

Speech by Mr. K. M. Mahinda Siriwardana, Secretary to the Treasury and the Ministry of Finance, Economic Development, Policy Formulation, Planning and Tourism at the Farewell Ceremony for H.E. Mizukoshi Hideaki, Ambassador of Japan to Sri Lanka, held at the General Treasury on 11th October 2024

H.E. Mizukoshi Hideaki, Ambassador of Japan to Sri Lanka, Mr. Yamada Tetsuya, Chief Representative of JICA Sri Lanka Office, distinguished guests, and esteemed colleagues, Today, we gather not merely to bid farewell to H.E. Mizukoshi Hideaki but to celebrate an extraordinary tenure that has profoundly impacted the relationship between our two nations. Since your arrival in Sri Lanka on September 16, 2021, you have skillfully navigated some of the most challenging times in recent history, leaving an indelible mark on our country.

Navigating Through the Pandemic

Your Excellency, when you began your mission in Sri Lanka, the world was grappling with the unprecedented challenges posed by the COVID-19 pandemic. This crisis tested not only public health systems but also the resilience of economies, globally. In the face of such adversity, you recognized the urgent need for collaboration and support. Your proactive engagement with the Sri Lankan government ensured that Japan's assistance arrived promptly, bolstering our healthcare system with much-needed resources.

During those tumultuous times, Japan's support, under your leadership, manifested through several key initiatives. The Government of Japan facilitated the provision of essential medical supplies, including personal protective equipment (PPE), ventilators, and testing kits, which significantly enhanced Sri Lanka's healthcare capacity. Moreover, you played a crucial role in securing COVID-19 vaccinations through the COVAX facility proposed by the WHO, ensuring that Sri Lanka had access to necessary doses to immunize its population.

Addressing Economic Challenges

As we emerged from the pandemic, Sri Lanka faced new challenges, particularly an economic crisis that revealed vulnerabilities requiring urgent attention. Here, too, Your Excellency you played a vital role.

Your diplomatic skills were instrumental in fostering discussions aimed at addressing these pressing economic issues. You consistently highlighted the importance of sustainable economic practices and the necessity of international cooperation. I recall how you consistently took the time to meet with me, sharing your valuable experiences and discussing potential pathways for recovering from the economic crisis. Your insights provided me with the encouragement I needed to pursue positive, albeit often very difficult, economic reform decisions.

In response to the emergency situation arising from the economic crisis, the Government of Japan promptly extended its support by providing essential medicines, addressing severe shortages in our hospitals and clinics, and providing food items, in collaboration with various organizations, including the International Federation of Red Cross, Red Crescent Societies (IFRC), WFP and UNICEF. This was a crucial lifeline for many vulnerable communities. These initiatives demonstrate your unwavering commitment to supporting the people of Sri Lanka during such trying times.

Commitment to Debt Restructuring

Japan played a pivotal role as Sri Lanka commenced an ambitious and comprehensive economic reform process to address the root causes of the economic crisis. The restructuring of Sri Lanka's debt was a crucial element of this since it was not possible to proceed with the IMF programme unless credible steps were taken to restore public debt sustainability. As we are all aware, Sri Lanka's debt restructuring was a highly complex process due to multiple creditors with varying interests and preferences, different types of debt instruments under different jurisdictions, each requiring complex technical solutions to ensure comparable treatment across the board.

In the area of official sector debt restructuring, your strong coordination with the government of Japan to establish a common platform has been crucial. Sri Lanka being outside the Common Framework had to chart its own course in terms of navigating the debt restructuring of over 20 official sector creditors. Japan took the leadership in helping establish the Official Creditor Committee (OCC) which brought together 17 of the largest official creditors. This initiative made a critical contribution towards stabilizing our economy and ensuring a sustainable future. You understood that effectively navigating the complexities of debt management requires collaboration, transparency, and a shared vision among all stakeholders, and this was delivered through the OCC.

Through this leadership, it was possible for Sri Lanka to reach agreement on the restructuring of official sector debt on 24th June 2024, just 15 months after approval of the IMF programme in March 2023. This was a very important achievement and a critical milestone in Sri Lanka's economic recovery. I have no doubt that this would not have been possible without the contribution of the OCC co-chaired by Japan, India, and France.

