

**Statement by Sri Lanka**

**IOR-ARC 9<sup>th</sup> Council of Ministers' Meeting 25<sup>th</sup> June  
2009, Sana'a, Republic of Yemen**

*delivered by Hon. Hussain Bhaila Deputy Minister of  
Foreign Affairs of Sri Lanka*

**Your Excellency Dr. Abubaker Abdulla AI-Qirbi, Foreign Minister of  
Yemen and Chair of IOR-ARC,  
Excellencies,  
Ladies and Gentlemen,**

First, I take this opportunity to extend my gratitude to Your Excellency as well as the staff of the Ministry of Foreign Affairs of Yemen for the steadfast support extended to me and my delegation during our hour of need. The tragic loss of Ambassador M.A.A. Marleen, who was to lead the Sri Lanka delegation to the CSO, is deeply felt by each and every member of my delegation and by those delegates sitting around this table who knew him as a colleague and a friend. My sincere appreciation goes to all distinguished delegates who expressed their condolences on this sad occasion.

Mr. Chairman, I also extend my warm congratulations and sincere appreciation to the Republic of Yemen for the excellent organisation of this Meeting, and for the warm hospitality accorded to me and my delegation. I congratulate the outgoing Chair, the Islamic Republic of Iran, for its leadership in steering the course of IOR-ARC during the last three years.

Dear colleagues, when we formed IOR-ARC in 1997, we were conscious that the Indian Ocean Rim countries had the potential to play a significant role in the world economy. The region includes some of the key emerging economies of the world. It constitutes between a quarter and a third of the world's population, thus making it a massive market and a valuable human resource base. It is well endowed with natural resources in the form of energy reserves and mineral wealth, much of which has yet to be exploited. Despite these promising characteristics, our organisation is yet a significant way off from achieving its full potential for economic development.

Despite the low volume of intra-regional trade in IOR-ARC, many of our countries have gradually become globally competitive and are in the process of developing new capacities and technological capabilities that can be Jointly harnessed. Substantial non-trade intra-regional linkages also exist among us in the form of direct foreign investment, technical collaboration and Joint ventures. These linkages, although confined largely at this stage to the region's key economies, have the potential to invigorate dormant complementarities.

Regional economic co-operation is driven, for the most part, by progressive tariff reductions by members. We may proceed on the basis that a Preferential Trade

Arrangement is an instrument to foster and enhance the promotion of trade flows in the region by removing impediments. We must promote trade, but it must be mutually beneficial. It must take into account the economic asymmetries among member states.

Sri Lanka welcomes the outcome of the deliberations of the PTA Subcommittee under the WGTI in mapping the work envisaged with regard to the implementation of a Preferential Trade Agreement for IOR-ARC member states. Sri Lanka looks forward to the finalisation of the PTA Framework Agreement by the next Council of Ministers Meeting. We also hope to see a comprehensive feasibility study undertaken on the impact of a PTA among all IOR-ARC members within the timeframe envisaged.

We welcome the initiatives taken to promote investment, including the conclusion of an Agreement on the Promotion and Protection of Investment in the Region. Moves underway to share information among member countries on trade, finance, investment regimes, intellectual property, procurement procedures, customs regulations, quarantine requirements; and to reach harmonisation of standards, are indeed welcome first steps in infra-regional trade facilitation.

Mr. Chairman, Sri Lanka is deeply committed to the principles espoused by IOR-ARC. We continue to have a keen interest in its progress, having actively contributed to the Organization in various capacities. IOR-ARC today is well into its second decade. It is therefore time we made a realistic assessment of the opportunities and challenges faced by our Organisation. We must recognize the important point made by the Executive Director that in addition to institutional drawbacks, the lack of commitment among member states is a major impediment in taking projects forward. The need therefore is to collectively map a strategy that can unlock the tremendous potential of IOR-ARC. We are happy to observe that deliberations have already taken place to address this problem.

Sri Lanka endorses the views aired in the paper submitted by Australia on the need to strengthen the IOR-ARC Secretariat to make it more dynamic and results oriented. This paper can serve as a useful platform for deliberations on this subject. We are happy to observe that the Secretariat, the Working Groups and the Working Group of Heads of Mission have contributed in a positive manner towards this exercise. We also endorse the mechanisms proposed to address lack of progress within the Organisation as well as procedural lapses by setting clear terms of reference and strengthening focal points.

The revisiting of the IOR-ARC Charter in order to make the document more action oriented and more in line with the future is welcome. Let us however not lose sight of the original principles on which the Organisation was formed.

The IOR-ARC Special Fund is an innovative concept launched to get projects off the ground. Member states eventually need to come up with a practicable mechanism to finance the Special Fund. But at the moment, voluntary contributions can suffice in funding the few selected projects.

Mr. Chairman, Efforts made by IOR-ARC to cooperate on areas of common interest binding the Indian Ocean Rim countries such as disaster management and information sharing, shipping, coastal infrastructure development, tourism and fisheries are commendable. We are happy to observe that the principle of 'clustering' or the 'four plus one' formula introduced to accelerate projects, and adopting a project-based approach to implementing the work plan, have proved to be effective.

Sri Lanka welcomes the efforts put in by the Secretariat to prepare the IOR-ARC Action Plan. We endorse the proposal to focus on a few priority areas which entails the adoption of a modest yet relevant Action Plan rather than an ambitious one.

Mr. Chairman, one of the strengths of IOR-ARC is its unique three-tiered structure that brings together representatives of the government, the private sector and the academia. Given that the private sector is the engine of growth in our respective economies, greater interaction among the business communities of member countries is a dire need. We appreciate the services rendered by India with regard to the IORNET. However, provision **must be made** for greater interaction among the private sectors of member countries within the IORBF. This may be facilitated by allocating a session in the Business Forum for one-to-one business meetings. The streamlining of the issuance of business visas by member countries is essential to facilitate greater cooperation among the regional business community.

Sri Lanka recognises the contribution made by the Islamic Republic of Iran in setting up the Centre for Science and Technology Transfer in Tehran to facilitate the transfer and development of technology among member states. *The Centre must however function with a clear mandate. All members can help ensure this.*

Mr. Chairman, all of us whose shores are touched by the waters of the Indian Ocean wish to have peace, security and stability in the region. Our economic prosperity rests upon the security of our region. One cannot be separated from the other. The recent rise in instances of maritime piracy along important sea lanes in the Indian Ocean is therefore a matter of grave concern to all of us. Piracy seriously compromises the general security of the seas and the safe conduct of trade. Sri Lanka therefore welcomes the inclusion of an agenda item by our host country Yemen on combating piracy in the Gulf of Aden. We hope that the eradication of all aspects of this menace will continue to engage the attention of IOR-ARC member states.

Mr. Chairman, we must leave this meeting with a clear sense of direction on what we can do within the coming year, if we are to effectively guide the destiny of IOR-ARC. Dr. Gamini Corea, an eminent Sri Lankan and a former Secretary-General of UNCTAD observed that south-south cooperation as envisaged under IOR-ARC needs to be viewed as a strategic option for a more effective participation in the new global order. It is my sincere hope that today's deliberations will reflect a sense of our shared commitment towards exploiting that strategic option to the full.

Finally, I wish to acknowledge the contribution of the Chair, the members and the IOR-ARC Secretariat in steering this session to a successful conclusion. I congratulate Vice Chair India for its valuable contribution to the Meeting. I assure you, Mr. Chairman, of Sri Lanka's fullest support and cooperation in the progress of IOR-ARC.

Thank you.