

## Ruwan Edirisinghe is New President of Federation

At the recently concluded 43rd AGM of the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL), Chairman/Managing Director Ruwan Edirisinghe of RN Construction private limited assumed the presidency of FCCISL for 2018-2019. He is also the president of Ceylon National Chamber of Industries.

Following the AGM, addressing the gathering he said that, "We have special plans for this year and next year and this two years the Federation of Chambers of Commerce and Industry as a focal point of the South Asian Association for Regional Cooperation (SAARC) Chambers of Commerce and Industry, we are going to take the presidency of SAARC. There are eight countries; SAARC is the regional intergovernmental organization and geopolitical union of nations in South Asia. Its member states include Sri Lanka, India, Pakistan, Bangladesh, Nepal, Bhutan, Maldives and

Afghanistan," he said.

"I will be the President for

activities will boost and there will be so many activities that will bring benefits for Sri Lanka and SAARC countries," he said.



The picture shows the newly appointed President Edirisinghe (left) receiving the presidential gavel from the outgoing President Sarath Kahpalarachchi. Others from left are Immediate Past President Ajith Wattuhewa, Senior Vice President Shirley Jayawardane and Secretary General/CEO Ajith D. Perera.

"In general SAARC is having 20 projects, from each country we have selected and identified 20 projects, so we are trying to use those 20 projects of all countries and expose into the world. And we are requesting the investors to come and support us," he said.

"My main goal for FCCISL is to have its own headquarters and establish a sustainable business model for FCCISL," he added.

"Using the strengths to uplift FCCISL to the next level is: brand Identity as a very active chamber, country focal point for SAARC CCI, very strong links with Asia Pacific foreign missions in Colombo, very strong links with governments in the Asia Pacific region, maintain best share of voice among chambers in SL, coherence of BOD and secretariat."

Cont. on page 5

SAARC Chambers of Commerce and Industry. SAARC Chambers of Commerce and Industry has lot of activities in world-wide and within the region. Because of that the federation

## Ruwan Ederisinghe senior VP of SAARC and president FCCISL will be inducted as President SAARC CCI

The induction of the presidency of SAARC chamber of commerce and industries will be held at Hotel Shangrila Colombo on the 26<sup>th</sup>

of March. Hon Priminister Ranil Wickremasinghe will be the chief guest. Cabinet ministers, politicians, VPs EG

GM members of SAARC CCI, and SWEC, Chamber leaders, Ambassadors and Government officials will be participating for the event.

## Can SAARC Create a South Asian Economic Union?

The South Asian Association for Regional Cooperation (SAARC) was established in 1985 with Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka as member states. The SAARC secretariat was set up in Katmandu two years later in 1987.

SAARC has very ambitious goals. Its Charter says that it will promote the welfare broadly defined to include every aspect of human development, of the people of the member states. At the SAARC Summit held in Kathmandu on 26-27 November 2014, the Heads of State or Government expressed their "strong determination to deepen regional

integration for peace, stability and prosperity in South Asia." The SAARC Finance Ministers who met in Islamabad in August 2016 spoke of "Accelerating the process towards South Asian Economic Union (SAEU) in a phased and planned manner as mentioned in the Declaration of 18th SAARC Summit."

The key issue is whether SAARC is actually on track to achieve these lofty goals. The following questions (Q) and answers (A) attempt to provide some clues to the progress made or the lack thereof and the challenges that SAARC faces.

**Q: How big is the SAARC economy**

**Prof. S W R de A Samarasinghe measured by total output compared to the global economy?**

**A:** SAARC's population of 1.77 billion is close to about 24% of the global population of about 7.4 billion. But the region accounts for only 3.7% of the global output and income. The average GDP or income per capita in SAARC is only about \$1,600 when the world average is about \$10,000.

