



Colombo Port City  
Connecting the **East** and the **West**  
**Unprecedented Opportunity for  
New Government**



**Pathfinder Advisory (Pvt) Ltd.**  
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## FORWARD

The Pathfinder Foundation in collaboration with the CHEC Port City (Pvt.) Ltd., presents this document to the political leadership and key policy makers of the Government of Sri Lanka and other stakeholders, providing guidelines for executing investment promotion at the Colombo Port City. It is an outcome of a series of discussions between the two partner institutions as well as the consultations carried out on the subject. During the course of the consultation process, a Roundtable discussion under the theme “Transforming Sri Lanka Forum: Empowering the Game Changers” was held at Shangri-La Hotel, Colombo on November 1, 2019.

The outcome document is the initial step for investment promotion at the Colombo Port City, identifying the advantages, opportunities, challenges and constraints, and portraying broader areas of specifications and standards that are necessary to adopt and establish. In this comparative analysis, among the established and emerging business enclaves in the region, including Singapore and Dubai, the outcome document displays how to position the Colombo Port City as a top-ranked international business enclave.

The outcome document is the beginning of a series of in-depth analyses, design of the working plans for each area of concerns, implementation of the recommendations and promotion.

It is evident that an opportunity, which the previous administration failed to utilize, has become available to the new Government as a low hanging fruit.

The Pathfinder Advisory Services (Pvt.) Ltd., considers it an opportunity and challenge to be associated with promoting and facilitating the Colombo Port City Project, which will have a transformational impact on the economic development and modernization of Sri Lanka.

I extend my sincere thanks to Dr. Sirimal Abeyratne, Professor of Economic, University of Colombo for carrying out the analysis and preparing the outcome document, and the resource persons and key informants for their innovative ideas and contributions during the consultation process.

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## EXECUTIVE SUMMARY

1. It is time to prepare for investment promotion at the Colombo Port City (CPC) among the international business investors who seek free and open business enclave in the region with multiple locational advantages. Then CPC will be ready for executing international business, for staff working in international companies, for living in tranquil homey set up, and for enjoying in a world-class recreation and entertainment environment.
2. The purpose of this document is to outline the “centripetal forces” that will make the CPC an attractive business enclave in the Asian region even as “better than the best” at present. While the locational advantages of the country run well beyond the geographical factors, encompassing the economic dynamics in the region, there is the possibility that the present landscaping of the opportunities and challenges may change over time.
3. In the midst of world economic turbulences and long-drawn recessions in general, Asia continued to attract increased global capital flows, expand its markets, stimulate a growing high-income class, and sustained a higher growth momentum. The location of Sri Lanka in the Indian Ocean by one of the busiest shipping lanes in the world, as well as by the emerging Belt and Road Initiative (BRI) of China, provides an unparalleled opportunity to become one of the best-positioned international business enclaves in the region.
4. The CPC is the gateway to South Asia where there are no similar locations emerged as yet. It has the potential to be the connecting international business enclave in between the Far East and the West without been interrupted by the time-zone differences. Perhaps, the best business locations between the two worlds, as of now are Singapore towards the east and Dubai towards west. However, many other locations have been emerging in different countries from the Far-East to the West including South Asia – particularly India, eroding the competitive advantage that the CPC holds at present.
5. Locational advantage does not itself transform into a centripetal force, unless the business environment is competitive and attractive. Sri Lanka has the advantage of a “late comer” to learn and adopt the best practices among similar locations in the region and, even to go a step beyond that in terms of offering the best incentive package, establishing the best management systems, and adopting the best technological and environmental standards.
6. The most appropriate administrative mechanism is to demarcate the CPC as a Special Economic Zone (SEZ) managed by a special administrative authority with competent skills, powers, and responsibilities. As in many countries in the Asian region that have set up many of SEZs, Sri Lanka should endeavour to offer “one-stop” service centres, far-reaching tax and regulatory incentives, free trade facility, open labour markets and the attractive working and living environments.
7. The “one-stop” service centre is intended to offer all necessary administrative services for investors, professionals, customers, and residents cutting down the bureaucratic procedures. Tax incentives should go beyond long-term tax holidays to establish the lowest-possible direct tax regime among competitive locations and to grant exemptions from domestic taxes. Imports and exports as well as warehousing and re-exporting need to be exempted from all customs duties. The human resource gap should be covered by opening the labour market for “foreign talents” seeking the best working and living environments. All these competitive and attractive incentives are, in fact, compatible and comparable with such incentives in the best economic zones in the Asian region.

