PAKISTAN – SRI LANKA RELATIONS:
A STORY OF FRIENDSHIP
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A STORY OF FRIENDSHIP

Editors
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Bhagya Senaratne

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Institute for Strategic Studies, Research and Analysis (ISSRA)
National Defence University, Islamabad, Pakistan
(2017)
This publication is based upon a joint venture between National Defence University, Islamabad, Pakistan and General Sir John Kotelawala Defence University, Ratmalana, Sri Lanka. Both universities provided full support and guidance to contributors to improve the quality of the research work.

**Pakistan – Sri Lanka Relations: A Story of Friendship**
First Published in March 2017.

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**ISBN:** 978-969-7671-02-1

**Published by**
Institute for Strategic Studies, Research and Analysis (ISSRA),
National Defence University, Sector E-9, Islamabad, Pakistan.
+92-51-9260651
www.ndu.edu.pk

**In collaboration with**
General Sir John Kotelawala Defence University (KDU)
Kandawala Road, Ratmalana, Sri Lanka.
+94-11-2635268
www.kdu.ac.lk

**Printed and bound in Pakistan by**
AR Printers, Islamabad.

**Price:**
USD 20
PKR 1000
LKR 1500
Dedicated to
those who made the supreme sacrifice
for their motherland
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Bhagya Senaratne

Introduction

Both Pakistan and Sri Lanka have very vibrant political and military relations. Sri Lanka also has excellent cultural and social relations with the former, which are longstanding and have withstood the test of time. The same cannot be said about the economic relations between the two countries. It is important for two sovereign states to improve their economic relations as it is one of the key pillars — along with defence and culture — on which bilateral relations between states are conducted. Therefore, it is pertinent to understand the reasons for the lacklustre performance in trade and industry relations between these two South Asian states.

Despite the present scenario, trade relations between Sri Lanka and Pakistan had been robust for centuries in contrast to cooperation in other spheres of economic activity. Sri Lanka — then Ceylon — had established solid trade relations with Pakistan via the Arab traders, well before Western colonisers came into the region. So much so that when the Portuguese came to the island in the 16th Century the trade was monopolised by Muslims, Arabs and Persians.

Three years after establishing formal diplomatic relations with Pakistan, the “two countries signed a Trade Agreement to last from July 1951 to December 1952.” This resulted in Pakistan’s exports to Ceylon reaching Rs. 31 million in 1951, while in 1952, Ceylon’s exports to Pakistan reached an all-time high of Rs. 40 million. Thereafter, neither party to this Trade Agreement made an effort to renew it at its expiration. And it was only in 1955, when a new Trade Agreement with MFN treatment was negotiated that trade between the two states improved.

Traditional exports from Sri Lanka to Pakistan include “coconut oil, rubber, copra, tea, sea shells, desiccated coconut, fresh coconuts,
coir fibre, natural graphite, citronella oil, croton seed and spices in that order of importance.”6. Further, in the past, Sri Lanka had shipped small quantities of cocoa beans, cinnamon bark, cinnamon leaf oil, coir yarn and ropes to Pakistan. As of 1962, Sri Lanka had also supplied coconut seedlings and tea seeds to Pakistan. Pakistani exports to Sri Lanka consisted mainly of “dried fish, paper, pulses, cotton fabrics and piece goods, bone meal, coriander seed, … fish manure, cotton yarn and twist, medicinal and pharmaceutical products, medicinal roots and herbs, horn and hoof meal, unrefined sugar (jaggery), rosin, in that order of importance”7. Further, Pakistan has shipped small quantities of dried fruit such as raisins, various seeds such as castor, medicines and paper board. This indicates the basket of goods initially traded among the two countries. Further discussion in this chapter will illustrate that over the decades, the basket of goods has not altered significantly.

