



China- Sri Lanka Relations in Infrastructure Development



Historical record



China - Sri Lanka relationship stretches back to thousands of years into history. The first visit of an Ambassador from China to Sri Lanka had occurred during the Han Dynasty (1-6 AD)



Historical record



Signing the Rubber- Rice Pact in 1952, marked the beginning of the modern trade and economic cooperation between the two nations- China and Sri Lanka after China was made a Republic in October 1950.

Diplomatic relations between China & Sri Lanka were established in 1957

A Chinese trade Union delegation visited Sri Lanka for the first time in February 1957.

The provision of Chinese assistance for economic development commenced in early 70s.

Over the years PRC has become a major development partner of Sri Lanka, providing ODA through bilateral loans, grants & Technical assistance programmes.



Development Assistance- Grants

- Since 1971, Sri Lanka has received grant assistance of USD 883 mn from the PRC to develop some land mark projects in Sri Lanka.



Nelumpokuna – Performing Art Theater- State of the art performance theater with seating capacity- Built with grant funds



Superior Court Complex- Built with grant funds & China still provide TA to refurbishment



Bandaranaike Memorial International Conference Hall (BMICH)- Built in 1971 & China still provides TA to maintain & refurbishment



Lady Ridgeway Hospital- A 9 storied new wing built with Chinese assistance was opened in August 2000 with State of art facilities

Development Assistance- Granta



Renovation of Fisheries Harbors Damaged by Tsunami- 2005
USD 18 mn



Bandaranaike Centre for International Studies – New building donated by China in 2003



China has donated a MRI scanner worth around Rs. 266 mn to the Lady Ridgeway hospital in 2014



Muthurajawela oil tank project- USD 72 mn
The offshore section of the project will have a one-point mooring system and a 5.6 km submarine oil transmission pipeline. The onshore section of the project will have 29 diesel and kerosene storage tanks and all the matching facilities. The Muthurajawela oil tank storage was declared open on 27 May 2004

Development Assistance- Grants

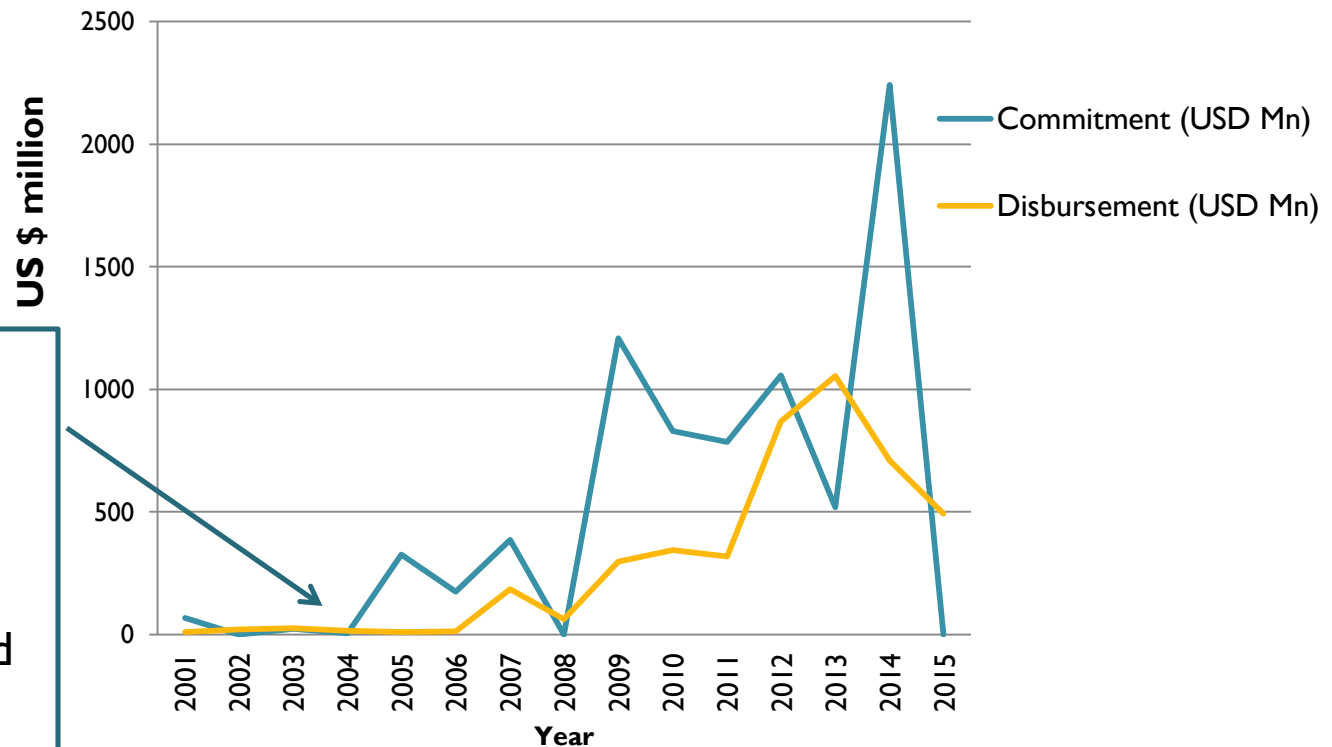
- ❑ The PRC has pledged RMB 1.5 billion grant assistance to Sri Lanka.
- ❑ An MOU was signed in March 2015 to provide RMB 600 million (Rs 12.6 bn) to health sector development programmes
 - ❑ Supplying MRI & other teaching & medical equipments to Ragama Teaching Hospital
 - ❑ Construction of Out Patient Department of NHSL
 - ❑ Construction of a new laboratory & a hospital for Chronic Kidney diseases
 - ❑ Supply of 8 Mobile Screening Laboratories for the Chronic Kidney Disease in North Central Province
 - ❑ Expansion & renovation of Clinical Building- Lady Ridgeway Hospital



