

# Infrastructure issues in India-Sri Lanka relations

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# India as the environment Sri Lanka functions within

- Given Sri Lanka's location, there are a multitude of infrastructure issues of common, even if not equal, interest
  - In many instances, the issue would be of very high interest to Sri Lanka, the country with a population that is 1/60<sup>th</sup> that of India
  - The salience of these issues to India would depend on a combination of strategic and economic factors.
- From among a number of infrastructure issues of common interest, three “low hanging fruit” selected
  - SAARC satellite
  - Power
  - Ports

# SAARC satellite

- If only one and geostationary, satellite should be used for digital broadcasting
  - 500 ms delay makes it inappropriate for data and voice backhaul
  - Delay does not affect broadcasting
  - Has potential to accelerate digital transition in the region
- If a system comprising multiple satellites in lower orbits, should be used for remote sensing
  - Stationary satellites are not optimal for remote sensing

# Power

- Stalled 500 MW Sampur Coal Plant is a point of friction
- But Sri Lanka's small system, with a nighttime requirement of 800 MW may not be able to absorb an additional 500 MW baseload
- Immediate need and precondition for Sampur is for a cross-strait cable to connect Sri Lankan and Southern India systems
  - Sri Lanka will benefit because baseload plants can be run at full capacity, and may be able to bring down overall costs
  - India will benefit by reducing power deficit; consistent with grid integration with Bhutan
  - Bigger system will be able to handle more renewables, allowing both countries to contribute to efforts to reduce global warming
- Then, perhaps consider a nuclear plant instead of a dirty coal plant in Sampur

# Ports

- Colombo is first or second largest Indian container port
  - It should be recognized as an integral part of the Indian transportation system
    - As was done by Joint Study Group on India Sri Lanka CEPA in 2003
    - But not in recent National Transportation Report
  - Greater engagement with Colombo Port, including as terminal operator, will serve strategic interests better than withdrawal

24	Ho Chi Minh, Vietnam	5.96	5.19	4.53	<a href="http://www.vpa.org.vn">www.vpa.org.vn</a>
25	Bremen/Bremerhaven, Germany	5.84	6.13	5.92	<a href="http://www.bremen-ports.de">www.bremen-ports.de</a>
26	Lianyungang, China	5.49	5.02	4.85	<a href="http://www.lyg.gov.cn">www.lyg.gov.cn</a>

**In 2013, Colombo handled 4.31m TEUs, v 4.12 TEUs by JN Port. Given around 70% of the volume handled by Colombo is Indian transshipment traffic, this makes Colombo India's second largest port.**

28	Yokohama, Japan	5.32	5.00	4.00	<a href="http://www.yokohama-port.jp/yokohamaport/index.html">www.yokohama-port.jp/yokohamaport/index.html</a>
29	Yingkou, China	5.30	4.85	4.03	<a href="http://www.ykport.com.cn">www.ykport.com.cn</a>
30	Jeddah, Saudi Arabia	4.56	4.74	4.01	<a href="http://www.ports.gov.sa">www.ports.gov.sa</a>
31	Algerciras Bay, Spain	4.50	4.11	3.60	<a href="http://www.apba.es">www.apba.es</a>
32	Valencia, Spain	4.33	4.47	4.33	<a href="http://www.valenciaport.com">www.valenciaport.com</a>
33	Columbo, Sri Lanka	4.31	4.26	4.26	<a href="http://www.slpa.lk">www.slpa.lk</a>
34	Jawaharlal Nehru, India	4.12	4.26	4.32	<a href="http://www.jnport.com">www.jnport.com</a>
35	Sharjah, United Arab Emirates	4.12	4.00	3.23	<a href="http://www.sharjahports.ae">www.sharjahports.ae</a>
36	Manila, Philippines	3.77	3.71	3.46	<a href="http://www.ppa.com.ph">www.ppa.com.ph</a>
37	Felixstowe, U.K.	3.74	3.95	3.74	<a href="http://www.portoffelixstowe.co.uk/">www.portoffelixstowe.co.uk/</a>
38	Santos, Brazil	3.45	3.17	2.99	<a href="http://www.portodesantos.com">www.portodesantos.com</a>
39	Ambarli, Turkey	3.38	3.10	2.69	<a href="http://ww.altasliman.com/en">ww.altasliman.com/en</a>
40	Colon, Panama	3.36	3.52	3.37	<a href="http://www.cct-pa.com">www.cct-pa.com</a>

# Ports

- Trincomalee can serve as a supply center for Bay of Bengal region
  - Improved transport connectivity between Colombo and Trincomalee needed: Railway enhancement → “dry canal”
  - Locating free zones in Trincomalee would enhance its attractiveness as an investment destination
  - Unlikely that Trinco (or Hambantota) can displace Colombo as the region’s premier container port, so efforts should be made to complement Colombo, not replace it



Combined with port/airport development & “dry canal,” significant potential in free zones in Trincomalee

- Under the Finance Act No 12 of 2012, its amendment Act No 12 of 2013 and Commercial Hub Regulation No 1 of 2013 (issued on 11<sup>th</sup> July 2013) there are provisions to carry out businesses of
  - Entrepot trade, involving an import, minor processing and re-export
  - Offshore Business where goods can be procured in one country or manufactured in one country and shipped to another country without bringing into Sri Lanka
  - Providing front end services to clients abroad
  - Operation of the Headquarters of leading buyers for the management of the finance supply chain and billing operations
  - Logistic services such as bonded warehouses or in the case of operation of multi-country consolidation in Sri Lanka



# Framework agreement

- Include services and investment safeguards in comprehensive agreement