

**BALANCING PROTECTION OF FOREIGN INVESTMENTS WITH
THE STATE'S RIGHT TO REGULATE IN THE PUBLIC
INTEREST: A SRI LANKAN PERSPECTIVE**

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ABSTRACT

Sri Lanka is one of many developing countries which are eager to attract a higher volume of foreign investment in order to achieve her national development goals, in this particular case emboldened by the ending of the civil war in 2009. In the recent past, however, Sri Lanka has been witness to the turmoil faced by foreign investors due to an increase in public protest against high-profile development projects aimed at enhancing the country's image as a potential dynamic business-hub in Asia. This situation calls for a study on Sri Lanka's approach towards balancing protection of foreign investments with the State's right to regulate in the public interest. Against this background, this paper intends to provide an overview on the issue whether the existing Sri Lanka's Bilateral Investment Treaties (BITs) have provided the country with an adequate regulatory space to safeguard public interest and if in the recent past the country has taken any progressive steps to make sure that there is sufficient regulatory space in future Sri Lankan BITs as well. The entire discussion is directed towards the conclusion that there is an urgent need to reassess Sri Lanka's approach towards balancing public rights with private rights within the realm of foreign investment and explain why this has become necessary in the context of significant changes in socio economic circumstances.

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