8. The CPC has the opportunity to adopt the world's best technological and environmental standards through which it can become a unique business enclave in the region. As most of the commercial cities are already advancing in adopting smart technology, the CPC has the potential to be absolutely a "smart city" in the region in every area of activities. It can also adopt the most energy-efficient and environmentally friendly business practices and, even going beyond that in order to become a "carbon-neutral" business enclave in the region.
9. The CPC is fundamentally a demarcated area with physical and digital infrastructure for international businesses, leisure and entertainment, and residential facilities. Therefore, its basic attraction is for international business to set up their regional branches or headquarters to carry out businesses in the region stretching from the Far East to the West. These services may include all or some of the sectors such as ICT, logistics, research and development, tourism and leisure, financial services, trade and commerce, shipping and aviation, and many other.
10. There are auxiliary investments to provide a variety of services required by the primary businesses as well as the investors, professionals, customers and residents within the CPC. The auxiliary investments are expected to cover varieties of tourist attractions including luxury hotels, world-class education and health care facilities, international shopping malls, and transport and logistics. All these investments should also come with reputed international brand names, while they should spread beyond the CPC towards Colombo city as well as to the rest of the country as well.
11. There should be a life and business outside the CPC in order to absorb the spill over effects of business expansion in the CPC. Therefore, complimentary investments should also be promoted to develop transport and logistics, including air-travel and sea-travel as well as to establish world's best tourist attractions in designated locations in the Central hills, South, East and North. In order to minimize the distortionary implications of the incentives between the CPC and the rest of the country, the normal business environment should not be much different from that of the CPC. Understandably, this requires far-reaching policy and regulatory reforms.
12. The national economy will benefit from investment promotion in the CPC, by diverting foreign investment, expanding the market, and accelerating export growth. It will also provide an internationally competitive business environment to build up a work force with globally competitive knowledge and skills. The special economic zone at CPC will provide an opportunity to replicate similar economic zones in other locations such as Hambantota and Trincomalee. It will also provide guidelines for Sri Lanka to enhance its overall business environment.



## INTRODUCTION

The Colombo Port City (CPC) is a potential game changer that could revitalize the course of the Sri Lankan economy and its international business arena. It needs to be empowered with new strategies and policies beyond the boundaries of the conventional wisdom.

The CPC is ready for inviting the international investors who are looking for multiple locational advantages and free and open business environment. Then it will be ready for investing in international business, for working in international companies, for living in tranquil homey set up, and for enjoying the world-class recreation and entertainment environment.

The physical premises of the Port City is a reclaimed land with 6 million square meters (269 hectares) adjoining the commercial hub of Sri Lanka, the Colombo City in between Galle Face Green towards the south and Colombo Port towards the north. The name "Port City" is derived from its location by the Colombo Port – one of the busiest commercial ports in the world.

The location is more important than the size of the CPC. From a panoramic bird's eye view over the region, the CPC is located in the middle of the "free and open" Indian Ocean surrounded by the fastest-growing economies in South Asia, Southeast Asia, and East Asia.

The CPC can wake up early and work till late evening, connecting the Far East and the West without being hindered by the time zone differences. It is the gateway to South Asia and beyond. It is located bordering one of the busiest shipping lanes in the world and at a strategic point adjacent to the Belt and Road Initiative (BRI) of China.

The purpose of this paper is to present a set of strategic factors that would operate as "centripetal" forces for international investment in the CPC. These strategic factors are two types:

1. The existing factors that make the CPC attractive to international investment: These factors are three types as locational, internal, and international. Locational factors are related to economic geography, internal factors to the economic and policy environment of the country, and international factors to the current economic dynamics in the region.
2. The factors that enhances the exclusive advantage position of the CPC among similar and potential locations in the Asian region: These factors are basically related to the policy environment, regulatory mechanisms, incentive structures, and technological and environmental standards that can be adopted as applicable to the CPC.

The existing locational advantage has already made the CPC an exclusive potential business location in Asia. The design of the infrastructure, administrative mechanisms, and the policy environment can buttress the exclusiveness of the CPC making it "better than the best" in the region for international business. Towards this endeavour, this strategic policy document presents an outline of some of the key elements of the future development and management of the CPC project. The outline of the strategic factors was based on the international experience, ideas of the key informants, and the presentations and comments at the semi nars of the Pathfinder Foundations.





## THE BACKDROP

Sri Lanka is an island of 65,000 square kilometres, located in the Indian Ocean to the Southwest of the Bay of Bengal and to the Southeast of the Arabian Sea. At the closest point to India, the distance is about 40 km crossing the Palk Strait between Thalaimannar in Sri Lanka and Rameswaram in South India.

