

Pre-conditions for the success of Trincomalee

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The paradox of Trincomalee

- Paraphrasing Robert Solow who said "You can see the computer age everywhere but in the productivity statistics"

You can see the strategic importance of Trincomalee everywhere but in the way it has actually been used since 1945



Veto approach

- Since the end of World War II, focus has been on preventing the use of this valuable asset by others
 - Example: Oil tank farm (99 tanks) built during WWII are still not fully utilized despite their strategic importance
- “The work of restoring and operating the Trincomalee oil tank farm will be undertaken as a joint venture between India and Sri Lanka.”

Side letter to Indo-Sri Lanka Agreement to Establish Peace and Normalcy in Sri Lanka of 1987

Was it because of missing elements? What are the actions being taken/that should be taken

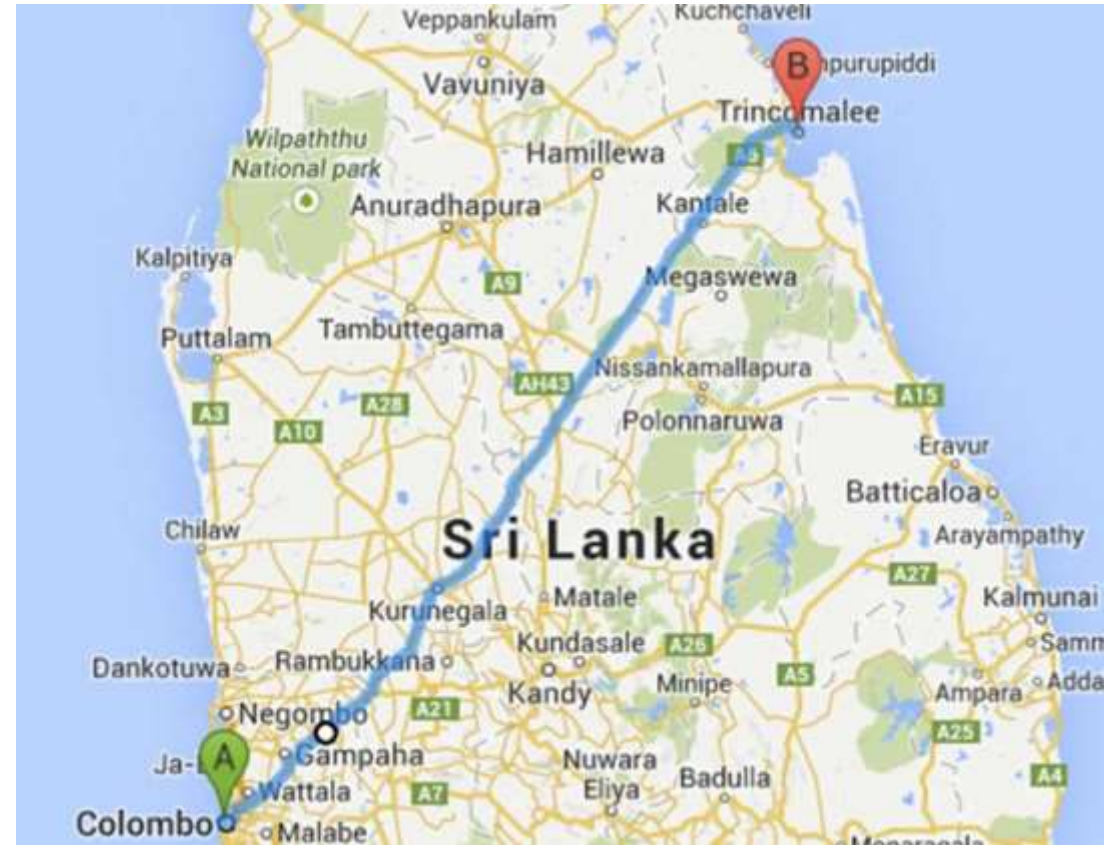
Security

- Domestic strategic significance
- Inadequate security provided during conflict
- **Solution: Factor in security, even in peace time**



