

# INDIA-SRI LANKA-JAPAN TRILATERAL COOPERATION

## MEDIUM- AND LONG-TERM STRATEGY FOR INDO-JAPANESE COLLABORATION TO SUPPORT ECONOMIC TRANSFORMATION IN SRI LANKA

### BACKGROUND NOTE

In January 2023, Pathfinder Foundation, Sri Lanka released a report titled “Medium- and Long-term Strategy for Indo-Japanese Collaboration to Support Economic Transformation in Sri Lanka”.

The report made concrete proposals and recommendations focusing on several prioritized sectors for India-Japan collaboration towards Sri Lanka’s economic progress. The main objective of the India-Sri Lanka-Japan trilateral meeting are twofold: One, to create greater awareness of the Report among potential investment partners and stakeholders; and second, identification of concrete projects and financing modalities to facilitate the implementation of the Report’s recommendations.

The Dialogue seeks to bring industry, government, and the strategic community on one platform to identify actionable points emanating from the Report.

### FOUR KEY AREAS FOR SRI LANKA’S TRANSFORMATION IDENTIFIED IN THE REPORT:

#### LOW-CARBON POWER GENERATION SESSION

The first part analyses the role of the renewable energy sector in transforming the Sri Lankan economy and the essentiality of low-carbon power generation for achieving sustainable economic growth and development. Emphasising that Sri Lanka needs to reduce heavy reliance on imported fossil fuels to meet its growing energy demand, the report considers the sector-specific global trends, while borrowing experiences through case studies from countries like India, Norway, Sweden, Indonesia and several others, in reaching their renewable energy targets.

The report reviews existing national policy frameworks and ongoing initiatives, as well as policy gaps, issues and barriers faced in this area. It provides detailed recommendations for addressing challenges and highlights the opportunities for Sri Lanka in the solar, wind, and hydropower sectors. Finally, the analysis of this theme concludes with the identification of areas for consideration of Indo-Japanese collaboration for both the medium and long term.

#### DEVELOPMENT OF TRINCOMALEE AS AN ENERGY HUB

In the second part, recognising that the absence of appropriate energy storage facilities is the “missing link” to accommodate weather-dependent renewable energies, the report focuses on the development of Trincomalee as an energy hub. It details the region’s potential for development as a liquid fossil fuel, natural gas and green hydrogen storage hub due to its under-utilised natural geographic advantages like the deep natural harbour, long-standing infrastructure presence, and land availability.

Further, the report emphasises the potential for Trincomalee to serve as a coal delivery site and as the location for a new oil refinery that can replace the existing refinery in Sapugaskanda. It underlines why the future low-cost power generation source for Sri Lanka would be Liquefied Natural Gas (LNG) and how the development of Trincomalee as an energy hub has the potential to provide storage and allied services to the east coast of India and Bangladesh. Toward this goal, the report provides a detailed look into the potential for developing Sri Lanka’s sectors, like the export potential of refineries and the opportunities and challenges for developing the oil tank farms for strategic or commercial reserves. The report highlights that a new India-Sri Lanka joint venture is expected to examine this option in detail.

## LOGISTICS AND CONNECTIVITY

The next part of the report assesses the logistics and connectivity in Sri Lanka, emphasising that an efficient transport system will play a significant role in the supply chain efficiency for regional and global trade and will help Sri Lanka's maritime trade and policies. It argues that the focus should be on supporting the trade and connectivity aspirations of the Indian Ocean rim countries and on linking the Indo-Pacific strategic trade corridors to derive more comprehensive economic benefits. With an expansion in the air and sea logistics network, Sri Lanka can thus transform itself into a major connectivity centre of the world.

The study takes a comprehensive look at the changing landscape, its impact on Sri Lanka's port dynamics and the geographical characteristics of the Hambantota and Colombo ports. The report examines how Sri Lanka's location has historically been a major factor for it being a trading hub. Further, taking note of various case studies of innovative nations like Israel, Japan, Singapore and the UAE, which have pioneered growth and development through connectivity and logistics, and of countries like India, Singapore and Dubai, where all the global operators and global head offices operate and make investment decisions, the report calls for the need of development of strong maritime and logistics industry as a precursor of investments and financial growth.

To successfully invite international participation, the report highlights several industry areas which should be developed. These include the legal environment, hard infrastructure, global indexes and communication links, capacity and skill development, cyberspace and investment policy. In detail, the report examines the potential for Indo-Japanese collaboration in Sri Lanka's connectivity and logistics sector through support in developing policies, infrastructure, strategy, services, technology, and training centres.

## PEOPLE-TO-PEOPLE CONTACTS

The last part of the study analyses the vitality of strengthening people-to-people contacts through three sub-sectors of education, training and skill development and tourism. The report urges the authorities and the industry stakeholders to prioritise reviewing and implementing the medium and long-term strategies to develop tourism and elaborates on the training and skill development needed for the growth of this sector. The report also focuses on the light engineering sector, aptly highlighting it as the backbone for any heavy industry sector, the primary player of the long supply chains, and the need for both state and non-state to work in unison. It underlines the criticality of skilled workers for advancing the micro, small and medium enterprises (MSMEs). Finally, the report effectively analyses the education sector, focusing on the inequitable public school system, hands-on learning, worldview and educational attainment, second language teaching and learning, and school-community relations. The report makes a case for the potential Indo-Japanese collaboration in Sri Lanka for all three sectors.

