The Gateway to the Future

Stage one of the Hambantota Port Development project, which the current government has maintained as a project of high priority, is set to begin in May. The project will have an impact on the economy of Sri Lanka as well encouraging foreign investment, developing long neglected infrastructure and generating employment opportunities in the Southern Region. The Vice Chairman of the Sri Lanka Ports Authority (SLPA), R M P B Wickrama, speaks to Business Today about how this project will bring the Southern Province into a new era of development.

By Viranga Hewage and Anisha Niyas

Why has Hambantota been chosen as the location for a new Port?
Hambantota is located only a few kilometres away from the main shipping lanes from the East to West and vice-versa. This strategic location is ideal to develop a maritime hub which has potential to become a centre for logistics on this very busy shipping route. Politicians and port and shipping experts have been discussing for the last 20 to 25 years or so, the necessity of planning and development of a Sea Port and economic activities in Hambanatota for the economic development of this

strategically located small island of Sri Lanka.

How far it is practical to develop a sea port in Hambantota. Hambantota is basically an agricultural area at present. However, history confirms that Ruhuna was a prosperous region in the past with variety of economic activities. During ancient times the silk route had been used via this historical town. With the emergence of container mega carriers on all major sea routes, the strategically located ports in every region begin to gather more importance as transshipment centres. Due to the locational advantage of Sri Lanka, our sea ports have great potential to become the main ports for long distance and for regional transshipment trade to ln-dian ports, Bangladesh, Pakistan, the Persian Gulf and some East African and Pacific Rim countries. Colombo is the major sea port in Sri Lanka which handles almost all containerised cargo at present. Port of Colombo handled 2.4 Million TEUs in 2005. The existing capacity in Colombo will be saturated by 2009. With the development of Colombo South Harbour maximum TEUs that could be handled in Colombo will be .5 Million TEUs. Therefore, de elopment of Hambantota is the only alternative Sri Lanka Ports could consider due to the limitation of land in Colombo for further expansion. In Hambanatota in addition to traditional port activities, industrial services related to the ships and to the cargo, ship related activities such as ship repairing and other engineering and technical services, cargo related industrial activities are established within the port area and in the port city and within the surrounding areas.

Will the ports of Colombo and Hambantota have to compete with each other for the same business.

No. Port of Colombo will continue as the port for handling of containerised cargo. Phase I of Hambantota Port will be for a service and industrial seaport. This mean Colombo and Hambantota will not compete for the same business. However, when Port of Colombo reaches saturation in container handling, Hambantota will also be developed as another container port to meet demand for the increased volume of containers which could be in the region of 29 Million TEUs by year 2040.

What are benefits which will be derived by the Southern region through Hambantota Port Development Project.

The President, Mahinda Rajapaksa and Minister of Ports & Aviation, Mangala Samaraweera, have considered Hambantota Sea Port Development Project as a high priority project. It is the policy of the present Gm·emment under the Mahinda

Chintana to develop a new sea port and related economic and industrial activities in Hambantota with an integrated master plan. Therefore, Hambantota will be developed as a port city with port-generated activities.

Commercial Services such as banking, insurance, legal services and communication will be highly developed with the proposed Hambantota Port City Development. Logistical and distribution services and other related infrastructure development which will take place under the master plan drawn up by the Urban Development Authority, will generate employment opportunities and other social benefits to the people in Hambantota, Matara, Ratnapura, Monaragala and Ampara Districts. This Port Development Project will be three times larger than the Mahaweli Development Project. Plans are being drawn up to develop infrastructure facilities such as roads, electricity, telecommunication, water supply etc. parallel to the Hambantota Port City Development Project.

What is the background to commencing this project now, after so many years of discussions.

In 2001, the President, when he was the Minister of Ports, laid foundation stone for the Hambantota Port development Project. He has directed Ministry of Ports and Sri Lanka Ports Authority to commence construction work without any further delay and even set time frames and targets which should be achieved in completing various phases of this gigantic project. Under Phase I, construction of a service port will be completed and the port will be operational with basic infrastructure facilities such as cranes, transit sheds, craft and other equipment in three years time. Ministry of Ports and the SLP A will review the progress of the Project once in two months until completion. ,Once the Project with all phases is completed, Hambantota Port will become one of the best maritime hubs in the world.

We have already completed feasibility study of the project and it has been established that Hambantota Sea Port Development Project is technically, economically and financially a viable project which will bring unprecedented benefits to the Sri Lankan community. We are in the process of carrying out long term directional wave measurements, environmental impact assessment studies and detailed design of breakwater etc. related to this port project.

What is the projected cost and time frame for the Hambantota Port Development Project? Hambantota Port Development Project will be completed in four phases. In Phase I it has been planned for a service oriented port and the

cost has

been estimated in the region of USS250 Million. Estimated cost for the Phase II & III will be around US$2 Billion. Our determination is to complete Phase I within three years and the entire Port Project in 12 years.

How do you intend to raise funds for this Project?

We have already drawn up a Plan for the preliminary work of the Project. SLP A will meet the cost of the initial work. We have initiated discussions with several possible investors for raising funds at concessionary rates for the project. We are confident that necessary funding could be arranged in view of the attractive returns to the investors.

