

The Practice of Economic Diplomacy as a Foreign Policy Tool in Sri Lanka Post 2015 Period

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Abstract

The pearl shaped Island state of Sri Lanka is strategically situated in a way India's security is ascertained. Foreign policy isn't only an endless dialogue between the powers of continuity and the powers of change but also, it's a continuous changing process where states co-operated with other states on its own grounds regarding the international environment. The United National Party and Sri Lanka Freedom party have been governing Sri Lanka since 1948 with mutually exclusive policies. This new era of political collaboration through silent revolution has begun by the good governance government since 2015 and the new foreign policy has been guided by the principle of non-alignment based on the strategy of 'Asian Centric Middle Path'. 'Economic Diplomacy' is the most significant tool in foreign policy. Among many pillars of economic diplomacy, Foreign Trade - Foreign Direct Investment, Tourism are playing major roles of economic diplomacy to reposition Sri Lanka as an economic hub of the Indian Ocean region under this regime. This government introduced economic reforms to reduce the bottlenecks named delays of doing FDI related businesses and barriers in financial and monetary sectors. The global economy has begun to shift from a Europe centric path to Asian centric economic path. Then, Sri Lanka's duty is to cultivate a dual identity as 'center of the Indian Ocean' and gateway to the subcontinent'. Sri Lanka has already negotiated with China, Pakistan, and India and tries to negotiate with ASEAN nations named Singapore through large FDI during this government compared to the previous one but, Sri Lanka will have to face challenges which power balancing between China-India-Japan-USA and maintaining political stability of this government for fulfil her economics interests. Was Sri Lanka able to achieve economic goals & find solutions of financial issues through foreign economic policy since 2015? Are the foreign economic policies being diplomatically effective & productive to reach correct & positive direction of economic development in Sri Lanka? These problems would be answered through this research by soft power theory. The research findings that although Sri Lanka has been followed Non alignment policy, should pay attention absence of long term national economic strategy plan and large differences of implementation of policies and promises for rebuild the national economy. If that can be achieved, as the consequences of it can be relished by many generations to come who shall not be burdened again with the vulnerabilities of political economy.

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