Pakistan and Sri Lanka are located in the South Asian region with easy access to the Indian Ocean. Pakistan has access to this vast ocean region on the South, whilst Sri Lanka has access to it as an island. Since its inception, both countries have been members of SAARC. According to Taneja, “Total informal trade in the South Asian region is about US $ 3 billion, which is almost double the formal trade in the region.”8 Disparities in trade policies such as the presence of NTB in the form of quantitative restrictions have increased informal trade in the region.9 Modern trade relations between Pakistan and Sri Lanka too have been driven mainly through informal trade in contrast to formal trade.10 Traders further opt for informal trade due to restrictions, which occur through institutional, administrative, government rules and regulations etc. This holds true for trade relations between the two countries as traders have resorted to other mechanisms to conduct their transactions. Bilateral economic relations between the two countries have been significant with Pakistan being Sri Lanka’s second largest trading partner in the South Asian region with a volume of US $ 325 million a year being traded in contrast to trade relations with India – Sri Lanka’s largest trading partner in the region – which stands at an annual US $ 4.7 billion.11 The relations between the two states are further illustrated by Sri Lanka being the first country to sign an FTA with Pakistan in 2002, which led to the solidification of the bilateral relations in the economic sphere.
The FTA and its Current Position

The FTA between the two South Asian nations is currently celebrating a little over a decade in operation since its implementation on June 12, 2005. However, the economic relations between the two countries have not shown great progress as was envisioned by inking this bilateral agreement, which was the first of its kind for Pakistan. This leads to questions such as whether there are problems with the FTA, and if so, where and why the two countries are not attempting to reap the benefits that can be derived by taking advantage of this agreement. It also leads to the question whether the individuals who are to drive trade and economic relations between the two countries are not spirited in their tasks and not enabling the full implementation of the FTA. Another factor that could be highlighted at the outset is whether the citizens and the business communities of the two countries are ignorant of the FTA and the benefits that could be derived, thereof.  

Sri Lanka has been able to obtain technical assistance from Pakistan in a wide range of fields including university education, commercial banking, central banking, railways, postal and telecommunications. It has also been able to utilise the US $ 10 million LoC extended by Pakistan to import “genetic materials by the Department of Animal Production and Health and to import merchandise by the STC General Trading Company”. Agreeing to provide assistance in the above fields demonstrate the diversity of the economic relations between the two countries and also the immense potential it holds for the future. The LoC towards Sri Lanka was later increased, displaying the level of confidence between the two countries. The MoU of the credit line for US $ 200 million was among the three MoUs signed between the two countries during President Mahinda Rajapaksa’s official visit to Pakistan, on the invitation of President Asif Ali Zardari in February 2012. This increase also showcases that the Government of Pakistan is keen on continuing and even furthering its trade relations with Sri Lanka.

While noting that the bilateral economic potential between the two countries has not been achieved, President Maithripala Sirisena, during his visit to Pakistan in April 2015, agreed to improve economic cooperation within the existing mechanisms of the JEC and the
Working Groups on trade in goods, investment, auto sector and customs cooperation. The Sri Lankan President invited “Pakistan investments to Sri Lanka particularly in the sectors of Pharmaceuticals and Medical devices, Cement, Sugar, IT and Tourism,” 15 which resulted in Prime Minister Sharif agreeing to send a team of investors to explore opportunities in the pharmaceuticals, cement and sugar sectors. Discussions were also held on the US $ 200 million credit line offered by Pakistan to Sri Lanka and measures to finalise its disbursement.

During the Pakistani Prime Minister’s visit to Colombo, both President Sirisena and Prime Minister Sharif agreed that the current level of trade between the two countries does not reflect the actual potential, and therefore, set to achieve a target of US $ 1 billion trade within the next two to three years. 16 In the meantime, the two leaders agreed that they would identify issues, challenges and strategies to reap the benefits of the existing potential in this area of cooperation. The two leaders also discussed the investment potential Pakistan has in Sri Lanka in the fields of sugar, cement, pharmaceuticals, automobiles and infrastructure development, while also agreeing that Sri Lanka will be able to assist Pakistan in addressing the severe power shortage in the country with Sri Lankan investment. In addition to the discussions on the potential investment capacity, the two leaders witnessed the signing of eight bilateral instruments in the fields of health, science and technology, trade, statistics, gem and jewellery, money laundering and terrorism financing, and culture, while the two Prime Ministers witnessed the signing of eight MoUs on the promotion of Trade and Investment and the establishment of Joint Ventures in the areas of Fishing, Shipping, Power Generation, Cement etc., among the private establishments of the two countries.

At the very outset, when the FTA between the two countries was signed, “Pakistan listed 206 products as immediate zero-duty concession products, Sri Lanka listed 102 products to the zero-duty list.” 17 Further the agreement took into consideration the market sizes of the two countries and gave further concessions to Sri Lanka. This was in terms of the number of items on the negative list and schedules to phase out duties. In the 1980s, Sri Lankan officials had once commented that “the Pakistan trade delegations always acted in
a friendly manner and never in their talk did they put forward issues that would have caused a set-back to the discussions.” Instances such as this showcase that Pakistanis have understood Sri Lanka’s situation in world dynamics and were, therefore, very understanding when engaging in discussions and business with Sri Lankans.

