity to vote unfettered, at both Presidential and Parliamentary elections.
- People in the North and the East rejected Political Parties contested with separation slogans supported by pro-LTTE parties in the West.

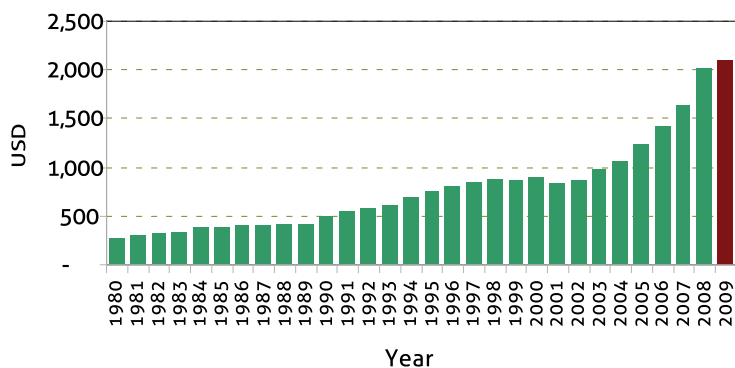
**Percentage Change in Vote Base for the President**



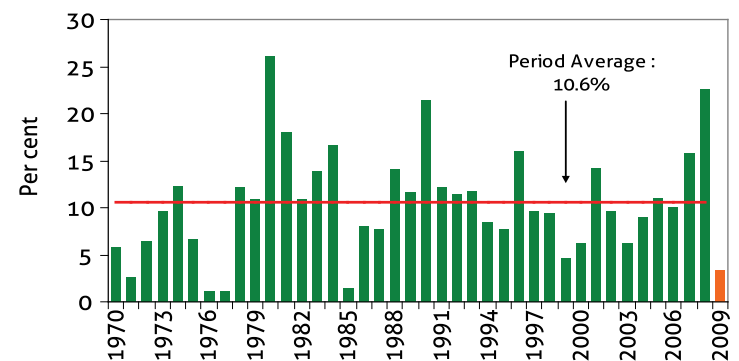
# Sri Lanka's economy is on the threshold of a significant take-off...

- For decades, due to terrorism, Sri Lanka's economy under-performed relative to its potential.
- Despite numerous problems, the sound economic management has yielded an average growth rate of 6% over the past few years.
- The GDP per capita income rose gradually from US\$ 273 in 1980 to US\$ 2,100 in 2009.
- The average inflation rate has reduced to 3.4% in 2009.
- Poverty level has reduced from 25% in 1996 to 15% in 2007.

**Per Capita GDP at Current Market Prices (USD)**



**Annual Average Inflation (1970-2009)**



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# Sri Lanka is now a Middle Income Emerging Market Economy...

- Sri Lanka targets to double its GDP per capita to US\$ 4,000 by 2016.
- Government debt /GDP ratio has reduced from 105% in 2002 to 84% in 2009 and the country has a proud impeccable debt repayment record.
- Sound stewardship in economic management has enabled Sri Lanka to weather the 2007/2009 economic and financial storms with minimal impact.
- Sri Lanka's banking and financial sector has been resilient and robust.





# Sri Lanka can now look enthusiastically to the future...

- The country is keen to achieve economic prosperity, while ensuring the political stability and social harmony.

*"..We will work hard to ensure that this economic growth benefits all our people through improvements in job opportunities, skills training and education. No one will be left out. No one will be left behind..."*

*For citizens residing in the North and East, we will continue to rebuild local infrastructure and essential facilities, so these areas can grow in tandem with the rest of the country.*

*For people that were displaced by the conflict, we will realise their expectations of new livelihoods in peacetime. The people of these regions, whose lives were filled with fear and despair, will now have hope and opportunity...*

*I call on the international community to support us as we build a peaceful and successful Sri Lanka..."*



