

# NEWS ROUND UP

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## ***Largest ever FDI sign of working Govt. says PM***

Kicking off the \$3.8 billion refinery project, billed as the largest Foreign Direct Investment (FDI) to be received by Sri Lanka, in Hambantota yesterday, Prime Minister Ranil Wickremesinghe outlined ambitious plans to attract investment from multiple countries, establish new industries, and promote tourism to achieve an economic transformation in the region.

Speaking at the inauguration, Wickremesinghe was upbeat that the Government would be able to attract investment from a variety of countries to create a truly multi-national investment zone in Hambantota. He pointed out that companies from Oman and Tamil Nadu have had long experience in doing business with Sri Lanka, and therefore this development was a natural evolution of a long-standing relationship.

Prime Minister Ranil Wickremesinghe and Oil and Gas Minister of Oman Muhammed Bin Hamad Al Rumhi confer during the inauguration ceremony – Pix by Pradeep Pathirana

“The investments here will be by Sri Lankans, Indians, Chinese and the investment owned by the Omani Government and many other investors from other parts of the world. It shows that Hambantota will become a truly multi-national investment zone. Everyone has shown their interest, and we have to start investing. Both the traders from Oman and Tamil Nadu have had long experiences in dealing with Sri Lanka. So this is nothing new,” he said.

Wickremesinghe, who turned 70 on Sunday, also thanked his well-wishers and described the investment as the “best gift to the country.” He also recalled that Hambantota needed a boost from investment as it had not seen projects that delivered returns on investment during the previous Government.

“When we ran for election in 2015, Hambantota was an empty land, except for peacocks. There was a cricket stadium without any matches, a conference hall that was not being used, the roads were incomplete, and there wasn’t enough money to pay the bills. While Yala had wild elephants, Hambantota had white elephants.”

“Now Hambantota has a functional port with the help of China Merchants and our Ports Authority. There is also an LNG power plant that will be built here with the help of a Chinese investor. Today, we open an oil refinery here, which is a landmark moment since the opening of the 1967 oil refinery in Sapugaskanda. We have also launched a cement factory.”

The Prime Minister also said that within the next three months the Civil Aviation Authority together with India will make the Mattala airport a viable and functional venture. “That means we won’t be using it to store paddy there anymore. Since 2017, as we promised we have not only given factories to Hambantota we have turned around the white elephants. The core of the transformation in the south is Hambantota.”

Wickremesinghe noted that Katunayake and Biyagama trade zones are excellent examples of well-functioning ventures and the Government is aiming for Hambantota to develop along similar lines.

“Together with the Board of Investment (BoI) and Minister Malik Samarawickrama, we are on the lookout for more investments. We are hoping to transform the entire economy with the Hambantota trade zone. One way is through the development of the fishing business. For the development of tourism in the stretch between Mattala and Katunayake, we have already identified 12,000 acres of land suitable for projects. These could fit five golf courses. With the help of Germany and China we are hoping to give technical skills training to people so that they can meet the skills needed for these employment opportunities.”

The Minister of Ports and Shipping and Southern Development Sagala Rathnayaka has been appointed to carry out these plans, the Prime Minister said, which would also include a new law that will be titled the “Southern Economic Development Corporation law.” In addition the Prime Minister said he has instructed Tourism Development and Wildlife Minister John Amaratunga to target increasing the number of tourists to Hambantota by 300,000.

“I advised both these Ministries that though it is good that luxury hotel chains are established in Sri Lanka, we need to look into how home-stays can be developed for the benefit of our people. The first phase in developing trade zones in Bingiriya is complete. All this has shown we are a working Government,” he added. (Daily FT)

### ***Oman Oil Minister excited to be part of Sri Lanka oil refinery project***

Oman’s Oil Minister said on Sunday he was excited to be part of the Sri Lanka oil refinery project, in a sign that plans for the sultanate’s involvement may be back on track.

Sri Lanka said last week that Oman Oil Co. had made clear it was interested in taking a 30% stake in the new refinery on Sri Lanka’s south coast.

But an Omani official denied the Middle Eastern country had agreed to invest in the project.

Oman Oil...

Rumhy joined Sri Lankan Prime Minister Ranil Wickremesinghe at the laying of the foundation stone for the planned \$3.85 billion oil refinery at Hambantota on the south coast, which would potentially be the island’s biggest foreign direct investment.

“This is not a project just for three years. This is a lifelong project,” Rumhy said at the launch ceremony held at the Mirijjawila investment zone in Hambantota. “We will work very hard to deliver this project to the people of Sri Lanka.” However, he did not comment on whether Oman planned to have a direct stake in the refinery.

The refinery will be built near a \$1.4 billion port controlled by China Merchants Port Holdings.

The India-based Accord Group is the main investor in the refinery project through a Singapore entity it controls.

The project will be Sri Lanka’s first new refinery in 52 years after Iran built a 50,000 barrel-per-day refinery near the island’s capital city of Colombo to blend Iran light oils.