Development Assistance - Loans

- Since 1971, the PRC has provided USD 8,554 million of loans to implement various development projects in Sri Lanka.

Annual Commitments and Disbursements



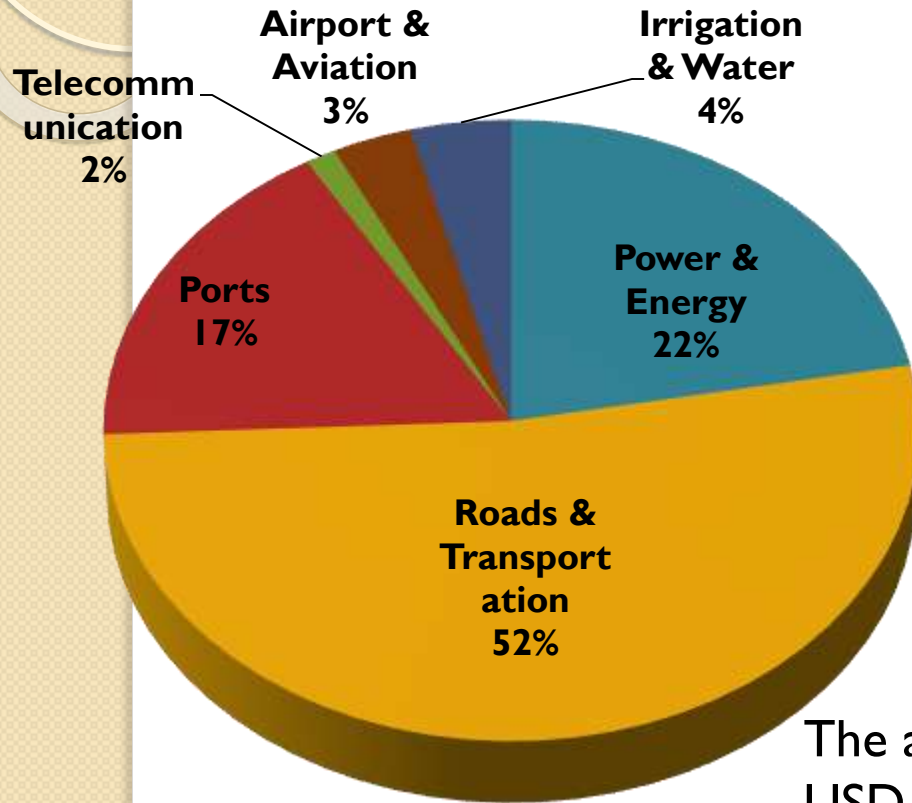
The amount of loan funds obtained from China from 1971 to 2004 was very marginal. It has significantly increased after 2005