**Q: Does that mean that SAARC does not have much of a market?**

**A:** Yes and no. It does not have much of a market compared to say rich Western

Cont. on page 6

## International Relations

### Sri Lankan to Takeover the SSARC Chamber of Commerce Presidency

The president-elect of the South Asian Association for Regional Cooperation Chamber of Commerce and Industry (SAARC-CCI) Ruwan Edirisinghe participated in the 6<sup>th</sup> SAARC Business leaders Conclave held in Katmandu, Nepal. Mr. Edirisinghe is the Chairman of RN Construction (Pvt.) Ltd. and serves as the

current president of the Federation of Chambers of Commerce and Industry, Sri Lanka (FCCISL). He is taking over from the outgoing president Suraj Vidya of Nepal who held the position for two years.

Mr. Edirisinghe addressing the Transition Workshop of SAARC-CCI. Expressed his appreciation of the service

that Mr. Vidya had rendered and promised to continue his good work and help SAARC-CCI move to the next level of operation that would assist in the further integration of private sector activities in the SAARC region. Trade with the vision to improve intra-regional trade with breaking the barriers in the ground.



### Farewell for Pakistani Deputy High Commissioner



The Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) hosted a farewell dinner for the outgoing Deputy High Commissioner of Pakistan Dr. Ahmed Khan Sipra recently at Kingsbury Hotel, Colombo. Here from Left Mr. Dharshaka Rupasinghe (Director - Zone 5), Mr. Keerthi Gunawardena (Director), Mr. Ajith Wattuhewa (Immediate Past President), Dr. Ahamed Khan Sipra (Deputy High Commissioner for Pakistan) Mr. Sarath Kahapalarchchi (President), Mr. Ajith D Perera (Secretary General/CEO of FCCISL), Mrs. Shirley Jayawardane (Vice President), and Mr. K. Kulathepan (Director - Zone 1).

### Indonesian Embassy hosted an official lunch for FCCISL



The Ambassador of Embassy of Republic of Indonesia His Excellency I Gusti Ngurah Ardiyasa, hosted an official lunch for Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) on 12<sup>th</sup> of December 2017 at Kingsbury Hotel.

### FCCISL signs MOU with CCPIT to establish Silk Road Business Council



At the end of the 2017 China-South Asia Business Council Meeting held in Maldives Mr. Ruwan Edirisinghe, SAARC CCI SVP - signed on behalf of FCCISL with Mr. Yu Jianlaong, Secretary General CCOIC - signed on behalf of CCPIT Yunnan Sub-Council to establish the Silk Road Business Council to further enhance the existing cooperative relations among enterprises from nations along the Silk Road.

## Sri Lankan Entrepreneur of the Year Awards 2017-Highlights

The federation conducts this annual awards program primarily to recognize the outstanding contribution that its members make to the Sri Lankan economy, business, exports and to the community that they live in by creating jobs and income. The members that are affiliated to the federation have their own annual awards scheme. The affiliates then nominate the principal winners for consideration for national awards.

A panel of judges (IPM) Mr. G. Weeratunge, (SLIM) Mr. Roshan Fernando, (EDB) Mr. Harsha Pathberiya, (PIM) Mr. Samantha Rathnayaka, (SLSI) Mr. Sunanda Fernando, Professional Banks Association Mrs. Viruli De Silva,

University of Kelaniya Dr. C N Wickramasinghe, University of Moratuwa Ms. G.N. Kuruppu, University of Colombo Dr. (Ms.) R. Senathiraja, Institute of Engineers Eng. Jayavilal Meegoda, BDO Partners Mr. Sasanka Rathnaweera, Central Environmental Authority (CEA) Mrs. S. S. Ranasinghe, chaired by Deepal Sooriyarachchi, chose the national award winners. The various industries are categorized into small, medium, large and extra large using the turn over and the number of employers as the basis. The winners are chosen based on their overall performance based on the information that the affiliates supply the Federation.