Pakistan was a prominent destination for exports of Ceylon Tea. However, Sri Lankan tea exports to this market were adversely affected due to reasons such as the high price of the Sri Lankan tea, the exports from Kenya etc. The CTC method followed by the Kenyan tea growers was more suited to the Pakistani palette than that of the tea produced in Sri Lanka following the orthodox method. This was further demonstrated by a recent survey carried out by the Gilani Research Foundation and Gallup Pakistan. While the FTA covers a majority of the Sri Lankan exports, it does not cover vital exports from Sri Lanka such as tea. While, there is a TRQ of 10,000 metric tonnes (MT) of tea duty free, Sri Lanka has not maximised on this as tea exports have declined over time from 2000 tonnes in 2003 to 500 tonnes by 2013.” Further, Sri Lanka’s high costs too do not appear to favour the Pakistani market.

**Image Description:**

- **Pie Chart:**
  - 60% of Pakistanis say they would prefer a strong tea with a weak aroma over a weak tea (with stronger aroma).
  - 20% prefer strong tea (weak taste).
  - 20% prefer weak tea (weak aroma).

**Source:** Gilani Research Foundation
In addition to the TRQ on tea, Pakistan granted Sri Lanka “a TRQ of 1,200 metric tons per annum for betel leaves at a preferential margin of 35%.” In return, Sri Lanka granted Pakistan TRQs for 6,000 metric tonnes of long-grade Basmati rice and 1,000 metric tons of potatoes per annum on duty free basis under the FTA.

Currently, Sri Lankan businessmen, flying frequently to Pakistan, can apply for visa on arrival. Whereas, those travelling for trade negotiations and discussions have to apply for visa prior to their departure. This is encouraging for our businessmen as they can fly directly to Pakistan with the required documentation to engage in their business. The High Commissioner of Pakistan also stated that the High Commission gives utmost priority to visa applications that come for business purposes.

Many decades later Sri Lanka’s basket of goods has still not varied and it is still exporting much of the same items such as betel leaves, spices, natural rubber, fresh coconut nuts, bulk tea, etc. that were exported as formal trade commenced after independence. 229 exporters from Sri Lanka exported 238 products to Pakistan in 2005 and this increased to 276 exporters exporting 374 products in 2014.

Sri Lanka’s Major Export Products to Pakistan (Value: US $ 000)

<table>
<thead>
<tr>
<th>No</th>
<th>Product</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Coconut Kernel Products</td>
<td>12,243</td>
<td>11,448</td>
<td>16,384</td>
</tr>
<tr>
<td>2</td>
<td>Other Export Crops</td>
<td>5,149</td>
<td>14,016</td>
<td>13,261</td>
</tr>
<tr>
<td>3</td>
<td>Wooden Products</td>
<td>8,269</td>
<td>9,774</td>
<td>7,755</td>
</tr>
<tr>
<td>4</td>
<td>Electronic Products, Parts &amp; Machinery</td>
<td>526</td>
<td>668</td>
<td>5,347</td>
</tr>
<tr>
<td>5</td>
<td>Natural Rubber</td>
<td>16,183</td>
<td>11,944</td>
<td>4,834</td>
</tr>
<tr>
<td>6</td>
<td>Food, Feed, Beverages &amp; Tobacco</td>
<td>1,268</td>
<td>1,359</td>
<td>3,498</td>
</tr>
<tr>
<td>7</td>
<td>Rubber Finished Products</td>
<td>2,390</td>
<td>2,570</td>
<td>3,193</td>
</tr>
<tr>
<td>8</td>
<td>Spices</td>
<td>7,539</td>
<td>17,188</td>
<td>3,041</td>
</tr>
<tr>
<td>9</td>
<td>Paper &amp; Paper Products</td>
<td>1,805</td>
<td>1,757</td>
<td>2,761</td>
</tr>
<tr>
<td>10</td>
<td>Other Textile Articles</td>
<td>1,861</td>
<td>1,717</td>
<td>2,583</td>
</tr>
<tr>
<td>11</td>
<td>Chemicals &amp; Plastic Products</td>
<td>1,050</td>
<td>2,058</td>
<td>2,477</td>
</tr>
<tr>
<td>12</td>
<td>Woven Fabrics</td>
<td>2,364</td>
<td>1,267</td>
<td>1,708</td>
</tr>
<tr>
<td>13</td>
<td>Coconut Shell Products</td>
<td>1,937</td>
<td>1,617</td>
<td>1,706</td>
</tr>
<tr>
<td>14</td>
<td>Base Metal Products</td>
<td>669</td>
<td>477</td>
<td>1,463</td>
</tr>
<tr>
<td>15</td>
<td>Apparel</td>
<td>839</td>
<td>1,032</td>
<td>1,248</td>
</tr>
</tbody>
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Lanka “a
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229
2014
US $ 000)
2014
16,384
13,261
7,755
5,347
4,834
3,498
3,193
3,041
2,761
2,583
2,477
1,708
1,706
1,463
1,248