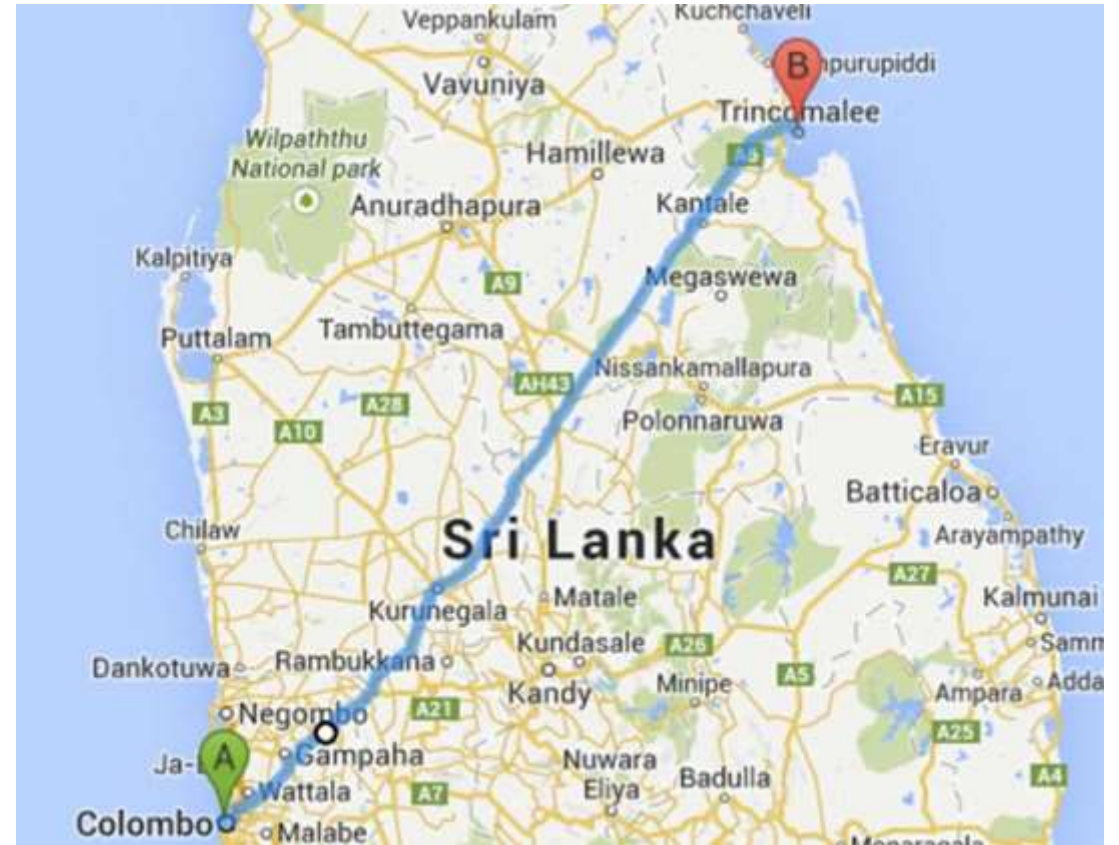
Land connectivity

- Colombo's position as a regional hub unlikely to change in short term
- 64% of the country's economy is along coast around Colombo; Eastern Province, though large, has only 5.8% of economy and 7.6% of population
- Current road connectivity is poor; railway is far from efficient
- **Solution: ADB is already scoping out the Colombo-Trincomalee Economic Corridor**



Air connectivity

- Currently 255 km distance from Colombo requires 5 hrs by car and 8 hrs by infrequent train
- Airport is primarily military
- **Solution: May be addressed as part of Colombo-Trincomalee Economic Corridor**
 - **Bifurcate civilian-military components; upgrade civilian airport; get scheduled flights**



Energy

- With cancellation of Sampur coal-powered plant in 2016, power shortages are likely by 2018-2020
- Unlikely that highest energy prices in region will come down
- **Solution: Captive power plant for industrial zone; enhance domestic transmission for which funds have already been obtained; advance grid connection to South India**

Water

- Supplies come from 38 km away in Kantale
- Recently supplemented, but may not be adequate for an industrial zone
- **Solution: Planning and quick implementation**



Social infrastructure

- High-quality schools
- Advanced medical facilities
- Elements that would make Trincomalee an attractive place to live
- **Solution: Plan and implement quickly**

Land

- Land needed for port may not be problematic
- But ethnic composition of the region (40% Muslim, mostly South side of Bay; 31% Tamil, mostly on North side; 27% Sinhala mostly inland) requires sensitive approach if land required for industrial purposes
- **Solution: Consult broadly; pay above valuation as needed**

Crucial question

- Is the expected growth in Bay of Bengal region capable of supporting two secondary ports, in addition to Colombo?
 - Especially if Hambantota grows fast because of relationships between Chinese shipping lines and China Merchant Port Holdings
- **Move fast**

Six out of 10 fastest growing economies are around Bay of Bengal