Development Assistance - Loans

- Of the total loan amount, USD 6,334 million was extended by the Export-Import (Exim) Bank of China while the remaining USD 1,267 million was extended by the China Development Bank Corporation
- Funding instruments (Ex Bank)

| Instrument | Interest rate | Currency | Repayment |
|-----------------------------|---------------|----------|-------------------|
| Concessional financing | 2% p.a | RMB | 20 yr (5yr grace) |
| Preferential Buyer's credit | 2% p.a | USD | 20 yr (5yr Grace) |
| Buyer's credit | Commercial | USD | 15 yr (3yr grace) |

Development Assistance



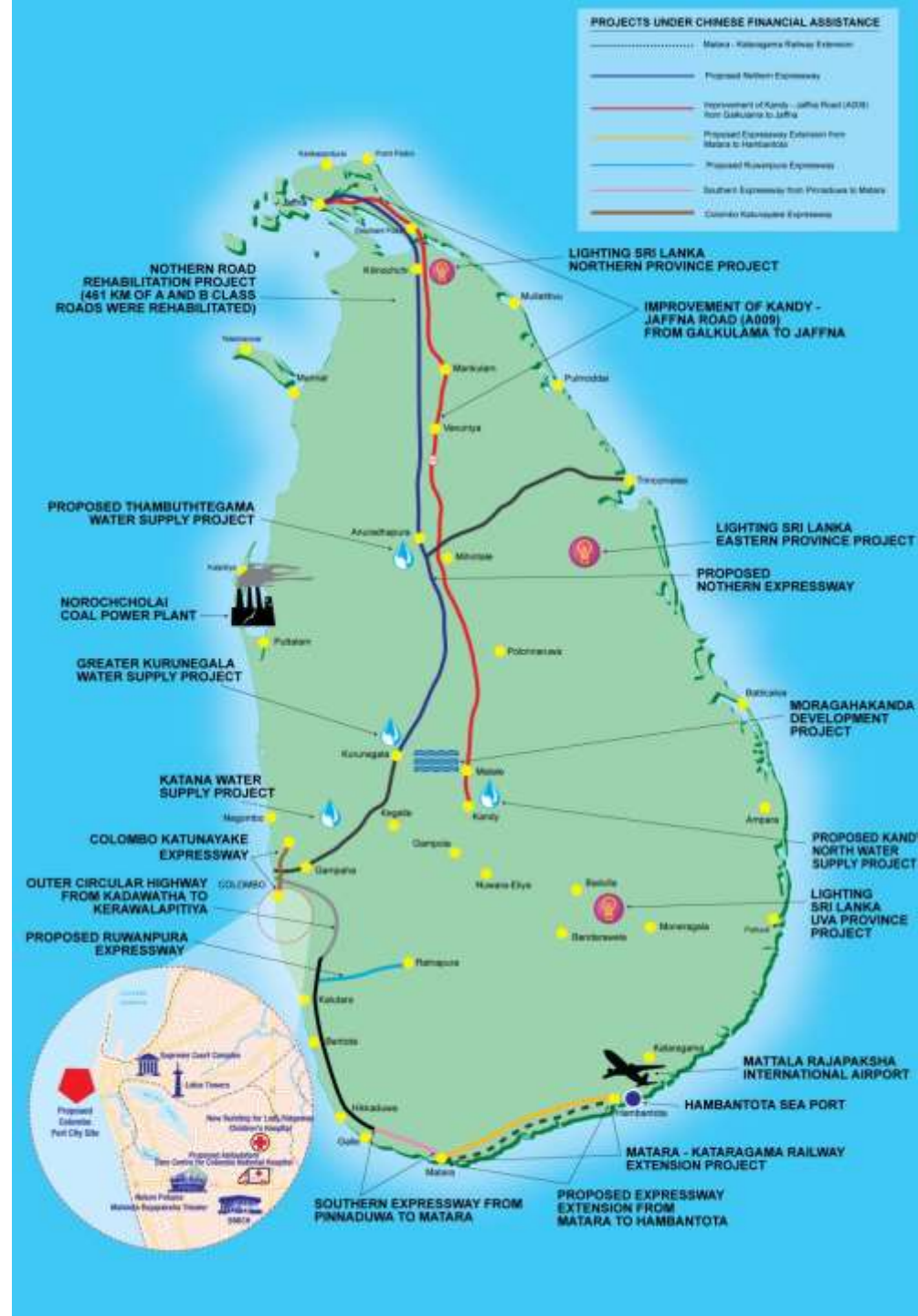
- The loan funds received from China have mainly been used for development projects in the sectors of
- Roads & Transport
- Power & Energy,
- Ports
- Irrigation & Water supply
- Airport & Aviation