The Hall of Fame award is an

open award for which any company operating in Sri Lanka is eligible. The Panel chooses the winner based on the overall contribution that the company concerned has made to Sri Lanka's economy and business.



*Arrival of the Chief Guest, His Excellency the President Maithripala Sirisena*



*Sri Lankan Entrepreneur of the Year, Platinum Award – Extra Large Category Mr. Aelian Winston Gunawardene, Managing Director of JAT Holdings (Pvt) Ltd., Western Province*



*Hall of Fame Award Mr. Kulatunga Rajapaksa, Managing Director of DSI Samson Groups (Pvt) Ltd.*



*National Gold Award – Large Category Dr. J.R.B.P. Jayalath Raddalagoda, Managing Director of Pasyale Ayurveda Osu (Private) Limited, Western Province*



*National Gold Award – Extra Large Category Dr. Mayura Jayasoma, CEO/Technical Director of Jlanka Technologies (Pvt) Ltd., Western Province*



*National Gold Award – Extra Large Category Mr. Aruna Kothalawala, Managing Director of Wijaya Products, Western Province*



*National Gold Award – Extra Large Category Mr. H.P. Dulith Vinodan Herath, Founder & Chairman of Kapruka.com Pvt Ltd., Western Province*



*National Gold Award – Extra Large Category Mr. M.K. Indika Sampath, Managing Director of Idea Group Limited In Western Province*



*National Gold Award – Extra Large Category Mr. M.A. Manjula Ariyakumara, Managing Director of Three Sinha Industries (Pvt) Ltd., Western Province*



*Young Entrepreneur of the Year – National Award Mr. A.P.P. Eranda Aberathna, Managing Director of U.H. E Exports (Pvt) Ltd.*

## Sri Lankan Entrepreneur of the Year Awards 2017-Highlights



**Provincial Gold Award – Extra Large Category**  
**Mr. NajeebDeen, Managing Director of Deen Brothers Imports (Pvt) Ltd., Southern Province**



**Provincial Gold Award – Large Category**  
**Mr. D.M. Jagath Udaya Kumara Dissanayake, Managing Director of Pentium 2000 Stationeries (Pvt) Ltd., Central Province**



**Provincial Gold Award – Large Category**  
**Mr. B.M.A. Priyanthanal Gamage Balasooriya, Managing Director of Balasooriya Hospital (Pvt) Ltd., North Western Province**



**Provincial Gold Award – Large Category**  
**Mr. RegeeEdirisinghe, Managing Director of Regee Advertising Services (Pvt) Ltd., Western Province**



**Provincial Gold Award – Medium Category**  
**Mr. B.S.C. Kumara, Proprietor of Madhushani Plant Nursery, Western Province**



**Provincial Gold Award – Medium Category**  
**Mr. P. Jayasiri Silva, Managing Director of Nordtex (Pvt) Ltd., Western Province**



**Provincial Gold Award – Medium Category**  
**Mr. M.D.N. SarangaGoonawardena, Managing Director of TNG Packaging (Pvt) Ltd., North Western Province**



**Provincial Gold Award – Medium Category**  
**Mr. B.W. PubuduPahan Wickramanayake, Managing Director of Graphic Eye Offset Printers (Pvt) Ltd., Southern Province**



**Provincial Gold Award – Medium Category**  
**Mr. S.I. Vengadsaranyalyer, Managing Director of Shree Vengadeshwaraa Networks (Pvt) Ltd., Northern Province**



**Provincial Silver Award – Medium Category**  
**Mr. MeththanandaRubasingha, Proprietor of Tharindu Offset Printers, Eastern Province**



**Provincial Gold Award – Small Category**  
**Mr. K.H. Janaka Udayakantha, Managing Director of Janaka Engineering Industries, North Central Province**



**Provincial Silver Award – Small Category**  
**Mr. T.G. NamalPushpakumara, Managing Director of Pasindu Auto Parts & P.A. Product (Pvt) Ltd., Sabaragamuwa Province**



