





INTERVIEW

Ranil Wickremesinghe

Shaping the Hub of the Indian Ocean

Sri Lanka has been making strides towards its vision to become an attractive business hub in South Asia, with ongoing efforts to transform its capital Colombo and the surrounding region into a Megapolis. His Excellency, Prime Minister **Ranil Wickremesinghe** shares how his government works with the private sector to drive growth, while keeping citizens at the heart of progress.

Sri Lanka has developed rapidly in recent years, with Colombo leading the way. How do you ensure liveability for residents?

Colombo is the nation's commercial capital and an important shipping hub for a vibrant region of over 1.5 billion people in South Asia. It boasts a highly educated workforce, clean environment, modern cosmopolitan values, stable democratic governance and mature investor-friendly structures. A safe and liveable environment is central to everything we want to achieve as individuals and as a country.

Colombo must transform itself into a modern city with facilities similar to Singapore and Kuala Lumpur. This growth brings new challenges. The

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Western Province, including Colombo District, houses more than 2.3 million of Sri Lanka's 22 million population. This necessitates housing and infrastructure development in an inclusive manner, for the people's benefit.

I believe that with growth and development, we need to ensure everyone benefits from our new-found prosperity. Development must be inclusive if we want to transform the lives of our people.



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We are committed to building a strong economy so we can deliver a radical housing programme to give people more homes. In Colombo, we launched a project this year to build 50,000 new homes for low-income families. We want to transform Colombo and provide proper housing with adequate facilities. Our aim is to relocate thousands of families presently living in shanties. So far, we have developed a number of projects and begun to rehouse families. Once the project is complete, our housing problems will be solved and the shanty dwellings can be removed, freeing up land for commercial use or future developments that can provide additional income for citizens.

We are investing heavily in major infrastructure projects to ease the strain on existing networks. Extensive public transport improvements include expanding the railway, introducing bus priority lanes and deploying advanced traffic management systems. There are plans to develop a Light Rail Transit system to ease congestion and improve passenger connectivity.

Measures to connect Colombo with major cities, villages and towns are underway, to keep Sri Lanka moving and open up new areas of our economy. Construction work on a new elevated highway from Kelaniya to Fort will begin soon.



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In addition, internal waterways would be used for transportation, easing the burden on roads. Our goal is to equip our nation to meet 21st century demands by focusing on developing housing solutions, helping our people move freely, aiding our businesses and industries, and modernising our infrastructure. Our long term plans and development will continue till the end of next decade.

What role does the public sector play in Sri Lanka's economic development?

The public sector will uphold good governance as the regulator, facilitator and policy maker to facilitate the role of the market. The government and market are complementary, not substitutes. Our government values public sector employees so we have increased public sector salaries significantly and created a conducive work environment for them.

We have also worked to manage our economy. Trusted by the international community, our government has developed a strong economy where foreign companies want to invest. The progress we have made is evident in our growing trade ties with some of the world's most buoyant markets like Europe and Singapore. The impact on the people



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has been remarkable. We have created more than 460,000 jobs and helped over 260,000 families secure homes. Only by sticking to our plan to strengthen our economy will we keep Sri Lanka on the path to a better future.

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What are Sri Lanka’s business potential and advantages? What would you say to those who are keen to be part of the country’s transformation?

Back in 1977, we were the first country in the region to implement an open economy policy. Since then, we have continued to place a strong emphasis on growing the private sector and protecting foreign investors. Now, our focus is on creating new opportunities for the private sector to thrive through trade, investment and macroeconomic policies.

A key advantage of doing business here is our fantastic geographic location and emergence as an important hub in the Indian Ocean. Moreover, Sri Lanka’s international reputation stands strong and we enjoy friendly relations across the West and East.

- 01 As the capital of Sri Lanka and a shipping hub in South Asia, Colombo will further develop its housing and infrastructure to create a liveable environment for its people.
- 02 Vehicles and pedestrians on the busy streets of Kandy City, the second largest city in Sri Lanka.
- 03 Parts of the sea off Colombo’s Galle Face Green are being reclaimed to build the Port City and new access routes to enhance the city’s connectivity to other parts of Sri Lanka.

Creating a conducive business climate is a top priority for our government. There are 10 taskforces, each tackling a vital aspect of the World Bank's Doing Business indicators. Already, our Registrar of Companies has gone fully digital, cutting the time taken to register a new business from six days to just one. In a couple of months, the time needed to find land and register property will be halved from 51 to 26 days, and the procedures reduced from nine steps to two. The online portal for the Colombo Municipal area has also been launched. These will have strong benefits for urban sector investments.

Our Board of Investment just launched an online portal for investment facilitation and a Trade Information Portal will be introduced by July 2018. We are also introducing an Electronic National Single Window to link together dozens of state agencies dealing with international trade. An old Exchange Control Act was replaced with a more contemporary Exchange Management Act last year, and a new Income Tax Law was introduced in April 2018 with technical guidance from the International Monetary Fund. This provides a modern, stable and simple tax regime for investors.

