



*The strategically located Galle Port has tremendous potential to become*

## Galle Port gets a facelift

Posted on

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**Galle Port's strategic location and its potential to function as a transshipment base for container cargo makes it one of the most economically viable, hub ports.**

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A dramatic transformation in the economy of Southern Sri Lanka gets underway with arguably the "investment of the decade", following the signing of the much awaited Letter of Intent (LOI) between the Government and the Mott MacDonald/British Guineese/Dutch Consortium for the Galle Port development. The LOI which was signed on a Build, Own and Transfer basis will provide the winning consortium a period of 180 days to finalize and approve the financial and technical feasibility of the project, prior to the commencement of the construction operations.

The principle features of the project will encompass the development of a new port adjacent to the present one, which will have one container terminal and three

berths, each with a capacity of handling 300,000 TEU per annum and two berths for break bulk cargo. During the construction operations, the project is expected to generate around 20,000 direct employment opportunities and as many in the indirect form.

Speaking on the occasion of the signing of the Letter of Intent, Shipping, Ports, Rehabilitation and Reconstruction Minister M. H. M. Ashraff said, "A highlight of the project is that the Government of Sri Lanka would not make any investment in the project. The bidder would commission the project after its completion in around four years from now and operate it for a period of 25 years prior to the transfer of it to the Sri Lankan Government", he added.

The Port of Galle, situated around 115 kilometres from Colombo in Southern Sri Lanka, offers an absolutely strategic location from the point of international shipping operations. Therefore, it is prudent to take advantage of its favourable location and its potential to function as a transshipment base for containerized cargo.

Of late, there has been a tendency for large container ships to reduce their port of calls with the increased size of vessels a tendency which is deemed economically viable and favourable. Thus, economically viable ports were considered as hub ports on the main international shipping routes. Galle, largely attributable to its strategic location, has the potential of becoming a more productive hub port, say experts in the sphere of shipping.

It is envisaged that the Port of Galle will serve as a main distribution terminal for break bulk cargo such as wheat in the South-East Asian region, in terms of its distance from the main shipping route. It also has immeasurable potential for the future of bulk cargo transportation.

Viewed from the perspective of national development, it was considered mandatory to construct an additional port outside Colombo in order to circumvent certain shortcomings in Colombo. In the light of the philosophy that Colombo Port cannot expand beyond a certain point due to physical constraints, it was considered as a matter of significance that Galle was to be developed as the alternative hub port.

The Government of Sri Lanka has also given a very high priority to the development of the Southern Province. Due to the lack of requisite opportunities and the inability of the province to absorb highly educated and skilled personnel because of the lack

of industries, the province had remained economically stagnant.



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Therefore it is felt that the development of the Port of Galle would simultaneously ensure the industrial development of the southern province as well.

### **MASTER PLAN UPTO THE YEAR 2005**

The Master Plan prepared by the Japanese Investment Cooperation Agency (JICA) in 1990, projects the potential cargo passing through the Port of Galle to be 713,000 TEUS by the year 2005. According to the JICA master plan, three container berths, two general cargo berths, one oil berth and a channel of width 300 metres and depth of 14 metres and a south west breakwater of length 1.300 metres are to be built. Also in the plan are provisions for a yard, warehouse, road, railways and handling equipment.

The Port of Galle would be developed to carry out a multitude of functions such as serving as a supplementary port to Colombo and also to serve as a spearhead for the development of the Southern Province where unemployment is rampant. Emphasis is also laid on the potential base transshipment cargo and the transferring of cargo from Colombo to Galle.

However, irrespective of the speed of construction and operation of the Galle Port, experts endorse that it would take a considerable period of time for Galle to keep

abreast with Colombo.

## **SCOPE FOR INDUSTRIAL DEVELOPMENT**

Industrial development of the Southern Province arising from the development of the Galle Port, is expected to provide a boost to agricultural development and to export-oriented industries.

The industries which are expected to come up in the coastal area, include mass product industries like cement, steel, iron and chemicals, petroleum and fertilizer and food such as grain and wheat. The fisheries applied industries would be canning. The coastal area applied industries are ship building and large scale power plants. Port applied industries are assembling or processing. Yet, whether iron and steel industries are feasible in a coastal environment seems to be debatable.

Due to its strategic location of being situated close to the international shipping route, there are numerous advantages in locating assembling and processing industries in the Galle Port area, with the objective of exporting them to the SAARC region.

A series of proposals have been mooted to launch industrial ventures in the area adjacent to the Port in the industrial zone. The factories proposed are a petroleum tank yard, fertilizer plants, agricultural factories accompanied by an inland container depot.

The Southern Province is already equipped with a series of industries which are currently serving the national economy. The fertilizer complex at Weligama processes an annual production capacity of 400,000 tons and has employed 375 persons. The Galle Cement Complex of Ruhunu Cement processes around 200,000 tons of cement and employs around 275 people. The Ceylon Petroleum Corporations's export facility has yielded Rs. 3.8 billion in foreign exchange which should also be a motivating factor for all industrialists to pursue petroleum and petroleum based industries.

## **THE KOGGALA EXPORT PROMOTION ZONE**

The Government had earlier launched the country's third Export Promotion Zone at Koggala next to Katunayake and Biyagama. The Koggala Investment Promotion Zone (KIPZ) which is located only ten kilometres away from the Galle Port covers a

land area of around 246 acres, and has the capacity to yield 20,000 direct employment opportunities and the same number in indirect employment.

The proposed industrial zone will be located on the East of the port on the Matara Road. The advantages which are virtually invaluable are accessibility to the Galle Port and the railways, along with the educated labour at competitive rates.

### **POTENTIAL FOR FISHERIES DEVELOPMENT**

A reality which should arouse the interest of all investors is that 90% of the fish supplied in Sri Lanka arrive from the coastal area. The Chairman of the Southern Province Development Authority, Navin Gooneratne said that there was immense potential in deep sea fishing and any investor could recover his investment in a year.

The length of the quay of the Galle Port is 192 metres and 50 boats of the 3.5 ton type could berth at a time. Other than the Quay wall, there lies miles of undeveloped area for future expansion, if necessary. These statistics also prove that fisheries activities could be pursued in the Port of Galle and outside as well.

### **TOURISM AND YACHT RECREATION**

The Galle Fort, which got its name because of the Dutch Fort situated there, is considered a historic monument. Dating back to the 1690s, this is considered a tourist paradise along with the Buddhist temples and the handicrafts all of which go to induce tourism related activities at Galle.

Galle has traditionally been a harbour for yachtsmen. Facilities such as rest-rooms and shower facilities are already available for them. Statistical details suggest that a maximum of 22 yachts could be berthed at the port.