**Young Entrepreneur of the Year – Provincial Award**  
**Mr. HeshanAnuruddhaEdirisinghe, Managing Director of H-Mark Trading (Pvt) Ltd., Western Province**



**Woman Entrepreneur of the Year – Provincial Award**  
**Mrs. Pierina Bernadette David, Director of Heritage Expediciones (Pvt) Ltd., Western Province**



**Differently Aabled Entrepreneur of the Year – Merit Certificate**  
**Mr. J.A. Asoka Perera, Proprietor of Safe Hands Products (Pvt) Ltd.**

## Sri Lankan Entrepreneur of the Year Awards 2017-Highlights



*Woman Entrepreneur of the Year – Provincial Award Ms. M.F. Vijitha, Managing Director of Dhuniya Sweet Centre, Eastern Province*



*panel of judges*

### Editor's Note – Shirley Jayewardene

## Encouraging Women Entrepreneurs



We know that the world over, in general, men account for a much larger share of “employers” and ownership of enterprises. Sri Lanka is no exception. Only about 10% of employers in industry and services in the country are women. In the Chamber of Commerce and Industry of the Central Province of Sri Lanka there are 400 male members but only 10 female. In the entire country there are only four Women's Chambers that are legally registered. There are a variety of socio-economic, cultural and other reasons for low participation of women in business as entrepreneurs and owners. The Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) has been making a special effort to encourage women entrepreneurs and recognize their achievements.

We interviewed one of the two

women, Mrs. Bernadette David, – the other was not available - who won a key award in the FCCISL 2018 Entrepreneur of the Year Awards competition to find out what her entrepreneurial experience has been. Her story reveals both the potential that women have to succeed in business as well as the challenges that they have to overcome.

Mrs. David runs an agency, established in 2003, that brings tourists from Europe. Her husband is the main business partner. They employ 26 people that makes her firm mid size in terms of Sri Lanka's official classification. She says that her business strategy has two key elements. The first is assuring customer satisfaction. For example, in addition to delivering what she promises to make the holiday of her guests comfortable, each is given a small gift at the point of departure as a goodwill gesture.

The second is a happy and satisfied workforce. She says the dedication of her employees is a key factor in her success. She in turn makes a special

effort to take care of the staff providing them with perks such as medical facilities and holidays at company expense.

Mrs. David says that the special training in tourism that she got before she started her business was very helpful. She advises newcomers getting into business to pay special attention to the management of finances.

Perhaps most interesting is her experience in managing the family concurrently with the business. It is well known that women are expected to discharge their duties as homemaker and mother. This is very true for Sri Lanka. Mrs. David has converted that obligation and her family into a business asset. She readily acknowledges that her husband who works elsewhere during normal work hours helps her run the business in his spare time. More recently she has also brought in her daughter as a business partner. It is likely to take many more years for Sri Lankan women to come even close to parity in entrepreneurship and business. But women like Mrs. David show that there is a pathway to that goal. Trade Chambers have an obligation to smoothen that path.

### Ruwan Edirisinghe is New .....Cont. from page 01

“The challenges are: Marketing our services to members and non-members, getting the best out of available opportunities, developing staff members to take up future challenges.”

Within next two years FCCISL will increase their stake and presence at international forums (SAARC CCI/formation of APTA CCI /BIMSTEC /SILK ROAD CHAMBER). They will

increase the income through trade facilitation and mega events. Taking part in trade fares in china, India, Korea etc. and organizing mega events such as SAARC trade fare/investment forum.

They will actively look for partnerships with donor agencies (already they have one with skills for inclusive growth funded by SL-Australia

foundation) for their chambers benefit. They will help, build and nurture their member chambers every month. They will further strengthen the corporate governance model (they have a advisory board / Finance committee / strategy committee / Risk and sustainability committee and PR committee). They will actively look for sponsorships / strategic partnerships.