The new refinery will export all products it refines, officials have said. “We have Chinese investment, we have Indian investments, we have Oman interest for investment, and we have investment interest from many other countries,” Wickremesinghe said at the event. “It shows that Hambantota will become the multinational investment zone.” A senior Sri Lankan minister, who declined to be identified because he is not authorised to talk to the media, told Reuters that Oman had given a commitment to invest in the refinery and there would not be any turning back.

But on Wednesday, Salim al-Aufi, the Undersecretary of Oman’s Oil & Gas Ministry, said “no one on this side” was aware of the investment.

Sri Lanka's investment board said last week that another Oman entity, Oman Trading International, was willing to supply all of the refinery's feedstock needs and take on the marketing of the oil products it would produce.

India and China have been vying for political influence in Sri Lanka in recent years, with investment a key part of the battleground.

China is the biggest buyer of Omani oil. In January it imported about 80% of Oman's crude exports, Oman Government data shows.

An investment zone is planned by China Harbour Engineering Corp alongside the port. (Daily FT)

### ***CCC celebrates 180 years serving the business community***

The Ceylon Chamber of Commerce (CCC) was founded on 25 March 1893 for the purpose of best promoting the interests of commerce and was among the very first group of chambers established in Asia.

The Chamber has grown from having 26 memberships at its initial stages, to just over 600 today – with an outreach of 8,500 institutions. 29 of the current members have been members of the Chamber for over 100 years.

Over the last 180 years, the CCC has diversified its services across the field. From taking a primary interest in the sale of tea, rubber and spices, and commencing auctions that have been held continuously to this day, the Chamber offers secretarial services to 21 affiliated associations, has a computerised business information portal, organises conferences, seminars, and events on a regular basis, and issues certificates of origin and provides authentication of quality survey reports.

The Chamber has established eight subject-specific Steering Committees and six National Agenda Committees to gather, assess and formulate recommendations for policy interventions. In addition to this, it provides business intelligence, while the Economic Intelligence Unit delivers timely and relevant economic updates to all its members.

Meanwhile, flagship events like the SL Economic Summit (held consecutively for 17 years), awards for the Best Corporate Citizen (held continuously over the last 15 years), and the Investment and Business Conclave over the last several years were conducted by the CCC.

Whenever the need arose, the CCC has intervened in matters of national importance and provided leadership to gather a collective voice with other Chambers to engage with Government.

Over the past 180 years, the CCC has responded to the needs of the business community that has experienced an evolving landscape – from a focus on a few traditional commodities' trade, to a widely diversified commercial business arena shaped by new consumer needs, export diversification, and deeper engagement with countries across the world, fuelled by technology and the advent of the digital economy.

The CCC looks to continue in its quest, carrying forward the wisdom of two centuries, while staying relevant to its fast evolving membership, remaining to be Sri Lanka's most powerful voice in business. (Daily FT)

## ***CEB and Ministry in standoff over power cuts***

The Power Ministry is yet to approve and make public the power cut schedule despite Ceylon Electricity Board (CEB) informing the Ministry Secretary of the decision to carry out load shedding last Monday (18 March), but a copy leaked to the public yesterday, causing much consternation.

Minister Ravi Karunanayake, who earlier insisted to the public there would be no power cuts, has reportedly refused to announce scheduled power shedding although the CEB claims it is unable to avoid the move to manage the system effectively.

The Minister was not immediately available for comment. Karunanayake earlier decided to not purchase supplementary power even after a tender process was carried out to buy 100MW. The Procurement Committee had recommended three bidders who were qualified to supply for the tender.

Public Utilities Commission of Sri Lanka (PUCSL), too, wrote to the CEB, questioning the move to carry out scheduled power cuts, noting that scheduled power cuts without prior notice is illegal.

“We wrote to them on 19 March immediately after 18 March when the first power interruptions happened, and we have called on the public to report any interruptions as well,” PUCSL Director Corporate Communications Jayanat Herat told Daily FT.

“In terms of the legal framework, this is illegal. The licence condition 30 (10) of the Electricity Transmission License No: EL/T/09-002 says except for the sudden failure of plants, all other interruptions should have prior approval and be informed to the public. The economic losses of this kind of uninformed interruptions are large,” he said.

Noting that the Commission has the responsibility of ensuring the rights of the consumer is protected, Herat said that the CEB as the licensee is responsible for obtaining permission regardless of other stakeholder constraints they face, such as the stand taken by the Ministry.

Noting that the situation faced by the country today was foreseen by the Commission, Herat said that as the licensee CEB should take necessary steps.

“The Commission has warned them and shown that there would be a shortage in 2016. Since these are not sudden issues, they have to follow a legal framework. This condition has been put in the licence with the aim of minimising losses,” he insisted.

The CEB, however, maintained their stand on the decision to carry out scheduled load shedding, noting that to manage the system and avoid a complete failure, load shedding has to be done.