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Trade</th>
<th>SL Exports to Pakistan</th>
<th>SL Imports from Pakistan</th>
<th>Balance of Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>344,295</td>
<td>63,014</td>
<td>281,281</td>
<td>-218,267</td>
</tr>
<tr>
<td>2011</td>
<td>409,744</td>
<td>75,234</td>
<td>334,510</td>
<td>-259,276</td>
</tr>
<tr>
<td>2012</td>
<td>432,922</td>
<td>82,736</td>
<td>350,186</td>
<td>-267,450</td>
</tr>
<tr>
<td>2013</td>
<td>464,535</td>
<td>83,123</td>
<td>381,412</td>
<td>-298,289</td>
</tr>
<tr>
<td>2014</td>
<td>353,779</td>
<td>74,223</td>
<td>279,556</td>
<td>-205,333</td>
</tr>
</tbody>
</table>


This demonstrates that even a decade later, Sri Lankan businessmen have not understood the Pakistani market, to take advantage of its potential. As shown in the table below, this lack of product diversification has led to the balance of trade between the two countries being heavily in favour of Pakistan.

Bilateral Trade between Sri Lanka and Pakistan (Value: US $ 000)

Taking the above into consideration, Sri Lanka needs to explore more avenues to expand its trade relations with Pakistan. The following section will thus discuss the avenues Sri Lanka can pursue to tilt the balance of trade in favour of the island.

Future Prospects

Sri Lanka has immense potential in working with Pakistan to develop not only the bilateral trade relations, but also the local economy which spreads across several key areas. During President Sirisena’s visit to Pakistan in 2015, the leaders of the two countries agreed to further cooperate in areas inclusive of, but not limited to shipping and socio-economic development and education. The JEC
between the two countries is also “working on modalities for a new and unconventional phase of economic cooperation marked by barter trade, currency exchanges and banking interchanges.” In addition, the two countries have also agreed to cooperate with each other on trade and investment promotion, air services, port and shipping, tourism and science and technology, which is encouraging as there is immense potential in these fields and many others for the two countries to benefit from. Further, it is important for both countries to develop their infrastructure facilities, telecommunication and banking and finance sectors to increase trade interactions between the countries.

There is great potential for Sri Lankan businesses as well as for investment in Pakistan. Increased demands in the power sector in Pakistan have created considerable investment opportunities. With an annual increase of approximately 2% in the Pakistani population, the country of approximately 190 million is striving to achieve self-sufficiency in energy, thus, encouraging potential investors. It is also encouraging to note that Prime Minister Sharif himself pointed out the potential in this area, during his visit to Colombo in early 2016. During this visit, President Sirisena briefed the visiting Prime Minister on the “Economic, Industrial, and Technical Development Zones in different parts of the Island, and the Megapolis development plan” towards which Pakistani investors from the cement and infrastructure development industries could invest in. In addition, a further MoU was signed between the Pakistan Institute of Fashion Design and the Sri Lankan Gems and Jewellery Training and Research Institute to train Pakistani students in the art of cutting and polishing gems. This is a very important agreement as many Pakistani students will benefit from this expertise. Pakistan is home to many exquisite gems yet they are not proficient in the art of gemcutting or lapidary to world standards. The exceptional skills Sri Lankans have in this regard would be highly invaluable in training the Pakistanis as well as opening centres to cut and polish the precious stones on behalf of the Pakistani gem traders. Investment in areas such as power and energy, construction and infrastructure development and lapidary would be an impetus in reaching the ambitious target of US $1 billion.