The active portfolio currently stands at USD 5,220 million. Major portion of this portfolio has been invested in the roads and transport sector followed by the Power & Energy Sector.

Development Assistance-Loans

The development projects implemented with Chinese loan funding are located in all parts of the country.

Projects which were implemented with grant assistance are mainly confined to the Western Province



Roads & Transport

Reh. & Imp. of 113km Length of Puttalam-Marichchikade-Mannar Road

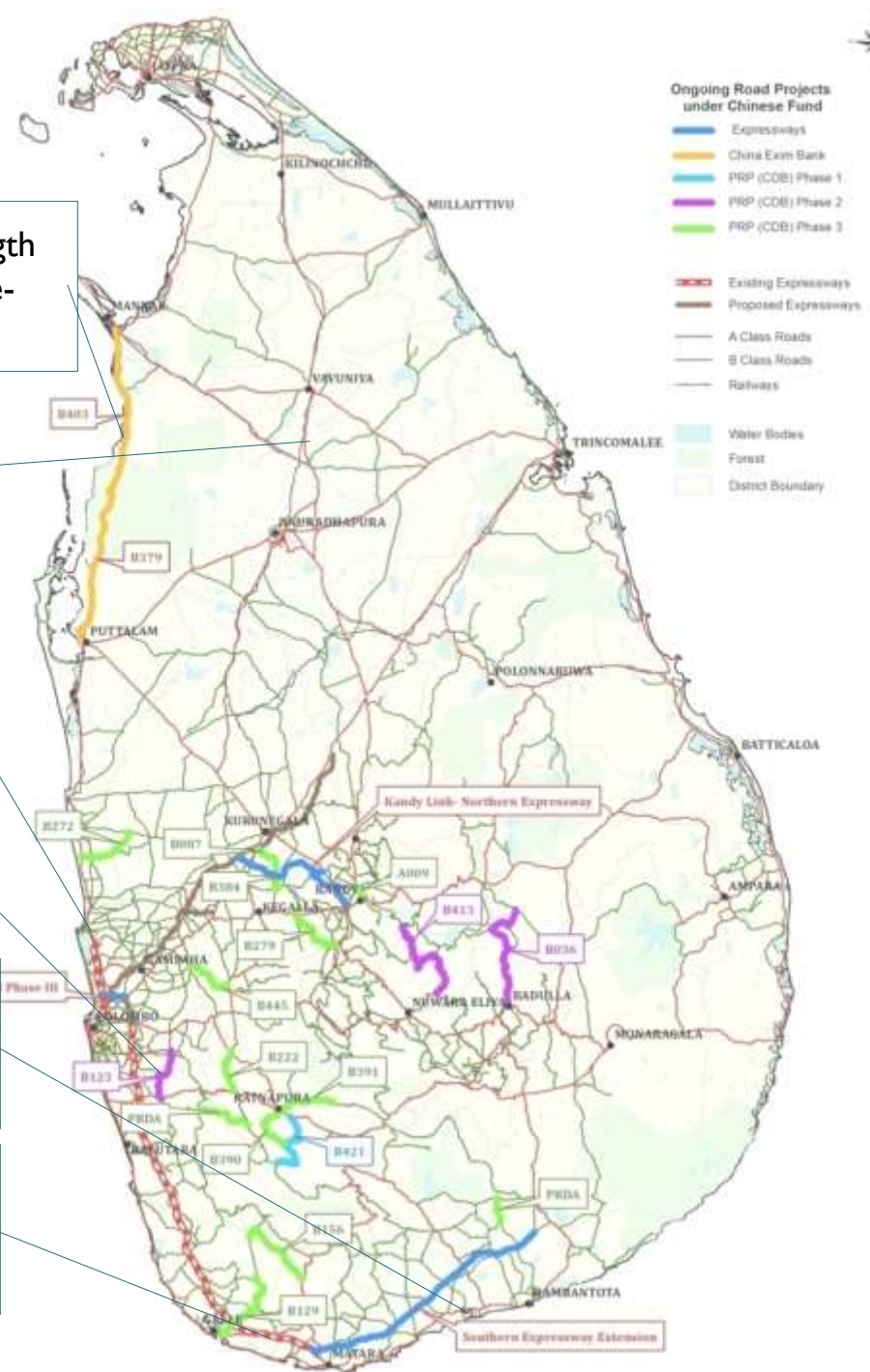
Reconstructed Kandy- Jaffna A9 Road

The 25.8-Km long, 4 lane CK Expressway is the gateway to Sri Lanka

Outer Circular Highway

Matara- Kataragama Railway extension & Diesel Multiple units to SL Railways

The Southern Expressway will be extended up to Hambantota connecting Mattala International Airport in the South



Other Infrastructure



**Norochchole Coal
Power Plant**



Hambantota port development plan includes a large harbor industrial Zone, Industrial Park etc. expected to be developed as an international logistic hub and industrial centre.



Bunkering Facility and Tank Farm in Magampura Port provides facilities to supply and store marine fuel, aviation fuel and LP gas and bunkering services for vessels passing by Sri Lanka.



Moragahakanda Development project aims to irrigate 82,000 hectares in the Central and North Central provinces. Once completed, domestic and industrial water supply to Matale, Anuradhapura, Trincomalee and Polonnaruwa districts will increase

Puttalam Coal Power Project

- ❑ Contributes a total of 900MW to the national electricity grid supporting the goal of providing 100% electricity for all the Sri Lankans.
- ❑ Provides more than 50% of power demand of the whole country.
- ❑ With the construction of the Puttalam Coal Power Plant the power generation cost in our country has dramatically reduced when compared with the cost of other power generation plants used by fuel.
- ❑ As a result of this the unit cost of electricity has reduced providing a lower electricity bill for the general public.
