Sri Lanka grants China exclusive economic zone

Thursday, 02 July 2009
Last Updated Thursday, 02 July 2009

COLOMBO: Sri Lanka has granted China an exclusive economic zone in its first post-war effort to attract more investment from the world's largest developing economy, the country's investment promotion agency said on Wednesday. Hong Kong-based conglomerate Huichen Investment Holdings Ltd. will invest $28 million to develop the zone located in Mirigama, which is 55 km (34 miles) from the main port in the capital Colombo and 40 km from the international airport. "The Chinese company will establish, develop, and market the new special economic zone," A.M.C. Kulasekera, BOI deputy director general, said in a statement. China has long had ties with Sri Lanka and was a time-tested ally in the last stage of a 25-year war with the Tamil Tigers. Sri Lanka declared total victory on May 18 in a war that has been a drag on its $40 billion economy for decades. It is expecting foreign direct investment this year to surpass the record $889 million seen in 2008. Already, China's government and Chinese firms are taking part in two major projects, building the Hambantota port in southern Sri Lanka and the financing of a coal-fired electricity plant. To build the second and third phases of the 900 megawatt coal-fired Norochcholai power plant, China offered an $891 million loan with a tenure of 20 years at 2 percent, media reported this week. China's Exim bank also gave $360 million to finance the first phase of the Hambantota port, in which Chinese firms are building the harbour and fuel oil bunkering terminals to service ships plying the busy sea lanes at the Indian Ocean island's south. Courtesy: chinadaily.com.cn