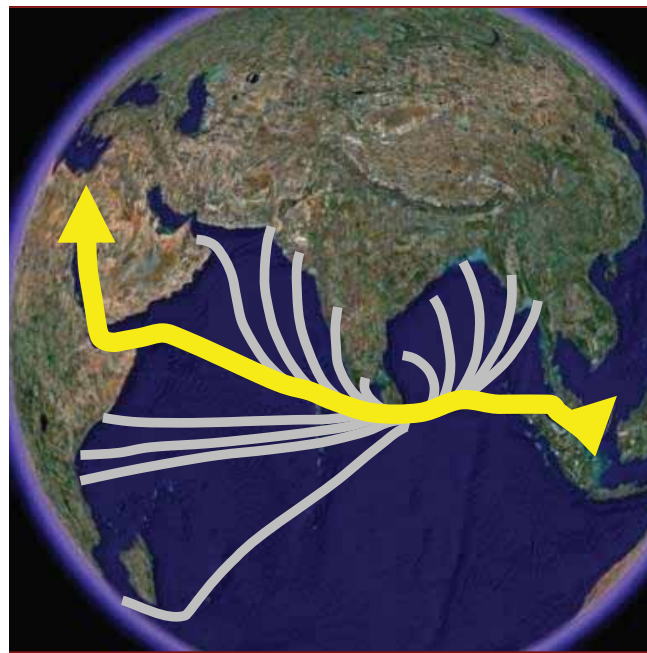
*President Mahinda Rajapaksa  
on Independence Day, February 4th, 2010*



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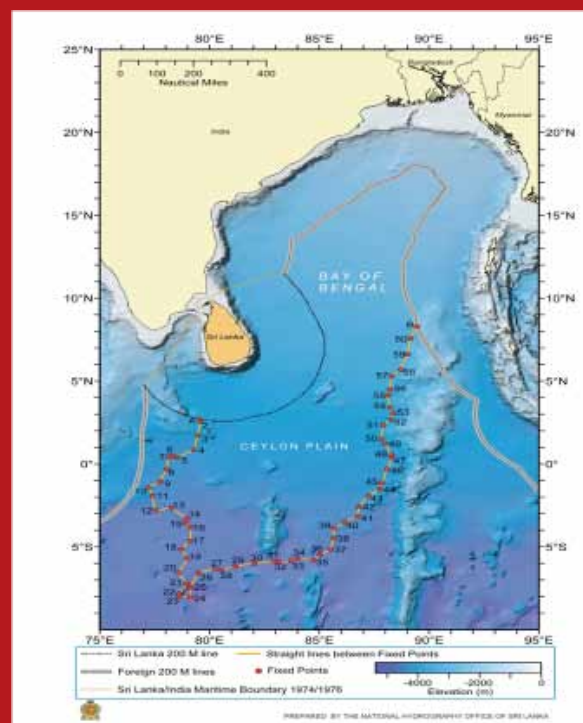


Over the next few years...



# Sri Lanka will continue to build on new strengths...

- The country has the potential to develop as a Naval, Aviation, Commercial, Energy and Knowledge hub, serving as a key link between the East and West and become 'Asia's New Wonder'.
- Sri Lanka will be considered as one of the faster growing centres and a feeder group to rapidly growing China and India.
- The Government will focus on better economic management over the next 5 years to reap the peace dividend and provide opportunities for a better life to its people.



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# Many investment opportunities will emerge and investors are already seizing opportunities...

- Some of the UK investments are expanding in Sri Lanka, eg. 1981 onwards, currency printing operations, flyovers, etc.
- Multinationals, eg. Unilever, are also expanding.
- Recently, London Stock Exchange Group (LSE) acquired MillenniumIT, a Sri Lanka – based capital markets technology company, for Sterling Pounds 18 mn.
- Investors from China, India and Malaysia have already invested heavily in Sri Lanka, while many from other countries too, are making serious inquiries about investment opportunities.
- USA Fund investments in Sri Lanka government's Treasury bills and bonds, exceed US\$ 1.5 bn.