The resumption of disbursement of Yen Loans, facilitated by your mediation, has opened doors for other creditors to resume funding ongoing projects. This will have a substantial positive impact on infrastructure development, particularly the Bandaranaike International Airport project, which is crucial for boosting tourism and enhancing Sri Lanka's capacity to service its debt. Additionally, the revival of rural development, health, sanitation, and drinking water projects will significantly uplift socio-economic conditions, especially for the poor and vulnerable.

Sustaining Development Efforts

As a long-standing partner, Japan has significantly contributed to Sri Lanka's sustainable economic development and social cohesion. This support has been crucial in ensuring that no member of our society is left behind. During your tenure, Japan provided approximately USD 55 million in grant aid under immediate, medium term,, and long-term assistance – another major contribution received from the Government of Japan.

I have noticed that you have traveled extensively throughout Sri Lanka, gaining the affection and respect of our people. In areas like Kegalle, Anuradhapura, Ratnapura, Badulla, Trincomalee and especially in the Northern parts of the country, your presence has been felt, and requests for assistance have been a testament to your deep understanding of our needs. Your ability to connect with our citizens is commendable; you have shown a level of empathy and commitment that surpasses most.

Strengthening Business Ties

Not only through official development assistance but also in building strong Japan-Sri Lanka business ties, your contributions have been noteworthy. Despite the economic crisis leading many foreign investors to exit, you ensured the continuity of Japanese investments in Sri Lanka. Your efforts in engaging with investors and instilling confidence during these difficult times have been vital.

Initiatives such as the “Joint Crediting Mechanism (JCM)” and the upcoming “Osaka Kansai, Japan EXPO 2025” are strategic steps you have taken to promote business cooperation. These initiatives will undoubtedly enhance bilateral relations and economic opportunities.

You have also emphasized the importance of enhancing Foreign Direct Investment in Sri Lanka. By guiding us in creating an investment-friendly environment and promoting anti-corruption measures, you have laid the groundwork for sustainable economic growth. Through the Japan International Cooperation Agency (JICA), you have provided technical assistance and support that will benefit Sri Lanka for years to come.

Continuity and Growth

You arrived in this country during a time of great difficulty and stood by us as we experienced some of the most challenging years in our post-independence history. As you depart our shores, **Sri Lanka is in a far better position, however we are not yet “out of the woods”**. During this crucial period of transition, the new administration has very clearly indicated the intention to ensure progress in the reform programme, whilst making feasible adjustments to address social well-being, but ensuring the overall reform trajectory remains on track. Therefore, there will be continuity of the crucial reforms, including the IMF supported reform programme, and continuity of work initiated with the World Bank, the Asian Development Bank, and Sri Lanka’s other development partners. The debt restructuring process is also being taken to a conclusion, which will be another major milestone in terms of restoring Sri Lanka’s credit ratings.

Whilst the continuity of these reforms is crucial to cement the stabilization of the economy, the government is now increasingly focusing on economic recovery and growth, in a manner that does not jeopardize stability. As we all know, **“stability is not everything, but without stability, there is nothing”**. Sri Lanka’s future growth trajectory must have a strong contribution from exports, FDI, tourism, and other forms of non-debt creating inflows through integration with global markets. Towards this end, even though you are leaving us as Ambassador, we hope you will continue to use your good relations to promote Japanese trade, investments, and tourism to Sri Lanka.

A Legacy of Diplomacy and Friendship

Your Excellency, your tenure has also been marked by your unwavering commitment to strengthening bilateral relations. You tirelessly promoted cultural exchanges, enhanced educational opportunities, and encouraged Japanese investments, fostering a spirit of cooperation that will continue to benefit both nations.

The various initiatives launched during your time, such as scholarship programs and collaborative infrastructure projects, reflect a shared vision for a prosperous future. These efforts have not only improved the lives of many Sri Lankans but have also solidified the bonds between our two countries.

As we reflect on your contributions, it is essential to acknowledge the personal qualities that have defined your leadership. Your approach has always been characterized by empathy, integrity, and a genuine desire to understand the needs of Sri Lanka. You have listened attentively, engaged constructively, and built relationships grounded in trust and respect.

Concluding Remarks

As you prepare to conclude your time here, we extend our deepest gratitude for your invaluable contributions. Please carry with you the heartfelt appreciation of the people of Sri Lanka, knowing that your efforts have made a lasting impact on our nation.

We wish you all the best in your future endeavors and look forward to continuing the strong relationship between Japan and Sri Lanka that you have helped to build. Thank you, Your Excellency for your service, your friendship, and your unwavering support.

Thank you all.