There are several ways in which Sri Lanka can regain the Pakistani market for tea, for instance, by marketing varieties of Sri Lankan tea that grow well in West Africa. Sri Lanka can also make use of the numerous Sri Lanka universities and research centers to develop the knowhow in West Africa. Furthermore, Sri Lanka is also seen as a potential source of supply for the BRICS countries which are growing at a rapid rate. In addition, Sri Lanka needs to take advantage of the country’s much-vaunted tea brand to enjoy a strong presence in the BRICS markets. Sri Lanka is a part of the BRICS group, which is seen as a future power player in the global arena. The country can utilize this opportunity to increase its presence in the BRICS markets by marketing its tea brand as a high-quality product. Sri Lanka can also focus on the “health” benefits of tea to attract potential customers in the BRICS countries. The country can highlight the fact that tea is known to have numerous health benefits, such as reducing stress and improving concentration. By focusing on these benefits, Sri Lanka can attract potential customers in the BRICS countries and regain its share of the market.
Economic Relations: A Sri Lankan Perspective

tea that would be suitable to the Pakistan palette, such as the low grown teas. Low country teas, which are grown at an elevation below 2000 feet are full-bodied, thereby, producing a good colour and strength, which enables it to be drunk with milk. It is common knowledge that the teas produced in the low grown areas are popular in Western Asia, Middle Eastern countries, CIS countries and the BRICS countries. Secondly, Sri Lanka should continue to export the aroma rich teas to the Pakistani market, as there is a niche market, which appreciates the unique fragrance of the upcountry teas, which are grown at an elevation above 4,000 feet. Next, the tea exporters can make use of the maximum TRQ of 10,000 MT allotted for tea and try to export as much tea as it can in both varieties of tea mentioned above. Should Sri Lanka do this, it can enjoy the arrangements being made by the Pakistani Government to provide shelf space for tea in 30 department stores as mentioned by the Pakistani High Commissioner. More importantly, a proper promotion campaign needs to be designed to ensure that the Pakistani citizens are aware of the different types of Sri Lankan tea, its brewing methods, etc., to enjoy a good cup of tea. Creating awareness via a thoughtful marketing campaign will go a long way in promoting the Ceylon Tea brand. Sri Lankan tea will not be able to make an impact among the Pakistani citizens unless attention is drawn to the brand and to the above-mentioned facts on the varieties and brewing methods.

As the situation in Pakistan is gradually improving, the Sri Lankan hospitality industry has great potential in investing in the country. The hospitality industry is not a strong suit for the former, therefore, with the experience and the prestige the Sri Lankan industry has, it can effortlessly profit from investing in the construction of accommodation facilities. This potential is especially great in Taxila, which was once the capital of the Gandhara region, where a significant number of Buddhist heritage sites such as the Dharmarajika Stupa and the Taxila University are located. Currently, this area does not have proper accommodation and lodging facilities for potential pilgrims and tourists. Closely related to the hospitality industry is tourism. As Pakistan is home to a “wide array of tourist attractions from beaches to mountains, deserts to snow and historical sites,” it can benefit greatly by partnering with Sri Lankan companies to not only develop
the tourist attractions, but to promote tourism in the country by encouraging Sri Lankans to visit.\(^4^3\)

Further, as Sri Lanka is gaining popularity among Pakistanis as a favoured destination, the promotion of tourism could be two-way, by encouraging visits from citizens of each country to the other. To this end, civil aviation links between the countries need to be enhanced. Sri Lanka's national carrier SriLankan Airlines is currently flying daily to Karachi and thrice weekly to Lahore.\(^4^4\) Unfortunately, one must opt for connecting flights to reach the capital city of Islamabad and other major cities in Pakistan. Initiating flights especially between Islamabad and Colombo is something that needs to be rectified immediately. This would further serve the tourist purposes as pilgrims travelling to Taxila could travel through Islamabad.\(^4^5\) Increasing the frequency of flights between the two countries was among the topics discussed during President Maithripala Sirisena's visit to Pakistan, as it would be a motivation to increase the trade and economic relations between the two countries.\(^4^6\) Encouraging cruise liners to operate the 1531 nautical mile (nm) sea route between Karachi and Colombo is another initiative, the two countries can work on. As connecting the two countries by sea is another lucrative measure for the industry as there is an increased trend in the cruise culture.

