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19 February 2016

MEDIA RELEASE

The proposed ETCA with India

The government intends entering into an Economic and Technical Cooperation Agreement (ECTA) with India. The previously proposed Comprehensive Economic Partnership Agreement (CEPA) with India had to be abandoned due to the lack of public support. The government has not revealed the provisions of the new agreement to the public and only a select few have the draft. According to the latest draft of this agreement, we understand that what is proposed is in reality not an Economic and Technical Cooperation Agreement as originally thought, but an Economic and Technical Cooperation Framework Agreement (ETCFA) which only sets a 'framework' for future agreements.

The agreements that are to be entered into later under the framework of the ETCFA include an agreement on trade in goods, an agreement on trade in services and an agreement on investment – the same components that made up the old CEPA. The difference this time however is that the ETCFA does not have specific provisions relating to any of these areas and the specifics are to be worked out only after the ETCFA is signed.

While the proposed ETCFA is still pending, the government has already started opening the country up to Indian service providers. The Prime Minister himself presented a cabinet paper dated 2 September 2015 on the setting up of an Ambulance service by GVK Emergency Management and Research Institute (GVK EMRI) of India which will commence in the Western and Southern provinces first and then be expanded to the rest of the country. The Indian government is to provide a capital infusion of 7.6 million USD for GVK EMRI to purchase ambulances and pay staff for the first year of operations in Sri Lanka. The cabinet paper implies that this is to be a fee levying service which is expected to be self supporting after the first year.

GVK EMRI is to have the power to recruit personnel independently and will work with government as well as private hospitals. The Indian company is also not under any specific obligation to recruit Sri Lankans. The Sri Lanka government will contribute by allowing this organisation to import their vehicles, medical equipment etc duty free, provide space to set up their rapid response centres and provide work visas for the Indian managers and trainers. The cabinet paper does not explain why an Indian organisation should establish an ambulance service in Sri Lanka when there are many government, private and NGO ambulance services in this country which can easily expand their services in the Western and Southern provinces if they are provided the same facilities as GVK EMRI of India. It should also be noted that the existing government and private health care services have enabled Sri Lanka to be ranked among the best in Asia in terms of health care indices.

An economic and technical pact with India will make sense if Sri Lanka can obtain from India some technical or economic input which Sri Lanka cannot provide for itself such as for example in the automotive, chemical or pharmaceutical industries. However the present government seems to be intent on handing over to the Indians what can easily be done by

locals. The UNP government of 2001-2004 sold a part of the Petroleum retailing business to the Indian Oil Company. However, no real economic or technical advantage has been gained by the IOC's presence in this country. The substantial reduction in the price of crude oil has now resulted in huge profits for petroleum retailers (Rs. 34 from a litre of diesel) and a good part of these profits now go abroad.

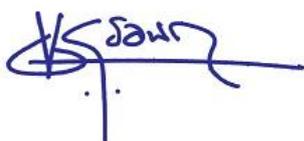
The deliberate strategy of the government appears to be to follow the IOC principle even before the ETCFA is signed through cabinet papers such as the one relating to the ambulance service and in the end there will be no need to have any specific provisions for economic and technical cooperation in that agreement. It is very unusual for a Prime Minister to put forward cabinet papers relating to a matter like an ambulance service and this shows the level at which this foreignisation is being spearheaded.

This creeping foreignisation of the Sri Lankan economy through executive fiat has to stop, because it is a violation of our constitution in the first place. Furthermore, before any new agreement is entered into, the shortcomings in the existing Free Trade Agreement with India should be ironed out and the bureaucratic blocks that Sri Lankan exporters have experienced in India should be eliminated. In 2014, we imported 4,023 million USD worth of goods from India and exported goods worth only 625 million USD to India. After more than 15 years of the FTA, Sri Lanka's largest export item to India is arecanut. If the FTA with India was working as it should, nobody would object to further expanding economic cooperation with our neighbour. Furthermore, we believe that a satisfactory solution to the Indian fishermen's issue should be found before going on to other bilateral matters.

We call upon the Sri Lankan business community, professionals, and the general public to oppose this foreignisation of the Sri Lankan economy by surreptitious means through executive fiat and the proposed ETCFA which is vague and has no specific provisions. We must engage in trade with our neighbour. We stand for more trade with India and to achieve this aim, we have to ensure that bureaucratic blocks and complications arising from State level trade regulations in India which prevent the growth of Sri Lankan exports to that country should be ironed out. Furthermore we believe that any foreign investments in Sri Lanka should be channelled into areas that Sri Lanka is unable to develop on its own.

The government has not tabled the proposed pact with India in parliament. Furthermore parliament has not been informed that the government has granted approval to set up an Indian ambulance service in this country with state patronage from both sides. Minister Malik Samarawickrema did tell the media that the government would be opening up the IT and maritime engineering services to Indian professionals but he did not say anything about pre-hospitalisation health care. The Joint Opposition met on Thursday 18 February 2016, and after due discussion we thus place our views on this matter of utmost national importance before the people.

Joint Opposition

A handwritten signature in blue ink, appearing to read 'Udaya Gammanpila', with a stylized flourish extending to the right.

Udaya Gammanpila (MP) on behalf of

Hon. Dinesh Gunawardena (MP)

Sri Lanka Freedom Party (Opposition Group)

Lanka Sama Samaja Party

Communist Party of Sri Lanka

Mahajana Eksath Peramuna

Democratic Left Front

Jathika Nidahas Peramuna

Puvithuru Hela Urumaya