

China boosts investment in Sri Lankan mega-project

China will invest \$1bn in the construction of three 60-storey buildings at a mega-project near Sri Lanka's main port, Colombo said Tuesday, as Beijing aims to boost its influence in the Indian Ocean.



Artist impression of Colombo International Financial City

The deal follows an earlier Chinese investment of \$1.4bn to carry out reclamation work for the wider Colombo International Financial City development, strategically located next to Sri Lanka's harbour, the only deep sea container port in the region.

The countries hope the project, initiated by former Sri Lankan president Mahinda Rajapakse, will create a financial centre in the Indian Ocean comparable with those in Singapore and Europe, drawing billions in foreign investment and thousands of jobs.

Sri Lankan officials said 60% of the 269ha reclamation, due to finish next year complete with yacht marina, had already been completed.

No completion date was given for the buildings, the first for the development.

"China Harbour (company) will put in \$1bn to build three buildings," Sri Lanka's Urban Development Minister Champika Ranawaka told reporters in the capital.

"These three 60-storey buildings will be able to attract more foreign companies into Sri Lanka."

The controversial project was formally launched after a visit to Colombo by Chinese President Xi Jinping in 2014 but work was suspended by the new administration, which came to power in January the following year.

It resumed after the state-owned China Communications Construction Company (CCCC) entered into a fresh agreement with the new government in August 2016, despite geopolitical concerns from regional super power India.

Colombo is a key hub for Indian import-export cargo. Beijing has been accused of seeking to develop facilities around the Indian Ocean in a "string of pearls" strategy to counter the rise of its rival and secure its own economic interests.

After protests by New Delhi, Colombo removed freehold rights granted to the Chinese company and offered the land on a 99-year lease instead.

Sri Lankan Prime Minister Ranil Wickremesinghe visited the site Tuesday, 2 January, to inspect the progress of reclamation.

"We will shortly have legislation to turn this area into a financial centre like in Europe or Singapore," he said.

The CCCC has said it expects the project to create 83,000 new jobs and help Sri Lanka attract another \$13bn in direct foreign investment to develop infrastructure.

China, the largest single lender to Sri Lanka, secured contracts to build roads, railways and ports under Rajapakse, who is facing investigations over allegations of corruption during his decade in power.

Source: AFP

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