According to de Silva, Sri Lanka continues to be the leading supplier of coconuts.\(^4^7\) However, there is further potential for Sri Lanka in exporting coconuts and coconut based products such as hair oil, coconut oil, body lotions etc. to Pakistan. This is due to the conscientiousness of the consumer towards their health.\(^4^8\) This also leads to business opportunities that lie in exporting Ayurvedic products. Sri Lanka also has the ability to increase its traditional exports of copra and desiccated coconut to Pakistan. While venturing into areas of this nature will be highly lucrative for business people, it will also help tilt the balance of trade, which is currently favouring Pakistan.

The US $ 46 billion CPEC is another area Sri Lanka can greatly benefit from. Ultimately, connecting the Pakistani port city of Gwadar to China's Xinjiang, via a network of highways and railways, this project will provide Sri Lanka the shortest possible route not only to China, but to the entire Central Asian region. This will enable
Sri Lanka to reduce costs incurred on transportation and other duties, when sending goods through Iran, Turkey etc. This will encourage better sea route connectivity between Colombo and Gwadar enabling bulkier supplies to navigate the seas in between. As much as Pakistan is geopolitically important for Sri Lanka to access the northern landlocked countries, the latter is equally beneficial for the former in accessing East Asian and Middle Eastern markets. One of the key reasons as to why Pakistani IT companies are keen on investing in Sri Lanka is to leverage on this potential. Taking the state-level discussions from both 2015 and 2016 forward, pharmaceutical companies from Pakistan too have begun to take an interest in investing in Sri Lanka. To this end, a Pakistani company will soon establish itself in Sri Lanka to manufacture pharmaceuticals. The establishment of such companies in Sri Lanka will help Pakistani businesses capture markets they have not been able to capture before, due to Sri Lanka's central positioning and great rapport with all countries.

Economic cooperation between the two countries has been inadequate despite the close relations in other areas. According to de Silva,[B]oth governments have expressed the desire to increase economic co-operation, with proposals for joint ventures in agri-business, including seafood processing and sugar production, value-added textile products and garment, tourism, ship breaking and ship repairing, dehydration, preservation and canning of fruits and vegetables, dairy and livestock, electronic sector and metal fabrication and light engineering.

Sri Lanka produces about 153,000 MTs of natural rubber annually, and at present, ranks among the world's top ten largest producers. As Sri Lanka is also ranked as the seventh largest exporter in natural rubber, it has further potential for investment by undertaking JVs in rubber, due to its high-quality production. Currently, by processing raw rubber, Sri Lankan rubber and rubber product manufacturers produce a wide range of value-added rubber and rubber based products which range from "extrusion products such as rubber bands, beadings[,] latex products such as medical, industrial and household gloves[,] industrial products such as hoses, auto parts[,] industrial
components, tyres, tubes, automotive and aviation tyres and general rubber products such as floor mats, carpets, sports goods, footwear, hot water bottles and related components.\textsuperscript{53}

In addition to these value-added products, Sri Lanka has the possibility of working with Pakistani businesses to increase value-addition on its rubber and produce far greater a variety of products. With a developing automobile industry and an industry in building defence equipment in Pakistan, Sri Lankan businesses will benefit greatly from such a venture in rubber. Further, commissioning garment factories in Pakistan will be lucrative for the Sri Lankan textile industry. Pakistan has a reputation for producing superior quality cotton yarn, which Sri Lanka's world-renowned apparel industry can benefit from, by sourcing in their garment and textiles. This joint venture will ensure the production of premium quality clothes to the world as Pakistan is known to export “textiles worth US $ 12.6 million annually.”\textsuperscript{54} Therefore, the above-mentioned two avenues are very profitable projects Sri Lankan business enterprises can embark on. Among other ventures Pakistan has initiated in Sri Lanka, it has assisted Sri Lanka uplift its handloom industry in 2014 by providing handlooms and other equipment worth Rs. 100,000 each to 70 handloom operators in the textile village of Kottala-Meeligama.\textsuperscript{55} The material produced from these too can be channelled through Pakistan to other prospective markets.