What is the planning model considered for the Hambantota Sea Port?

Although it has found that deep draft berths can be built at sea surrounding Hambantota, building of an internal port is considered due to obvious reasons. We have identified the Karagam Levaya as the location for the proposed port as this arrangement will cut down expenditure of port development drastically. Basic plans with the necessary approvals have already been finalised for the entire Project.

What is the land requirement for the Project?

It has been estimated that 1,100 hectares of land will be required for Phase I and the total land requirement for the entire Port Project will be 2,500 hectares. Arrangements are being made to vest required land in the SLP A. Most of the land which has been identified for the project is state land. Only about 600 to 700 families have to be re-located under this Development Project and they will be provided with land and adequate compensation for the them to lead a comfortable life with the re-location of such families.

What is the foreign input into this project.

Planning of a modern port is not only a science , but also an art. It requires a sufficient knowledge of civil engineering techniques in the field of maritime construction. It also requires a full understanding of the way in which a port works, of all functions of the port and needs of various port users. Hence, cooperation and advice of specialists in various technical and economic fields is indispensable. Assistance of foreign consultants has been sought for pre-feasibility and feasibility

studies. A special feature of this project is the opportunity afforded to Sri Lankans to get exposure to such areas through working with the foreign consultants. Most of the designing, hydrographic surveys, environmental impact assessment studies, directional wave measurements etc. are being carried out by Sri Lankan professionals.

What are **the benefits of developing a new port in Hambantota?**

Planning of a port should be undertaken within the framework of an overall port development programme for the entire country or even for an entire region. The most desirable location of a major port is determined by economic and geographic factors. A vast land area for various port-related activities is a condition of paramount importance and Hambantota is the ideal location for the purpose which has land for free port industrial areas, export processing areas, special economic zones, industrial parks etc. The close vicinity of Colombo Port is so crowded and restricted that direct extension of port facilities is impossible.

Will infrastructure such as good overland access and road network be developed to make Hambantota Port a viable option for Shipping Lines? The President supervises the project personally. He has directed authorities and agencies concerned **to** allocate required land and develop infrastructure facilities such as roads, electricity, telecommunication, water supply etc. SLP A works very closely with the relevant Agencies such as CEB, RDA, UDA, NWSDB etc. to ensure making available all such facilities. We receive fullest co-operation of the GA and other public officials of the district offices of other relevant agencies and people of Hambantota to complete this project as scheduled, which will bring invaluable benefits to the people in the Ruhuna in particular and all Sri Lankans in general.

How do you ensure uninterrupted supply of water to ships when there is a scarcity of water in Hambantota? We are in the process of discussing with the National Water Supply and Drainage Board to arrange a separate Water Supply Scheme for the Port Development Project. We plan to supply water and bunkering to ships which will call at the new Hambantota Port.

How will this project give a boost to Sri Lanka’s position as a hub in the Asian region?

Sri Lanka could consolidate its position as a competitive maritime centre if a number of conditions are met. One of them is the provision of necessary facilities to

attract prestigious and leading shipping line to Sri Lanka’s sea ports. The provision of ancillary maritime services activities could enhance the position of Sri Lanka as the maritime centre in South Asia. These ancillary services include among other things ship repairs, boat building, bunkering, water supply, salvage, towage, ship chandelling, ship breaking, marine surveys, legal services, expertise in marine insurance and so on. Plans have therefore been drawn up to develop Colombo, Hambantota, Galle, Trincomalee, KKS, Oluvil and PPD Ports. Lack of space in the Port of Colombo impedes the further development of Colombo beyond Colombo South Harbour Development. Hence, Hambantota which is closer to shipping lanes and with the availability of adequate land should be developed to attract additional volumes with the growth of economies in Asian countries. Development of a sea port in Hambantota will ensure the development of Ruhunu, entire Sri Lanka, and the national economy. These benefits will be derived b the importers, exporters, entrepreneurs, as well as the underprivileged population in both the Hambantota and rural areas.

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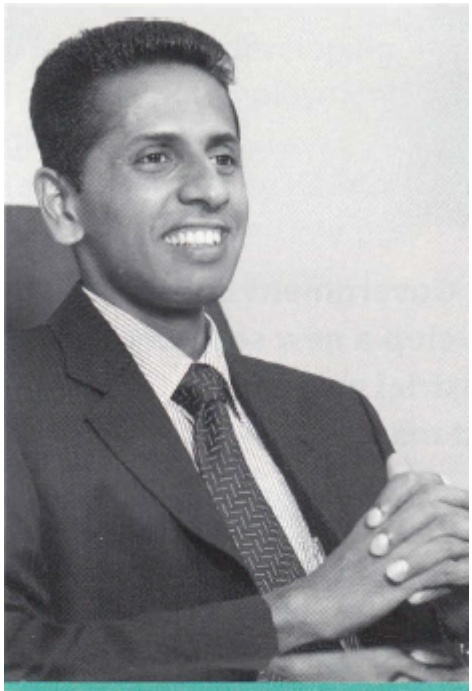

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