“Whether there is approval granted by different entities or not, we have to carry out load shedding. The only difference is that under the current circumstances, we can manipulate the system to ensure that the power cuts are spread fairly, as we can predict when the load shedding is needed,” a CEB official who declined to be quoted told Daily FT.

With the Castlereagh and Mausakelle reservoirs' storage capacities at only 8.2% and 27.4% of their full storage, respectively, the CEB is limited in its capacity to generate power as the water levels are expected to reach minimum capacity within the next two to four weeks. The CEB in a letter requested the Ministry to take necessary action to publicise the power cut schedule and noted that the water levels of the two reservoirs have to be maintained to supply water to the Ambathale purification plant, which supplies drinking water to Colombo. (Daily FT)

## ***Govt. aims to make development accessible to people: Mangala***

Finance Minister Mangala Samaraweera said the refinery project was only part of the Government's larger plans to increase exports and improve FDI to make development accessible to all Sri Lankans and create an affluent middle class.

Finance Minister Mangala Samaraweera at the ceremony yesterday  
Speaking at the inauguration of the \$3.8 billion refinery project in Hambantota, Samaraweera said trade and investment must come together so that Sri Lanka can grow without depending on debt, as was done in the past.

"Our hope is to extend our trade activities in order to become the economic centre point in the Indian Ocean. We have plans to increase investment and improve ease of business in order to attract more investments," he said.

The Minister described the project as a major investment initiative that is the biggest single investment in Sri Lanka since Independence. It was appropriate to start the project on Sunday as it was also the 70th Birthday of Prime Minister Ranil Wickremesinghe.

"While wishing a very happy birthday to him, let me also take this opportunity to invoke him renewed strength to provide many more years of service to our country. After years of perseverance and dedication, his vision for Sri Lanka is bringing fruition, I must say."

"The two major investments that are being initiated in the fields of petroleum and cement manufacturing will no doubt change the investment portfolio of the Hambantota area in time to come. It will diversify the investments in Hambantota, which in turn will give a strong message that we welcome investments from multiple sources to Sri Lanka."

Samaraweera pointed out that Hambantota was the most under-developed area of the country in the past but argued it was now rapidly transforming itself into a 21st century metropolis. He thanked Development Strategies and International Trade Minister Malik Samarawickrama for bringing in the investment to Sri Lanka.

"These new investment projects launched in Hambantota worth \$4 billion dollars, I believe, are a new beginning in our economy. I believe that if the profits can't be reaped by the people of the country, then the investments were not good enough. We are still paying the heavy interests of the foreign debt taken before we came to power in 2015. We have created a platform for more Foreign Direct Investment (FDI) to come into the country without having to take more foreign debt," he said.

For a country to develop, it requires both FDI and exports, and the Government had been successful in delivering on both those fronts, Samaraweera emphasised. He also pointed out that 2018 was the year when Sri Lanka recorded the highest amount of FDI and exports.

"By 2018, the annual exports of our country increased up to \$11,900 million and FDI up to \$2.4 billion because of our efforts. In the history of Sri Lanka, 2018 was the year that marks the most number of investments. The investment projects launched today will attract larger numbers too. The Prime Minister's vision for the economy is to strengthen the people in order to increase the rate of development in the country and the GDP. We want to eradicate poverty and create a new emerging middle class." (Daily FT)

## ***Sri Lanka plans 6,000 acre investment zone in Monaragala: PM***

Sri Lanka is planning a 6,000 acre industrial zone in Monaragala as well a total of 6,000 acres of industrial areas in Hambantota, Prime Minister Ranil Wickremesinghe has said.

"The industrial zone in Hambantota will transform the entire country," Wickremesinghe said after laying the foundation stone for a cement factory and a refinery in an industrial zone in Mirijjawela, a few kilometers off Hambantota port.

"The 12,000 acre investment zone built around Hambantota and Moneragala will also have tourist areas. Six golf courses are planned."

Monaragala is the district next to Hambantota. He said the port was now operating with China Merchant Ports.

Wickremesinghe said a liquid natural gas power station with Chinese investment had also been approved for construction in Hambantota.

When Sri Lanka started an investment zone in Sapugaskande near Colombo, a refinery and power station were also located nearby which helped with basic infrastructure.

The large projects in the Mirijjawela industrial will be catalyst for other industries, and will make Hambantota port and active one he said.

"When we said we will revive Hambantota port which was a dead one, people laughed at us," he said.

"There were cricket stadiums without cricket matches and conference centres without conferences and other white elephants. When wild elephants were roaming Yala reserve, white elephants were in Hambantota.

The refinery is promoted by Accord group of India through a Singapore registered investment vehicle. The firm is expecting to purchase feedstock from Oman and is in talks for investment, the Board of Investment has said.

Oman's Oil and Gas Minister Mohammed bin Hamad Al Ruhmy was also present at the ceremony, a statement from the Prime Ministers office said.(Economy Next)