## New Board of Directors of FCCISL



Mr. Ruwan Edirisinghe  
President, FCCISL



Mr. Sarath Kahapalarachchi  
Immediate Past President,  
FCCISL



Mrs. Shirley Jayawardena  
Senior Vice President, FCCISL



Mr. Keerthi Gunawardena  
Vice President, FCCISL



Mr. Mettananda Vidanagamage  
Director, FCCISL



Dr. Rohitha Silva  
Director, FCCISL



Mr. Ruwan De Silva  
Director, FCCISL



Mr. Arnil Sammoon  
Director, FCCISL



Mr. K. Kulatheepan  
Director, FCCISL



Mr. Mc Donald Perera  
Director, FCCISL



Mr. Dharshaka Rupasinghe  
Director, FCCISL



Mr. R. A. Tissa Ranathunga  
Director, FCCISL



Mr. Prasanna Liyanage  
Director, FCCISL

### Contact Us

Fax : (+94) 11 2366992      Phone : (+94) 11 2366996  
 Email : sg@fccisl.lk      (+94) 11 7390860  
 (+94) 77 4814087

Web : www.fccisl.lk

"Federation House"  
 No 696/3/4, Havelok Road  
 Colombo 06, Sri Lanka

## Can SAARC Create a South .....Cont. from page 01

countries or even China (population 1.4 billion and per capita GDP \$8,250) because the average person has a low income and, as Table 1, shows, the poverty rate is high especially in the three largest countries, India, Pakistan and Bangladesh. The poor have very limited purchasing power. But because income is not equally distributed in every country there is a large middle class that has much higher purchasing power.

Table 1: SAARC Economic Indicators

|   | Afghanistan   | B'desh          | Bhutan        | India            | Maldives      | Nepal         | Pakistan       | Sri Lanka      |
|---|---------------|-----------------|---------------|------------------|---------------|---------------|----------------|----------------|
| Population ml.<br>(share %)                 | 35<br>(2.0%)  | 163<br>(9.0%)   | 1<br>--       | 1324<br>(75%)    | 0.4<br>--     | 29<br>(1.6%)  | 193<br>(11%)   | 2<br>(1.2%)    |
| GDP \$ bl. 2016<br>(share %)                | 20<br>(0.7%)  | 216<br>(7.6%)   | 2<br>(0.07)   | 2212<br>(77.8%)  | 4<br>(0.1%)   | 21<br>(0.7%)  | 289<br>(10.2%) | 80<br>(2.8%)   |
| GDP<br>per capita \$                        | 580           | 1330            | 2510          | 1670             | 10380         | 730           | 1500           | 3850           |
| Annual average GDP<br>growth rate % 2000-16 | 8.3*          | 6.0             | 7.7           | 7.5              | 9.5*          | 4.1           | 4.2            | 6.0            |
| Merchandise Exports<br>\$ bl. (Share%)      | 0.6<br>(0.2%) | 35.0<br>(10.6%) | 0.5<br>(0.2%) | 264.0<br>(80.0%) | 0.3<br>(0.1%) | 0.7<br>(0.2%) | 20.0<br>(6.0%) | 10.0<br>(3.0%) |
| National Poverty<br>rate % (Year)           | 36% (2011)    | 40% (2010)      | 23% (2012)    | 30 (2011)        | Not available | 25% (2010)    | 36% (2013)     | 9% (2012)      |

Source: World Bank, World Development Indicators

\*Growth rate calculated for less than the full period

Cont. on page 8

## Member News

### Dinuk Hettiarachchi Leads the COYLE

The Chamber of Young Lankan Entrepreneurs (COYLE) announced the appointment of Dinuk Hettiarachchi as its new Chairman, following its 19<sup>th</sup> Anniversary Celebrations held on Saturday 10<sup>th</sup> March at the Ballroom of Shangri-La Hotel, Colombo. Dinuk is the Managing Partner of Nihal Hettiarachchi & Co., a leading Auditing and Accounting firm in Sri Lanka. He is also the Chairman of 3DH International Group of Companies with a diversified portfolio comprising of Oil & Gas, Power & Energy, Aviation, Real Estate, Information Technology, Advertising & Marketing, Insurance Brokers, International Trading, Travel & Tourism and BPO. He is ably assisted by COYLE Senior Vice Chairman Aminda Rodrigo and Vice Chairman Dinesh Jayawardena.