These initiatives are complemented by comprehensive trade policy reforms, articulated in a New Trade Policy. In the recent budget, protectionist para-tariffs on over 1,200 items were removed, with the rest slated for removal this year and next year. To leverage on our location and expand market access, we are expanding our trade and investment links with a diverse set of countries—US, EU, India, China, Singapore, Japan and Thailand. We will also sign a number of free trade agreements, following one that was inked with Singapore in January 2018. To have established our first comprehensive agreement covering investment and services with Singapore—regarded as one of the most open and liberalised economies with high-quality institutions—is an important milestone for our country.

All these measures bring us closer to our goal to become an attractive place to do business in Asia, particularly the Indian Ocean region.



Could you share with us Sri Lanka's Vision 2025 and how you aim to achieve that?

Our vision is to make Sri Lanka a prosperous country by 2025. We will do so by transforming Sri Lanka into the hub of the Indian Ocean, with a knowledge-based and competitive social-market economy. We will generate economic growth with equity—our plan prioritises raising incomes, improving quality of life and ensuring housing, employment and education for all citizens.

One goal is to provide 13 years of free education to all, to put every student on the path to university. We will also take steps to increase enrolment in university programmes that will meet future job market demands.

Additionally, we will expand our vocational training opportunities, by working with the private sector to improve skills development and increase employment opportunities. We aim to create one million new jobs by 2025. As nearly 40% of Sri Lankans are vulnerably employed in informal sectors, we will make efforts to formalise these sectors by standardising occupations with internationally accepted certifications and licensing. This will improve employability in the long run. There are also plans to establish a retirement scheme for informal sector employees.

We want to ensure equal access to safe drinking water and sanitation for the entire population. We plan to improve access to water supply facilities in underserved areas and are exploring the possibility of expanding our current desalination projects.

We will position Sri Lanka as an export-oriented economic hub. Our strategic location makes us a strong logistical hub. Using public-private partnerships, the government will expand the port infrastructure to support further growth of transnational shipping across the region. We recognise that Sri Lanka has a domestic market of only 20 million consumers with a modest per capita

income. We must rely on external demand for sustained, high and long-term growth. Therefore, we will make Sri Lanka a platform for competitive value addition by securing opportunities for local businesses in global production networks. This outward-looking approach will increase the efficiency of the domestic economy, contributing to a better life for all Sri Lankans.

Looking at the next 50 years, we will continue to undertake huge efforts to build a strong economy in Sri Lanka.

The government unveiled the Western Region Megapolis Plan in 2016. What are the priority areas and how has the progress been so far?

The Western Region Megapolis Plan is a blueprint to transform the region to meet highest international standards through a series of large-scale projects. We will build a platform for growth that is consistent with social justice and in harmony with ecology. The plan has identified issues that should be prioritised, including traffic congestion, garbage disposal, housing for slum dwellers and adequate drinking water and sanitation facilities.

To position Sri Lanka as the hub of the Indian Ocean, we are focusing on four sectors—logistics, tourism, manufacturing and IT. Sri Lanka's tourism capacity is not fully exploited. The main tourist areas in the south and the Hill Country need better connectivity, with potential tourist sites to be opened in the southern resorts and Eastern Province. Sri Lanka also enjoys a niche market in manufacturing, and will focus on IT and knowledge in semi-automation. At the centre of these developments will be the Megapolis, which aims to be the largest city in the Indian Ocean, with fully developed infrastructure including two airports, two ports, and an offshore financial centre in the new Port City landfill.

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There has been steady progress, with most planned programmes ready for funding and strategic investment. The Port City reclamation site is approximately 80% complete. By the end of this year, we expect building work to commence on the Colombo Business District extension. With our bold aims, we are transforming the metropolis into one of the world's great engines of creativity, knowledge, innovation and prosperity, taking a significant step to improve the living conditions of our people.

Singapore has trained over 200 Sri Lankan officials through the Temasek Foundation International Leaders in Urban Governance Programme. What has been helpful from this exchange of ideas?

This is a practitioner-oriented programme to share knowledge of the principles for high-density and high-liveability urban development. After attending various workshops, the participants applied key learnings to a cross-sectoral urban project.

With the support of Singapore's urban practitioners from the CLC, Sri Lankan officials were able to draw on Singapore's



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past experiences, such as the cleanup of the Singapore River and downtown redevelopment, to develop a set of urban regeneration strategies that culminated in the Beira Lake Intervention Area Development Plan. This included detailed plans and strategies for cleaning, planning and execution to transform Beira Lake, a polluted waterbody in Colombo. The integrated plan aims to clear all the nearby slum dwellings to create a picturesque landscape for both locals and tourists. We expect the lake to become a scenic asset of Colombo by 2025. ●

01 An artist's impression of the Colombo Port City, which is built on reclaimed land and is being developed into an offshore financial centre.

02 The Centre for Liveable Cities' Executive Director, Khoo Teng Chye (in pink), accompanied His Excellency, Prime Minister of Sri Lanka, Ranil Wickremesinghe (in blue) on a Singapore River tour in July 2016.