



# THE INSTITUTION OF ENGINEERS, SRI LANKA

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YOUR REF :

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**His Excellency the President Gotabhaya Rajapaksha**  
**President of the Democratic Socialist Republic of Sri Lanka**  
Presidential Secretariat  
Colombo 01.

Honorable Sir,

## **SIGNING OF FREE TRADE AGREEMENTS**

Since 2016, the Institution of Engineers, Sri Lanka (IESL) along with other professional bodies have been in dialogue with the then Ministry of Development Strategies & International Trade (MoDSIT) about Free Trade Agreements (FTAs) especially on services trade liberalization aspects. Being the apex body of the engineering profession, incorporated by an Act of Parliament (namely the Institute of Engineers, Ceylon, Act, No. 17 of 1968 and Institution of Engineers, Ceylon (Amendment) Act, No. 3 of 1996 ) with objects (among other things) for promoting and advancing the science and practice of engineering and ascertaining the views of engineers as regards matters directly or indirectly affecting engineering, IESL participated in a few infrequent meetings with the interest of the country and the profession in mind.

However, IESL with many other professional bodies were of the opinion that the necessary legal framework should be enacted to enter into such agreements with services trade liberalization and that the impacted professional bodies too should have direct input towards the schedules of commitments within such agreements.

In this relation therefore, IESL requests the government to consider the following before entering into FTAs, as they would have irreparable adverse effects on the country and its citizens.

- 1) To formulate a comprehensive National Policy on International Trade
- 2) To enter into FTA discussions only based on the said national trade policy
- 3) To setup necessary legal framework
- 4) To have a proper detailed consultation with IESL prior to any service sector liberalization where engineering related sectors are included.

- 5) To do a comprehensive feasibility study, a 'Strengths, Weaknesses, Opportunities & Threats' (SWOT) analysis and a Strategic Impact Assessment prior to any services liberalization agreements.

IESL was well represented by our senior members at all meetings that were called by MoDSIT in 2016 and 2017. In those meetings, IESL repeatedly emphasized the importance of fulfilling the above requirements before signing FTAs with another country. However in the past, signing of FTAs and the ratification of them in the parliament happened without accomplishing them. If Agreements are entered into by liberalizing the practice of engineering trade, free-handedly without any consultation with a professional body like IESL that represents engineers, there is going to be a great danger of unemployment of engineers passing out from the universities in Sri Lanka. In addition, there is an anticipated possibility of losing the young and capable engineers, who are produced after spending billions of Sri Lankan tax payers' money and loans from the World Bank and other funding agencies. Those engineers, who can become unemployed or underpaid due to un-planned services trade liberalization, will be grabbed by the developed countries before contributing their expertise to the motherland.

Furthermore, as correctly pointed out by the local and foreign media, Sri Lanka will face many disadvantages by these Free trade Agreements, if no scientific studies have been made before carrying out any negotiations with the foreign parties. The IESL wishes to bring the following weaknesses in relation to the outcome of the FTA signed between Sri Lanka and Singapore.

- 1) As per the Singapore Ministry of Trade & Industry (MTI), 80% of the tariff lines are made free for Singapore in the Sri Lankan schedule, while in return, out of the tariff lines liberalized, 99% of the items in the Singapore tariff schedule are the ones already enjoying zero-tariff even prior to the agreement.
- 2) As per the Singapore MTI, the resultant loss of annual tariff revenue for Sri Lanka due to the SLSFTA is \$10 million.
- 3) As per the Singapore MTI, goods originated in other countries with a minimal processing in Singapore can be exported to Sri Lanka through SLSFTA due to its weak Rule of Origin (ROO) criteria.
- 4) Lack of proper immigration & emigration policy prevailing in Sri Lanka would result in uncontrollable inflows related to service sector liberalization.
- 5) The loosely defined term 'national' includes Permanent Residence (PR) holders of Singapore, in addition to Singapore citizens, while the same term 'national' is referred only to the citizens in the case of Sri Lanka (Chapter 1, page1-2 in SLSFTA). Thus Sri Lanka will have to allow not only Singapore citizens, but also the millions of other foreign nationals holding Singaporean PR to be treated equally.

6) In the Singapore Schedule of Specific Commitments (Annex 7-B) many protective exclusion clauses included; e.g. Sri Lankan service providers have to comply with additional qualification requirements & procedures, recognition of qualifications in regulated sectors, technical standards & license requirements, additional examinations including language examinations etc. when they need to offer services in Singapore territory as per Schedule 7-B point no.5. However, in Sri Lanka Schedule (7-A) there are no such exclusions for the service providers from Singapore. This clearly is a disadvantage to our Engineers seeking employment in Singapore under the FTA, while our engineering jobs in Sri Lanka are not protected from free access to Singapore citizens as well as millions of foreigners who have obtained Singapore permanent residency (PR) under the FTA.

In fact, entering into trade agreements with countries having wider negative trade balances with us (e.g. India, Singapore, China etc.) can be detrimental to our economy. Lack of proper in-house legal and policy safeguards is a great disadvantage and Sri Lanka should be equipped with adequate legal mechanism before entering into WTO based treaties.

We wish that you will consider the above requests and concerns positively and take appropriate actions at your earliest and study possible ways of minimizing the damage to Sri Lanka and to the professionals.

Yours in the Service of Sri Lanka



**Eng. (Prof.) S B S Abayakoon**  
**PRESIDENT**  
**THE INSTITUTION OF ENGINEERS, SRI LANKA**