*President and the past residents of COYLE (standing from left, number two is Dr Rohitha Desilva Director FCCISL and VP Srilanka, SAARC CHAMBER)*

### Sri Lanka at Intl. Chamber of Commerce EGM in Tokyo



International Chamber of Commerce Secretary General John Danilovich (centre) flanked by International Chamber of Commerce Sri Lanka Chairman Dinesh Weerakkody (right) and Immediate Past Chairman Keerthi Gunawardane (VP FCCISL) after the ICC EGM in Tokyo, Japan recently

### Batticaloa Chamber Addresses Marketing Issues of Local SMEs



The Batticaloa District Chamber of Commerce, Industry and Agriculture (BCCIA) together with the Gesellschaft für Internationale Zusammenarbeit (GIZ) organized a symposium at Mamangam, Batticaloa recently to facilitate the sale and the buying of products of Small and Medium Entrepreneurs. The Chief Executive Officer of BCCIA K. Kugathas presided.

Bank credit, state incentives and facilities available to SMEs, connections between producers and buyers, and techniques, and strategies of marketing were discussed.

A plan of action that the participants prepared at the symposium to market SME products through the Cargills Food City Batticaloa, City Centre Batticaloa and the tourist hotels in Pasikudah was the main immediate tangible outcome of the symposium. . Director of the Sri Lanka Institute of Advanced Technological Education, Arayampathy S. Jeyabalan was the principal architect of this arrangement.

GIZ Project Executive Director Dani Gastan Tayan, members of BCCIA and a large number of owners and managers of SMEs in the area participated in the symposium.

### FCCISL Services

The Federation of Chambers of Commerce and Industry Sri Lanka (FCCISL) conducts training programs related to business development, capacity building, small and medium enterprise development (SMED). We also provide certificates of origin related to exports, business consultancy services and trade facilitation.

FCCISL also undertakes lobbying on matters related to business in Sri Lanka that fall within the scope and mandate of the Federation.

We request our members to reach out to us through the Secretariat of FCCISL.

## Can SAARC Create a South .....Cont. from page 06

**Q: What is the size and purchasing power of the SAARC middle class?**

A: We will take India as an example because it accounts for three quarters of the SAARC population. The per capita annual consumption spending of the top 10% (130 million) in India is about \$11,150 and the next 10% about \$5,800. That means a family of four (4) in the top 10% spends around \$3,700 per month and a family of the same size in the next 10% spends around \$2,000 per month. These figures are in international dollars. In other words it is as if the income is earned and spent in USA. The \$3,700 per month family is definitely in the middle class even by rich country standards. Those that spend \$2,000 also can afford at least some of the things that the typical middle class family would consume. So we are talking of around 200 million or more Indians with very considerable purchasing power. In the other SAARC countries also the same middle class spending can be found but in smaller numbers. Overall it is reasonable to assume that the SAARC region has about 250 million with middle class purchasing power. That only refers to consumption goods and services. When the market for investment goods – buildings, factories, machinery, roads, transport equipment etc.- is added SAARC has a very large market and massive business and investment opportunities.

**Q: But what about the poor?**

A: They have a lower living standard and as Table 1 shows those who live below the poverty line even in India (30% of the population) is greater than its middle class population. In the short term the government in each country has to give them some help by taxing the rich. But the long-term solution is economic growth, better jobs and higher incomes that will lift all boats.