**FULL TEXT OF THE REPORT: [HTTPS://PATHFINDERFOUNDATION.ORG/PUBLICATIONS](https://pathfinderfoundation.org/publications)**

**VENUE: VIF, 3, SAN MARTIN MARG, CHANAKYAPURI, NEW DELHI - 110021**

**DATE: AUGUST 10, 2023**

**TIME: 0930 - 1330 HOURS**

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**EVENT SCHEDULE**  
**10<sup>TH</sup> AUGUST, 2023**

**REGISTRATIONS: 0915 - 0930 HRS**

**OPENING SESSION: 0930 - 1020 HRS**

**Speakers:**

**Ambassador Pankaj Saran Convenor, Nat Strat**

**Dr Arvind Gupta, Director, VIF**

**Ambassador Bernard Goonetilleke Chairman, Pathfinder Foundation**

**Mr. Rajesh Aggarwal, Director of Market Development, ITC Geneva**

**H. E. Mr Hiroshi Suzuki, Ambassador of Japan**

**H. E. Mr Milinda Moragoda, High Commissioner of Sri Lanka**

**Mr. Puneet Aggarwal, Joint Secretary (IOR), Ministry of External Affairs, India**

**Mr. Pankaj Tandon, Joint MD and CEO, Jakson Ltd – Member CII**

**TEA BREAK: 1020 - 1030 HRS**

**SESSION ONE: INTRODUCTION TO THE REPORT AND INVESTMENT OPPORTUNITIES  
IN SRI LANKA  
1030 - 1045 HRS**

This report was prepared at a time when Sri Lanka was facing an unprecedented economic crisis that has caused a significant socio-economic setback in the country, with rising unemployment, rocketing inflation and increasing poverty. While the short-term remedies were necessary to deal with the crisis for immediate solution, a strategic medium and long-term response to transform the economy is considered vital to put the country in a sustainable growth trajectory for structural shift. With this vision to revive Sri Lankan economy, the key thrust of the report is trilateral corporation to implement a set of the recommendations for prioritized sectors identified in the report. This session will present the, among others, rational for selection of prioritized sectors while highlighting investment opportunities available for future collaboration.

**Speakers: Dr. Dayaratna Silva, Executive Director, Pathfinder Foundation**

**Mr. Prasanjith Wijaythilake, Executive Director, BOI, Sri Lanka**

## **SESSION TWO: RENEWABLE ENERGY AND TRINCOMALEE AS AN ENERGY HUB**

### **1045 - 1130 HRS**

In this session, the first two sectors of the report will be taken together for discussion, considering the inextricable linkage between the recommendations and proposals that have been put forward for the development of a clear strategy for Low- Carbon Power Generation: Renewable Energy and the Development of Trincomalee as an Energy Hub. It is noted that there are already several ongoing initiatives for the development of renewable energy in Sri Lanka in collaboration with investment partners from India. This session will attempt to take stock of what has been achieved and review proposals to bring in large- scale investments covering renewable energy, LNG and grid connectivity between India and Sri Lanka and for developing Trincomalee as an energy hub using the oil tank complex.

#### **Panel discussion**

**Moderator: Ambassador Ashok Kantha**

**Speakers:** Mr. J.M. Athula, Director General, Sri Lanka Sustainable Energy Authority  
Eng. Gamini Senanayake, Corporate Member, Sri Lanka Institute of Engineers  
Mr. Nimal Perera, National Consultant, Field of Energy, Environment, Climate change and Sustainable Development  
Mr. Puneet Agarwal, Chief General Manager (New Business), Indian Oil  
Adani Power

## **SESSION THREE: LOGISTICS AND CONNECTIVITY**

### **1130 - 1200 HRS**

The report highlights the essentiality of developing a national policy and a policy framework for logistics for Sri Lanka to reach its economic targets. It argues that while taking advantage of Sri Lanka's geo- strategic location, the country requires a long- term strategy to support trade and connectivity aspirations of the Indian Ocean rim countries and to link the Indo- Pacific strategic trade corridors to derive more comprehensive economic benefits.

This session will discuss recent initiatives to revive railway/ ferry links that have existed historically between India and Sri Lanka, as well as proposals for rail & road connectivity in the future. Furthermore, it will take stock of existing collaboration between the two countries in logistics and the development of port infrastructure.

#### **Panel discussion**

**Moderator: Ambassador Ashok Kantha**

**Speakers:** Mr. Rohan Maskorala, CEO, Shipper's Academy  
Mr. Sohail Kazani, Group Founder and MD, Bharat Freight Group

## **SESSION FOUR: PEOPLE TO PEOPLE CONTACT- TOURISM, EDUCATION AND TRAINING & SKILLS DEVELOPMENT**

### **1200 - 1315 HRS**

This discussion will focus on specific areas for strengthening people-to-people contact under three sub- sectors: education, training and skill development, and tourism. In training and skill development, the report has made concrete proposals for Indo- Sri Lanka collaboration to address skills gaps in the light- engineering sector and plastic waste management with the support of the Central Institute of Petrochemicals Engineering Technology (CIPET), India.

#### **Panel discussion**

**Moderator:** Mr. Aditya Ghosh, Chairman, CII National Committee on Skill Development

**Speakers:** Mr. Priantha Fernando, Chairman, SLTDA

Dr. Vipula Wanigasekara, Senior Lecturer, Edith Cowan University, Australia

Prof. Siri Hettige, Professor, University of Colombo

Prof. Shishir Saha, Director General, CIPET, Chennai

Mr. Nihal Cooray, Advisor, Board of Trustees, Asia Pacific Roundtable on Sustainable Consumption and Production

### **WRAP UP SESSION: 1315 - 1330 HRS**

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### **LUNCH: 1330 - 1430 HRS**

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