- ❑ Environmentally friendly and pollution emissions are strictly controlled. The wastage of this project is released to the environment under strict pollution emission conditions and therefore has no adverse effects to our environment.

Other Infrastructure



The Lotus Tower is under construction with a height of 350 m. Tower will be used for communication, observation and other leisure facilities at a cost of \$104.3 million, funded by EXIM Bank China



A second international airport was opened for flight operations on 18 March 2013. It has a single runway, with 3,500 m (11,483 ft), making it capable of receiving the world's largest passenger aircrafts. The passenger terminal can handle 1 million passengers per year.



China provided Chinese Government Concessional loan of RMB Yuan 700 million (approximately US\$ 102.5 million) for procurement of 13 Diesel Multiple Units for Sri Lanka Railways in 2010..

Chinese ODA- Important Features

- Adequate financing
- Time efficient in the project negotiations and monitoring
- Quality projects
- Timely delivery
- Local capacity building
- Contracting companies have entered into investments
 - China Harbour – Port City
 - CATIC – Property Development

Future Projects

Project

- ☐ Ratnapura Expressway Project
- ☐ Designs and Construction Supervision of the Extension of Southern Expressway from Matara to Hambantota
- ☐ Central Expressway - Section I from Kadawatha to Meerigama
- ☐ Kandy North - Pathadumbara Water Supply Project
- ☐ Gampaha, Attanagalla and Minuwangoda Integrated Water Supply Scheme
- ☐ Polonnaruwa Integrated Development Project
 - Drinking Water Supply Project
 - Road Network Extension & Improvement Project

Investment and Joint Ventures from China

❑ In line with the Economic Policy Statement of the Government, SL encourages investments especially for areas such as Research & Development activities, high end value added manufacturing, agriculture technology & environment protection industries to deliver globally competitive products.