It is now time  
for the UK to have a  
fresh look at  
Sri Lanka...

- Sri Lanka is one of the founding members of the Commonwealth.
- Sri Lanka is ready to build new relationships with the international community on trade and mutual trust and respect.
- At civil society level, UK-Sri Lanka Friendship Groups can rebuild person-to-person contacts with a positive attitude towards Sri Lanka.

**Now is the time for the UK and Sri Lanka to re-build their relationship.**



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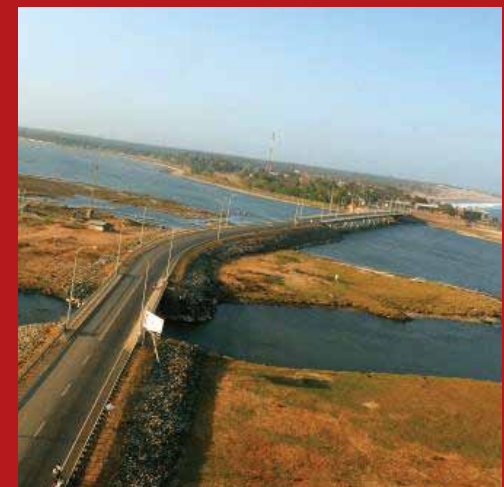
Investors could take the lead ...



# Sri Lanka can now look enthusiastically to the future...

## ■ Large scale investments:

- Oil exploration
- Infrastructure (roads, railroads, water, electricity, telecommunication)
- Marine and navigation services
- Airport services (14 domestic airports)
- Naval and port related activity services



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## ■ Medium scale investments

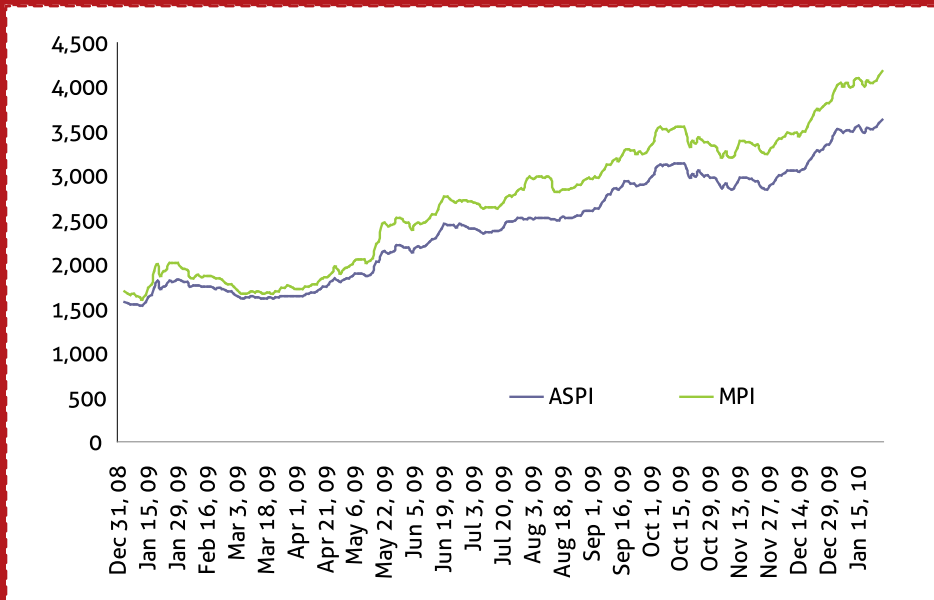
- Education – Technical, IT, English
- BPOs
- Health services
- Garments with forward and backward linkages
- Fisheries
- Agriculture – Tea, Fruits and Vegetables
- Tourism





- The country could be positioned as a regional center
- Financial instruments and services could be promoted
  - Stocks and securities
  - Corporate debentures
  - Finance and banking services

CSE Indices



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# Our Invitation

**Now, is the time for UK to be more closely involved.  
This is our INVITATION to YOU to do so.**



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