Furthermore, it needs to be understood that governments are merely facilitators of trade and economic relations and it is the private sector that needs to play a more crucial role as they are the engines for growth.\textsuperscript{56} The reluctance shown by the Sri Lankan private sector to invest and engage in bilateral trade could largely be due to the negative impression it has on Pakistan's political and economic situation.\textsuperscript{57} This is further highlighted by the “lack of awareness of each other’s potential due to insufficient exchange of business delegations”\textsuperscript{58} as well as the negativity of the countries portrayed via media. Sri Lanka is now featured better in terms of media coverage, yet Pakistan is still suffering from negative reportage. Portraying their respective countries in a better light is an area both governments need to work on, to ensure more businesses enter respective countries. This was illustrated by the business community airing that they lack knowledge

exhibitions 201- on Pakistan and Sri Lanka, and is introducing mini bus system. Several value trade and counttries over the opportunity they have for bilateral effort of Pakistan should be of

Conclu

In the presentation and engagement of opportunities and journey of the name and Sri Lanka, recommendation and conclusion showcase from Sri
on the potential Sri Lankan entrepreneurs and businesses have in Pakistan at the seminar titled ‘Bilateral Trade between Sri Lanka and Pakistan’ organised by the National Chamber of Commerce of Sri Lanka; a sentiment further articulated by analysts, who state that the current political and security situation makes Pakistan less attractive for investors.59

To this end, both countries need to organise single country exhibitions such as the Pakistan Single Country Exhibitions 2016 and 2017. The first Pakistan Single Country Exhibition was organised to coincide with Prime Minister Nawaz Sharif’s visit to Sri Lanka in January 2016.60 Exhibitions such as these assist commercial ties between countries and inviting businesses of such countries to tap into the growth potential of each other’s economies, which leads to economies which enjoy preferential trade access. According to Prime Minister Sharif, “…the exhibition will provide opportunities for businessmen in both countries to create a business network and a value chain and joint ventures.”61 It will also help expand the bilateral trade relations between the two countries. Businessmen from both countries will be keen on investing and engaging in trade activities with the other country with the exposure they get about the opportunities they have in the other country. Sri Lanka too should make an earnest effort to organise single country exhibitions in Pakistan to facilitate bilateral trade and investment. To this end, Sri Lanka and Pakistan should strive to organise frequent single country exhibitions as they are of extreme importance to improve bilateral trade relations.

**Conclusion**

In conclusion, Sri Lanka has not pursued the opportunities presented via the Pakistan–Sri Lanka FTA. Sri Lankan businessmen and entrepreneurs are not sufficiently aware of the potential business opportunities in Pakistan such as in the power and energy sector, gem and jewellery industry and the hospitality and tourism industry to name a few. Due to the ignorance on the part of local businessmen, Sri Lanka has lost out on these opportunities in Pakistan. Thus, it is recommended that the agencies that are working towards establishing and cementing better economic ties between the two countries showcase the potential and encourage more exports and investment from Sri Lanka. Sri Lanka also has an excellent opportunity to
embark on joint ventures with Pakistani counterparts to manufacture high-quality products such as textiles and rubber based products, which can be exported to the world. Therefore, it is observed that by working together by diversifying their range of products, Sri Lanka and Pakistan can enjoy more riches than working alone and improve the quality of their citizens’ lives.

Note:

1 Sab 119.
2 Haf Hori.
3 Ibid.
4 Ibid.
5 Ibid.
6 Ibid.
7 Ibid.
8 Nisl FTAs stable.
9 Tana.
10 Thi.
11 Shil trade.
12 In 2015.
13 “Joir benefitted said St.
14 As qu.
15“tourist.
16 Cited in pix/Pr.
17 “Joir Comm.
18 content.
20 “Lan.
21 12, 201.
22 06, 201.
23 “Pres.
24 Lanka,
25 http://
26 to-paki.
27 “Paki.
28 Govern
29 news/b.
30 sri-lank.
31 From Pakistan.
Notes

3 Ibid.
4 Khan, “Ceylon—Pakistan’s Valued Neighbour,” 60.
5 Ibid.
6 Khan, 61.
7 Ibid.
9 Taneja, “Informal Trade,” 5369.
10 This was highlighted by Pakistan’s Minister for
12 In 2007, Sri Lankan High Commissioner to Pakistan from 2007 to 2009, Dr. W. B. Dorakumbura, observed “…that most of the people were ignorant of the benefit of mutual trade and the two Governments should try to educate them. He said Sri Lankan Government was already informing its people about it.”
As quoted by Saifuddin Malik, “Pakistan has great potential for religio-cultural tourism - Sri Lankan HC,” Daily Times.

19 Cut, Tear and Curl (CTC) is an unorthodox method of producing tea. Sri Lanka produces a limited quantity of tea via this method.


