

Lanka to resume talks on trade pact with India

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Sri Lanka will soon resume talks with India on the stalled Economic and Technological Cooperation Agreement (ETCA), authorities said, as Colombo looks to trade pacts and foreign direct investments (FDIs) to rebuild its crisis-hit economy.

"We hope to commence negotiations on the ETCA later this month," said KJ Weerasinghe, Chief Negotiator of FTAs at the International Trade Office, recently set up under the Presidential Secretariat. "We had finished 11 rounds of bilateral talks the last time (between 2016 and 2019) with the aim of broadening and deepening the (ISFTA) that is in force since India-Sri Lanka Free Trade Agreement," said the senior official, who was formerly Director General of the Department of Commerce, following several diplomatic stints focusing on Sri Lanka's international trade interests.

However, the Maithripala Sirisena and Ranil Wickremesinghe-led government that was in power at the time could not complete negotiations. The ETCA faced considerable resistance from sections within Sri Lanka, mainly from nationalist groups and



STRENGTHENING TIES. Prime Minister Narendra Modi with Sri Lankan President Ranil Wickremesinghe (file photo) MOORTHY RV

trade unions, who saw the pact as giving India an unfair advantage. The ETCA itself followed decade-long, but futile, negotiations on yet another pact — the "Comprehensive Economic Partnership Agreement (CEPA)".

GREATER INTEGRATION

Sri Lanka's recent emphasis on FTAs and FDIs is part of President Ranil Wickremesinghe's strategy for economic recovery in the island nation, reeling under the impact of its worst economic crash. The country's economy contracted by an estimated 9.2 per cent this year and is estimated to contract by a further 4.2 per cent in 2023, according to the World Bank. Meanwhile, the government is talking to its creditors to restructure its foreign debt and qualify for IMF support early next year.

In his Budget speech last month, Wickremesinghe, who is also the Finance Minister, underscored the need for Sri Lanka to have greater access to the world market. "Towards this end, Sri Lanka has resumed efforts to integrate with key markets such as India and China.

Sri Lanka will also resume trade negotiations with Thailand, which along with the FTA with Singapore, sets the stepping stone for Sri Lanka to engage in dynamic regional trading arrangements such as Regional Comprehensive Economic Partnership (RCEP)," he told Parliament. The six-time Prime Minister was elected President through an urgent parliamentary vote in July at the height of Sri Lanka's crisis. He replaced former President Gotabaya Rajapaksa, who fled the country after being ousted by a popular people's up-

rising. In line with Wickremesinghe's vision, the International Trade Office is focusing on greater engagement in the neighbourhood, a "look East" policy, for possible integration with RCEP down the line, Weerasinghe told *The Hindu* in an interview at his office facing the Presidential palace that anti-government protesters stormed in July in a culmination of mass agitations.

India and China are the top two sources of import for Sri Lanka. In 2021, Sri Lanka's imports from India totalled \$4.74 billion, while the island nation exported about \$980 million worth of goods to India.

In the upcoming talks with India, Sri Lanka seeks to negotiate an explicit acknowledgement of the "asymmetry" in trade with India (in the proposed ETCA); work together to address some pending concerns over the implementation of the existing ISFTA and negotiate for an easing of quotas on Sri Lankan exports to India. "We must also take a fresh look at services. Rather than taking rigid, inflexible positions, we must see how to make this (pact) a win-win agreement for both countries," Weerasinghe said.

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