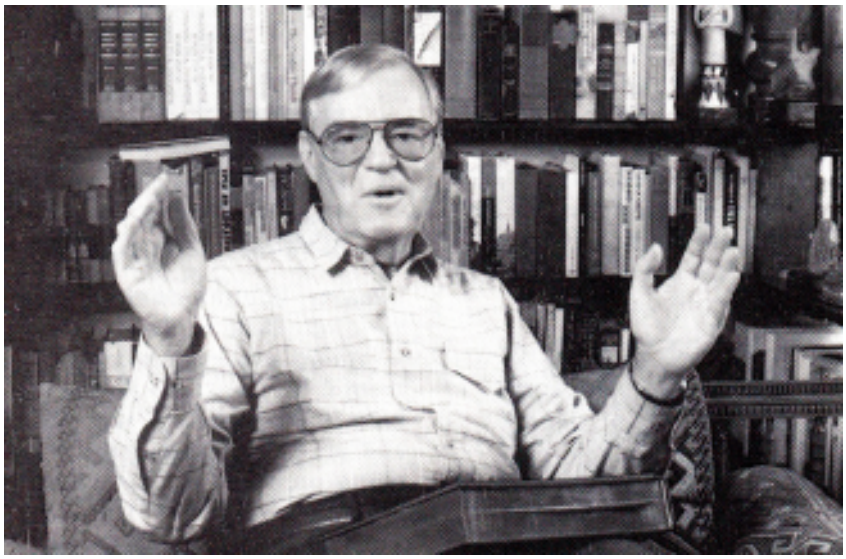
“People were very nice to me”

James William Spain, former U.S Ambassador to Sri Lanka, talks to Ajita Kadirgamar on why he decided to stay on in Sri Lanka, the current projects he is engaged in, and what future he envisages for Sri Lanka.



James William Spain was the American ambassador to Sri Lanka from 1985-89. His posting to Colombo came at the tail-end of a distinguished U.S. foreign service career which saw him serve as Country Director, Charge d’affaires, Consul General and Ambassador in Pakistan, Turkey and Tanzania.

In 1985, when he was posted to Colombo he was still reeling from the shock of losing his wife and daughter in an automobile accident. Colombo was to be his last foreign posting and though his ties to Pakistan and Turkey were deeper, when the question of retirement came up he chose Sri Lanka to be his adoptive home, simply because as he puts it, “people were very nice to me.”

James Spain is one among a handful of exclusive ‘guest resident investors’ domiciled in Sri Lanka. He is Chairman of a company called Lanka Infrastructures Ltd., a company formed by himself, another American, a Briton and three Sri Lankans.

The company was set up with the goal of developing infrastructure in the country and they have set their sights on a hydro-electricity/irrigation project which was originally investigated by the Sri Lanka Engineering Consultancy Group six years ago. The site is in the south-east of the country, a region earmarked for further industrial development.

This project is the US 8200 million Uma Oya project which involves the construction of two dams on the Uma Oya at Puhulpola and the Mahatotilla Oya at Dyraaba.

Construction of a 19 km tunnel and a 750 metre drop of water flow to a 100mw powerhouse would produce 410 GMH of electricity for the national grid. Additionally, a vast volume of water would be made available for irrigation purposes in the dry zone area 60 miles north of Hambantota.

As a result of this project, some 20,000 jobs will be created through the construction process as well as the irrigation component of the dams. The building stage is estimated to take 3-4 years.

Says Spain, “We spent a lot of time in Europe, the USA and East Asia seeing who was interested and what could be organized. We found all sorts of people who were happy to build the dam cheaper and better than anyone else but financing was a problem. Finally, a year ago, we began working with the Chinese and we have pretty well finished a proposal which may be acceptable to the government of Sri Lanka.”

Eventually the project would pay for itself through income generated by the sale of electricity from the dams. Spain feels that the Sri Lankan government is keenly interested in the project, but as he points out, the Chinese are just coming out in the world and are eager to grab opportunities coming their way. Their interest might wane if this proposal drags on for years without commitment from the Sri Lankan side.

In May this year, a team of eleven Chinese engineers from the North west Investigation Design and Research Institute of Xi’an visited the island to survey the terrain. A feasibility study is the next requirement to gather data on the hydrology, engineering, geology and environmental aspects of the project.

Spain finds the financing side of large projects interesting and challenging, and it is an area where he says he has a reasonable amount of experience. “Twenty years

ago”, says Spain, “the World Bank, and Asian Development Bank were putting out very soft loans 40 years, 2% interest, 10 year grace period; well, that has stopped and with it has stopped real infrastructure development particularly power, in Sri Lanka. There has been nothing new for the last 15-20 years.”

Spain is positive in his outlook for Sri Lanka. He firmly believes our human resources base is our greatest strength, coupled with high levels of literacy and health.

Referring to the present power crisis, he acknowledges Sri Lanka’s over-dependence on hydro-power but adds, “there’s no getting around it; the potential for hydro is great. It’s ideal, there are no environmental problems, its free once its built and you don’t constantly have to import coal, gas or diesel.”

Apart from the Uma Oya project which Spain hopes will materialize soon, he is a keen player on the Colombo Stock Market and is waiting for it “to come alive again.” He owns shares in several blue chip companies-Blue Diamonds, John Keells, Royal Ceramics and Aitken Spence.

“The Colombo Stock Exchange (CSE) in technical terms”, he says, “is as far advanced as Hong Kong. Trading has simply fallen off.” He feels however that “the CSE is dominated by foreign trading as it is so small, and when they stop. buying, the fall is disproportionate.”

Despite negative market sentiments caused by the war and the economic and power crisis presently facing the country, Spain is positive in his outlook for Sri Lanka. He firmly believes our human resources base is our greatest strength, coupled with high levels of literacy and health.

He maintains that the economy will pick up again and cites the garment industry as a good example of a sector that has been able to sustain itself.

Spain foresees Sri Lanka going the way of Hong Kong and Singapore where “as prosperity boomed, of course appropriately wages went up and costs went up.” In the ten years he has been in Sri Lanka he has seen the country go through the LTTE war, the JVP insurgence and has watched the stock market tumble only to pick up again. His optimism is welcome as it comes at a time when most find it hard to see beyond the present economic gloom and to forecast better days ahead.

James Spain made a wise choice when he decided to linger on in Sri Lanka; a wise choice because his love for the people and this country will only benefit us in the long run, as he continues to find ways to improve the infrastructure of this developing nation.