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Korea is today the largest industrial investor in Sri Lanka, providing employment for over 45,000 people through various export-oriented manufacturing ventures in the country. These include textiles, electronics, rubber, socks, false eyelashes and artificial leather bags.

Korean companies operating in the island account for 8% of Sri Lanka's exports totalling US\$ 310 million. The Korean community currently resident in Sri Lanka numbers nearly 850.

In a most recent move which adds to the Korean presence in the to come. country, Korea Heavy Industries & Construction Co. Ltd., (Hanjung), have bought over 90% of shares in Ceylon Steel Corporation Limited. (CSCL). According to BOI Chief Thilan Wijesinghe, Hanjung were the only successful bidders and the deal was closed at US\$ 15 million. The remaining 10% of shares are to be distributed to the Steel Corporation employees.

The signing ceremony of the Management Contract took place on October 31st, with Hanjung Chairman Un Suh Park, and a former Korean Deputy Minister of Trade, Industry and Energy also present in Colombo.

Initially, Hanjung will pump in US\$ 10 million to upgrade and revamp the Ceylon Steel Corporation, to make it "healthier and stronger", in the words of Hanjung Chairman, Park.

Park indicated that some of the priorities for the Steel Corporation will be focusing on import substitution, diversification of operations and intensive training of Sri Lankan workers at Hanjung in Korea. Such trained workers will then be deployed in various Han-jung overseas work sites, which will provide them with invaluable field experience.

Park sees Sri Lanka as being a 'base camp' for Hanjung from where they can penetrate the Asian region. After visiting the country twice he says he selected it along with Indonesia as the most promising investment venues in the Asian region. He predicts that Sri Lanka will play an important role in regional development in years to come.

With the takeover of the Ceylon Steel Corporation which is situated at Athurugiriya, Hanjung intends as a first step, to upgrade and modify the existing rolling mill. The revamping of the mill, which was established in 1967 and is therefore outdated in terms of technology, will lead to an increased annual production capacity from 55,000 to 75,000 tons of bar steel for consumption in the domestic market.

Major modifications to the present condition of the mill will include replacement of the existing reheating furnace, addition of a new 3ft high roughing mill stand, overhaul of the existing equipment and additional automatic control systems.

Hanjung intends adopting a 5.5.5 campaign at the Ceylon Steel Corporation. This involves cutting cost by 50%, increasing revenue by 5 times and aiming to make the CSCL the leader in the field in 5 years.

Also included in Hanjung's future plans is the construction of a new Mini Mill Plant with production lines for carbon mild steel production. This new plant will be designed for an output of 300,000 tons annually of round deformed bars for concrete reinforcement. About 100,000 tons of this production capacity will be for the Sri Lankan market while the balance will be for export.

Hanjung's additional long term plans in Sri Lanka include the construction of two units of 140 MW (each) Residue Oil Fired Power Stations on a Build-Own-Operate (BOO) basis. The electricity generated by this plant will be distributed to the steel plant in order to ensure uninterrupted operation of the mill. The surplus electricity will be sold to the national grid at prevailing rates.

Also on the boards is the construction of an Oil Refinery Plant in two phases. Phase One will cater to crude distillation for the production of naphtha, kerosene and gas oil for use as diesel fuel and long residue for use as fuel gas. Phase Two will encompass construction of a reformer, production of paraffin and the manufacture of bitumen. Depending on demand other products too could be incorporated, according to Hanjung.

The production capacity for oil refinery in Sri Lanka is approximately 44,000 barrels per day (b.p.d) at present. This capacity will be increased to 78,100 b.p.d by the year 2000.

It is estimated that the capacity for refined products would be 50,000 b.p.d

initially, increasing to 92,290 b.p.d. by the year 2004.