



**THE EMBASSY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
TO BELGIUM, LUXEMBOURG AND THE EUROPEAN UNION**

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Sri Lanka & Belgium pledge to consolidate economic ties

Sri Lanka and Belgium have pledged to expand and facilitate bilateral trade and investment, taking note of the growing economic interaction between the two countries. This commitment was made during bilateral discussions held with Belgian Ministry of Foreign Affairs, Foreign Trade and Development Cooperation, during the visit of the Sri Lankan Minister of Industry and Commerce Rishad Bathudeen to Belgium.

Minister Rishad Bathudeen, who was on a two day official visit to Belgium accompanied by a Sri Lankan business delegation, was received by Mr. Steven Vanackere, Deputy Prime Minister and Foreign Minister of Belgium at the Palais d'Egmont and later held bilateral talks with Mr. Dirk Achten, Secretary General of the Ministry and senior officials on 17 November 2011. Sri Lanka's Ambassador to Belgium, Luxembourg and the EU Ravinatha Aryasinha and Mr. Madhuka Wickramarachchi, First Secretary (Pol) of the Embassy of Sri Lanka in Belgium were associated with the Minister at the discussions.

Minister Bathiudeen briefed Mr. Achten on the successful 'Sri Lanka Business Forum' which was held at the Brussels Enterprise, Industry and Commerce (BECI) earlier in the day. He noted that " while 2 years ago a similar event drew 13 Belgian companies and 40 Belgian companies had participated in the 'Belgian Week' in Colombo in November 2010, 80 Belgian companies had attended the 'Sri Lanka Business Forum' earlier in the day". Minister said Belgium has become the 6th largest destination of Sri Lanka's exports to the world, while it is the 16th largest supplier to Sri Lanka. The total trade turnover recorded at US\$ 501 Mn in 2005 has increased to US\$ 645 Mn in the year 2010 depicting a growth of 29% during the last 6 year period, while Sri Lanka's exports have increased by 50% in US \$ terms during the same period. He added that tourist arrivals from Belgium which was 2613 in 2009, rose to 5398 in 2010, and in the first nine months of 2011 had reached 7200 – an increase of 114% over the corresponding period the previous year.

Responding, Secretary General Achten said "everybody thinks that an economic miracle is happening in Asia, and that since the end of the conflict the opportunities in Sri Lanka are exceptional". He said Belgium "recognizes the economic potential of Sri Lanka and it is a very encouraging sign that Belgian business people are consolidating this economic relationship". Remarking that the increase in the number of Belgian companies that had been attracted to the Sri Lanka economic promotional events over the last 3 years "is what economists call exponential growth", he said it was important to organize business missions at regular intervals between the two countries. Mr. Achten drew attention to a number of Belgian companies

presently engaged in and also seeking to undertake projects which contribute to the development of Sri Lanka in various sectors. He said with regards these projects, the Belgian authorities have offered to soften the necessary bank loans, through interest rate subsidies. It was noted that the soft loan instrument is designed in such a way that the authorities in Sri Lanka only reimburse the capital issued on credit by a Belgian bank and do not pay any interest. In line with the OECD rules in regard Overseas Development Assistance (ODA), this advantage represents a net present value of 35% of the bank credit.

Minster Bathiudeen appreciated this support given towards Sri Lanka's development by Belgium through project financing, and assured that he would ensure that such companies were assisted in Sri Lanka in speedy clearance and implementation of their projects.

Upon Secretary General Achten inquiring about the IDP situation in Sri Lanka, Minister Bathiudeen explained his experiences as the Minister of Rehabilitation and Resettlement during the crucial period following the ending of the terrorist conflict. He said under the leadership of President Rajapaksa priority was given to the resettlement of IDPs, and today 95% of the IDPs had been resettled and the remaining IDPs will also be resettled as the demining task is completed. The Minister appreciated the assistance given by the EU countries to support this endeavour. While recalling his child hood memories spent in the Northern Province of Sri Lanka and having been a victim of the LTTE's mass expulsion of the Muslim community from the Northern Province in 1990, Minister Bathiudeen said the northern part of Sri Lanka is now seeing a significant economic revival and a growth rate of 22%. He said currently major development projects have started to move into these provinces, mainly focusing on infrastructure development and livelihood development.

Mr. Achten said he had visited Sri Lanka in the immediate aftermath of the tsunami overseeing the Belgian Army in clearing some of the tsunami ravaged areas, and said "Sri Lanka' resilience is well known and Belgium would be happy to help in whatever ways it could".

Minister Bathiudeen also drew attention to the 'Sri Lanka EXPO 2012' which will take place in Sri Lanka in March 2012 after a lapse of 14 years. He called upon the Belgian government to support efforts to ensure that a high level Belgian business delegation participates in this event, so that they could further consolidate on the growing economic ties between the two countries.

Ambassador Bertrand de Crombrughe, Director/ Asia, Ms. Regine Vandriessche, Councillor of the Directorate of Bilateral Relations, Mr. Hendrik Jansen of Directorate of Export Finance Aid (FINEXPO) and Mr. Jonathan Broodcoorens, Sri Lanka Desk Officer were associated with Secretary General Achten during the discussions.

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