**Q: What is the role that SAARC can play to make that happen.**

A: There is no simple answer. For sure more trade will help, especially for the smaller countries such as Nepal and Sri Lanka but even for the larger countries more trade will be very beneficial.

**Q: How so?**

A: The size of the domestic market in smaller countries is limited by the size of the population even if they are rich. They have to grow their exports to exploit what economists call *economies of scale*. For

example, the smaller countries such as Belgium, Ireland, Singapore and Taiwan have very high per capita incomes because they rely on exports. In principle, the smaller SAARC countries can export to the West and richer Asian countries such as Japan, South Korea and perhaps China. And they do that at present in varying degree. But the smaller SAARC countries also have, in India, a rapidly growing large market. But we have to admit that SAARC is yet to find a viable pathway to promote more trade within the region. The result is that all SAARC countries rely on non-SAARC countries for most of their export earnings.

**Q: What are the problems that prevent more intra-SAARC trade.**

A: One problem is the kind of goods and services that SAARC countries currently produce. To have thriving trade the economies must be complementary to each other. That means, for example, Sri Lanka must produce something that Bangladesh, India or Pakistan wants and they must produce what Sri Lanka wants. But just now many SAARC countries are competing with each other. They produce the same kind of goods for which there is no market in other SAARC countries. Garments that almost all the SAARC countries produce for Western markets are a good example. It will take more time for that situation to change.

**Q: Can SAARC help to accelerate that change?**

A: In principle it definitely can by reducing tariff and non-tariff barriers to trade within the region. In practice SAARC members face many obstacles in trying to do that.

**Q: Why?**

A: Interest groups in each SAARC country want to protect their home markets from goods that other SAARC countries can supply.

**Q: Is that not a reasonable fear?**

A: yes and no! Yes, because any change in trade will produce winners and losers. So the losers will oppose such trade deals. But trade is not a zero sum game. A good trade deal will be or should be a win-win for all. For example, in 2016 Sri Lanka's imports from India were \$ 3815m and exports to India were \$554, a deficit of \$3261m. In such a context there is strong opposition from some groups in Sri Lanka including the main trade union for doctors and some

industrialists to the proposed Economic and Technology Cooperation Agreement (ECTA) with India. What Sri Lanka must do is to have ECTA and ensure that it would open new markets for Sri Lankan goods and services in India. For example, instead of opposing private medical education, the country should develop world class private medical education to attract foreign students and give incentives to the growing private healthcare (hospital) sector to reach world class standards. That can make Sri Lanka a centre of excellence in both hospital services and medical education attractive to Indians and others in the SAARC region and beyond.

**Q. What about the larger countries such as India and Pakistan?**

A. They too can benefit from more trade within SAARC. For example, India exported \$264 billion worth of goods in 2016. Of that amount formal exports to Pakistan amounted to less than 1%. However, there is a fair amount of informal trade between the two countries that happens through third countries, such as Dubai. That is an indication that from an economic point of view there is much more scope for profitable trade between the two countries.

**Q: Why does not that happen?**

A: As we know the two countries have important unresolved political and diplomatic issues that obstruct closer cooperation in trade and other economic matters.

**Q: Taking a long view, what are the prospects for SAARC as an economic entity?**

A: As we noted at the very beginning, SAARC's officially declared goal is to create a

**South Asian Economic Union (SAEU)**. But that is a long way off. A growing Indian economy will create more trade and other economic opportunities in areas such as finance capital and technology not only for the smaller SAARC countries but also for the two larger countries, Pakistan and Bangladesh. But we have to be realistic to recognize that often political and other non-economic considerations can trump economics. The unresolved political and diplomatic problems between India and Pakistan do not help. For example, the 2016 SAARC summit that was to be held in Islamabad was cancelled when India pulled out and Bangladesh, Bhutan and Afghanistan followed India. A lot of goodwill and shared interest will be needed to drive SAARC towards the SAEU that it aspires to have.