❑ By the end of 2012, China's accumulated direct investment to Sri Lanka reached USD 243 million in which the portion of 2012 was USD 80.34 million, while China's total number of projects invested by Sri Lanka amounted to 67 with the actual total investment worth of USD 18.91 million

Investment and Joint Ventures from China

| Project Name | Investor | Investment |
|--------------------------------------|---------------------------------------|--------------------|
| Colombo Harbour new port terminal | China Harbour Engineering Company Ltd | USD 500Mn |
| Colombo Port City Phase I | China Harbour Engineering Company Ltd | approx. USD 1.4 Bn |
| Hambantota Port Phase II SOT Project | China Harbour Engineering Company Ltd | USD 390Mn |
| Hambantota Industry Zone | China Harbour Engineering Company Ltd | USD 200Mn |
| Hambantota Dock Yard Project | China Harbour Engineering Company Ltd | USD 500Mn |

Colombo Port City



- ❑ A new city of sustainable urban development including a International Financial Centre located between Singapore and Dubai, a ultimate business and tourist destination and a centre for trade, exhibition and conferences.
- ❑ Total projected population of 245,000 with 75,000 permanent residents; over 2 million square meters of commercial, office and retail spaces; 25,000 of residential units; 3,000 hotel rooms; over 135,000 square meters of Integrated Leisure & Entertainment and Convention developments; 180 berths Marina.
- ❑ Attracting high-end international professionals, importing cutting-edge technologies, strengthening the international competition of Sri Lanka. GDP output will up by \$ 4.4 billion, revenue up by \$ 470 million. 83,000 long term jobs created.

Colombo Port Development



Colombo International Container Terminals Ltd., (CICT) is a joint venture Company between China Merchants Holdings (International) Co., Ltd. and the Sri Lanka Ports Authority (SLPA). Under a 35 year Build Operate and Transfer Agreement with SLPA, Colombo's third container terminal with a 2.4 million teus capacity was constructed in the Port of Colombo, Sri Lanka, under the Colombo South Harbour expansion project. CMHI holds 85% of the partnership whilst the balance 15% is being held by SLPA.

Hambantota Port Phase II Supply Operation & Transfer (SOT) Project

Total Investment US\$ 390 Million

| | |
|---------------------|-------------------------------|
| Construction Period | 24 Months |
| Land area for SOT: | 57ha. |
| Number of Berths: | 2 feeder line 2 trunk line |
| Terminal capacity: | 2.0 million TEU |
| Direct Jobs: | 1000 |
| Concession period: | 35+5 years |

Hambantota Industry zone Project

Total Investment US\$ 200 Million

| | |
|----------------------|--------------------------|
| Land Area: | 400Ha. (250Ha. + 150Ha.) |
| Construction Period: | 24 Month |
| Direct Jobs: | 5000 |
| Concession period: | 35+5 years |

Hambantota Dock Yard Project

Total Investment US\$ 500 Million

Phase I (Ship Repairs & Conversion)

- US\$ 300 Million
- 2500 direct Jobs
- 120 ships repaired per year
- Revenues US\$ 125 Million P/A
- 30 Hectare
- 1# & 2# Dock
- Construction: 24 Months

Phase II (Ship Building)

- US\$ 200 Million
- 1000 direct Jobs
- 6 ships built per year
- Revenues US\$ 150 Million P/A
- 30 Hectare
- 3# Dock
- Construction: 21 Months

Asian Infrastructure Development Bank (AIIB)

- ❑ Establishment of AIIB will help to mobilize much needed additional resources from inside and outside of Asia, remove the financing bottlenecks faced by the individual economies in Asia and complement the existing multilateral development banks to promote sustained and stable growth in Asia.
- ❑ The Bank will invest in infrastructure sectors in developing Asian member countries including power and energy, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, urban development and logistics, and other productive sectors as deemed appropriate.