21 According to a Gilani Research Foundation Survey carried out by Gallup Pakistan, 60% Pakistanis say that they would prefer strong tea with a weak aroma than tea that has a strong aroma but weak taste. May 05, 2016, http://www.gilanifoundation.com/ (Accessed May 05, 2016).


23 Saman Kelegama, “Pakistan-Sri Lanka FTA: A brief look at the first decade of operation.”

24 Ibid.

A point reiterated by Counsellor, High Commission of Pakistan, Mr. Hasan Zaigham at a discussion organised by the National Chamber of Commerce of Sri Lanka (NCCSL) titled “Bilateral Trade between Sri Lanka & Pakistan” on April 28, 2016.


27 High Commissioner of Pakistan to Sri Lanka, H. E. Major General (R) Syed Shakeel Hussain at the discussion titled “Bilateral Trade between Sri Lanka & Pakistan” on April 28, 2016.


30 Ibid.

31 Nitai Chandra Nag, “Introduction,” Economic Integration in South Asia: Issues and Pathways, (Pearson Education India, 2012), xxix https://books.google.lk/sid=IjntRlguQWkC&q=PA221&dgr=PA221&dq=informal+and+formal+trade+between+sri+lanka+and+pakistan&source=bl&ots=Vg91uvy5oR&sig=1ylw343Ohm1R6GDU_45EM4n6lEi&hl=si&sa=X&ved=0ahUKEwi0j21qdnMAbXc48KHUyXBYQ6AEIngAA#v=onepage&q=informal%20and%20formal%20trade%20between%20sri%20lanka%20and%20pakistan&f=false.
33 High Commissioner of Pakistan to Sri Lanka, H. E. Major General (R) Syed Shakeel Hussain and Counsellor, Mr. Hasan Zaigham whilst explaining the investment opportunities for Sri Lankan in the Pakistani energy sector, encouraged investment in the same at a discussion organised by the National Chamber of Commerce of Sri Lanka (NCCSL) titled “Bilateral Trade between Sri Lanka & Pakistan” on April 28, 2016.
34 “Pakistan PM Nawaz Sharif.”
37 “Tea from Sri Lanka,” 05.
38 A point floated by Counsellor, High Commission of Pakistan, Mr. Hasan Zaigham at a discussion organised by the National Chamber of Commerce of Sri Lanka (NCCSL) titled “Bilateral Trade between Sri Lanka & Pakistan” on April 28, 2016.
39 High Commissioner of Pakistan to Sri Lanka, H. E. Major General (R) Syed Shakeel Hussain at the discussion titled “Bilateral Trade between Sri Lanka & Pakistan” on April 28, 2016. High Commissioner also stated that Prime Minister Nawaz Sharif is personally interested and taking up this matter as he is keen on increasing Sri Lankan tea imports to Pakistan.
40 “The cooking method of tea by the mass consumer as opposed to the brewing method of the Ceylon tea also assisted the increase in Kenyan tea imports, as the CTC teas with the strong colouring was more suitable for boiling with water.” De Silva, “Pakistan – Sri Lanka Relations,” 82.
41 The name ‘Ceylon Tea’ and the famous Lion logo that goes with it indicates the tea grown, manufactured and packed entirely in Sri Lanka conforming to strict quality standards laid down and administered by the Sri Lanka Tea Board.
Ceylon Tea is the cleanest tea in the world in terms of pesticide residues, a fact confirmed by the ISO Technical Committee. Sri Lanka was also the first to achieve the “Ozone Friendly Tea” label recognised under the Montreal Protocol Treaty and is the proud owner of the first Ethical Tea Brand of the World recognised by the United Nations Global Compact.
43 “Pure Ceylon Tea.”
44 De Silva, “Pakistan – Sri Lanka Relations,” 86.
45 Ibid.
Taxila is roughly 40 kms or an hour’s drive on the highway from the capital city of Islamabad.

“President Returns.”

De Silva, “Pakistan – Sri Lanka Relations,” 82.

Mr. Hasan Ziaigham.

Ibid.

Ibid.

De Silva, 83.


De Silva, 83.

“Ibid.


De Silva, 85.

De Silva, 82. A point reiterated by the Sri Lankan business community.

Ibid.

Shihar Aneez and Ranga Sirilal, “Sri Lanka, Pakistan.”


“Ibid.”

Pakistan joins effort.”