

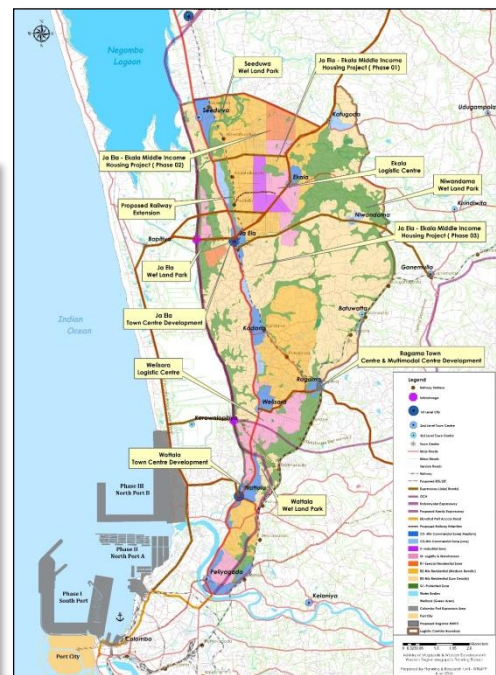
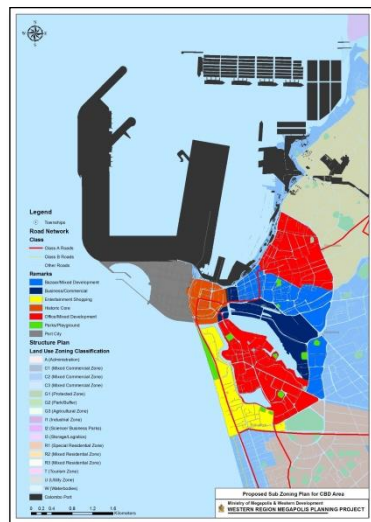
Project No 5

COLOMBO PORT EXPANSION PROJECT UNDER PUBLIC PRIVATE PARTNERSHIP (PPP) BASIS

1. Project implementation agency: Sri Lanka Ports Authority
2. Estimated project cost; US \$ 850 million
3. Method of procurement: By open tender.
4. Development model: Joint Venture under PPP system
5. Implementation period: 15 Years

Background:

The Colombo Port is one of the major economic drivers in the Western Region Megapolis Plan. It has great potential to grow as a regional economic hub, thereby generating many employment opportunities and propelling development in the port and industry sector. Colombo Port Expansion Project has been planned for the period 2015-2030 by Western Region Megapolis Planning Project (WRMPP), considering the locational, economic and social potentials and



taking an innovative strategic approach by integrating future demand attraction, creation of new demand, and the provision of infrastructure and attractive facilities. The project has been conceptualized and planned upon review of Port Expansion development projects and plans done by Sri Lanka Port Authority and the CESMA International Western Region Megapolis Master Plan (2003), in order to drive national policies in line with WRMPP economic targets.

The Port of Colombo, owing to its close geographic proximity to major arterial global East–West shipping lane and its central position to the greater Indian Sub-Continent and adjacent markets, enjoys a unique strategic advantage, marking it as one of the world’s most lucrative transshipment hubs for liner shipping. Since Sri Lanka is the only stop over between Singapore and Dubai, the port of Colombo has vast potential to expand its operations.

Justification

There is a long-term trend in the container market towards larger vessels which provide operators with high economies of scale. With the completion of the project, the number of vessels arriving at Colombo Port is expected to increase by 25 million (approx.) Twenty-Foot Equivalent Units (TEUs) in 2030.

The amount of TEUs currently handled by the port of Colombo is 5.2 million (2015). The projected capacity of Northern Port 'A' is 10 million TEUs with the introduction of new technologies it will be possible to increase the capacity up to 15 million TEUs. The projected capacity of North Port 'B' is 10 million TEUs.



The port-related manufacturing, service providing industry and service providing township are the leading economic markets in the world, which Sri Lanka has yet to capture. Moreover, due to arrival of new shipping lines as berth operators, increasing demand in the global container market, as well as proposed trade agreements between Sri Lanka and China, Korea, Singapore and India, additional demand will be generated.



The Vision of Megapolis Plan revealed the need of attracting larger conventional cargo vessels and improving the infrastructure by expanding Sea Port and introducing Free Port concept by integrating the Seaport and Logistic hub. In addition to Sea Port activities, industrial and related activities such as, transshipment, Dry Port infrastructure, storage and warehousing, ship building and repairing, etc. are also proposed to take place in this area.

Due to physical constraints in existing berth, it is not possible to accommodate world class target economies of agglomeration in existing Port of Colombo. By expanding the Sea Port with attractive township facilities connecting inland logistic hubs and providing efficient services/facilities, massive demand will be created for port and related activities. WRMPP targets to generate 5.9% of National GDP from the project in 2030 which is about 35% increase.

By implementing the port expansion projects and simultaneous facilitating the proposed development activities to be accommodated in the surrounding areas of the Colombo port under the Western Region Megapolis Plan, the expected increase of 25 million TEUs in 2030 can be achieved.

Proposals

By considering the importance of hub status and essential functions of the Port of Colombo, SLPA and WRMPP have identified first phase, second phase and third phase development plans for Port of Colombo. Some of these development plans have been studied up to the extent of approved Environmental Impact Assessments, while some of them are at the preliminary conceptual stage. However, SLPA and WRMPP have identified the potential requirement of timely implementation of these developments in the Port of Colombo.

Phase 1 - South Harbour (2015-2020) - The proposed South Harbour development projects are currently under construction and procurement process has been completed. It should accommodate the largest container vessels expected to come into service in the near future.

Phase 2 - North Harbour 'A' (2020-2025) - The phase 2 proposal encompasses reclamation works to gain 150 ha from the coast off Crow Island and another 100 ha of existing land to be improved and converted to support the new port & other port related types of development. Sri Lanka Port Authority is in the process of identifying a consultant for feasibility study by ADB funding. The Phase 2 development has the capacity to cater for 4 main container berths and 1 feeder berth.

Phase 3 - North Harbour 'B' (2025-2030) – Phase Three includes the CESMA International, Megapolis Plan 2003, 'New North Port Phase Three' proposal. The subsequent phase of the New North Harbour 'B' development will involve an area of 350 ha. About 250 ha on new reclaimed land can be dedicated to port related operations and another 100 ha on land side will be for port related commercial and mixed developments. The proposed reclaimed areas in this phase have the capacity to accommodate 9 main container berths and two feeder berths.

It is important to attract more shipping lines; therefore, shipping agents can also apply for Public Private Partnership (PPP) individually or as a consortium (with builders) on Design Build and Operate basis (DBO).

Time Line

The Port expansion is planned for three stages to be implemented between 2015 – 2030, each stage broken down into 5 years. The first stage is under construction and will be completed early 2020. Other two stages will be commenced after selection of funding agencies and selection of contractors. The Government of Japan shown interest in financing the second stage too.