The location of the island has been strategically important in the modern times as well as in the ancient times. It is already the gateway to South Asia and beyond in terms of aviation and port activities. It connects the Far East and the West. The country is located adjoining one of the busiest shipping lanes in the world, connecting the European, African, and the Middle East countries with the Asian countries towards the Far East. However, much of the benefits of this connectivity are yet to be exploited for international business and for economic development of Sri Lanka.

### Seaports and Airports

#### Colombo Port

The Colombo Port, which handles over 7 million TEU containers a year is among the top-25 busiest seaports in the world. Its businesses have been expanding because of the transshipment cargo generated from within the region much more than the trade volumes generated from within the country. About three-fourth of the cargo handled at the Colombo Port consists of transshipment. With the newly added Colombo South Container Terminal in 2013, the Colombo Port has 3 terminals which make it one of the biggest international ports in the World. Its further expansion is planned to commence with the construction of the East Container Terminal.

#### Hambantota Port

Hambantota International Port has promising growth prospects in the years to come. It was opened for business in 2010, is a new international port located in the south of the island – about 240 km from Colombo. While it takes about 3 hours from Colombo to Hambantota on the Southern Expressway E01, domestic flights and ferry services as alternative transport modes should expand further as business links get strengthened. Hambantota Port is the closest seaport of the country to the international shipping lane between the East and the West with only 15 nautical miles distance from the shipping route. Thus, Hambantota Port with its ample physical space for heavy industries, warehousing, bunkering, and ship services is expected to make a headway in a line of progressing different from that of the Colombo Port.

#### Trincomalee Port

The third and potentially the largest seaport in Sri Lanka is the Trincomalee Port on the country's eastern coast, facing the Bay of Bengal. In the ancient Silk Route, as Sri Lanka was a centre point for ships sailing, in between the Persian Gulf and the Far East. Being one of the largest (4,000 acres of water area) and deepest (un-dredged depth of 25 meters) among the natural harbors in the world, Trincomalee seaport has inherited its strategic landscaping with many rocky promontories, bays and coves around the harbour, Trincomalee Port has been used extensively by the then colonial powers – Portuguese, Dutch, French and the British.

As at present, the development of the Trincomalee Port is yet to commence with improved internal and international connectivity. The National Physical Plan of Sri Lanka 2020-2050



recognizes the country's major economic corridor and transport corridor stretching from Colombo to Trincomalee. According to the Master Plan prepared by the Singaporean Surbana Jurong, Trincomalee district has been re-positioned to be the "Eastern Gateway of Sri Lanka", with increased regional connectivity, sustainability measures and economic viability.

### **International airports**

The major international airport of Sri Lanka – the Colombo International Airport handles over 10 million air travel passengers a year. It is already a gateway to most of the South Asian and Southeast Asian destinations, which are within 4 hours of flight from Colombo. The second international airport – the Mattala International Airport, was opened in 2013 which is located at Hambantota. The third regional airport, which was declared open in Jaffna in October 2018, is located in the north of the country about 400 km away from Colombo. In addition, numerous locations throughout the country are connected with domestic air routes within 60 – 90 minutes flights from Colombo.

### **Market Economy**

The locational advantage of Sri Lanka has been bolstered by a fairly established market-economy policy environment that it maintained for more than four decades. Sri Lanka was the first country in South Asia, and among the first few countries in Asia to adopt policy reforms towards trade liberalization as far back as 1977.

### **Political conflicts ended**

The internal conflicts – the two major conflicts, as one in the South and the other in the North, have come to a complete termination a 10 years ago 2009. The conflicts affected the smooth progress and continuity of the country's policy reform process, due to their adverse developmental and macroeconomic implications, but the overall policy direction remained intact. In spite of long years of internal conflicts (1983-2009), the economy managed to maintain its moderate growth on average at 5% per annum and sustained its higher levels of social development status including higher health and educational standards. Perhaps, Sri Lanka is the only country in the world which has managed its moderate growth prospects and social development standards while coping with internal conflicts for long years. This is important to project and extrapolate the magnitude of the anticipated economic transformation of Sri Lanka.

### **Commitment for policy reforms**

The governments – despite their changes at frequent elections of the country within its long-standing democratic political set up, have maintained generally the same policy thrust in order to enhance and streamline the country's free and open economy environment. They have continued to demonstrate their effort in strengthening the free and open policy regime in spite of their accompanied adjustment costs in terms of macroeconomic challenges. Therefore, it could be reasonably assured that the policy environment of Sri Lanka will continue to favour trade and investment with a central role assigned to private capital within the envisaged policy reform process.

### Compact diversity

With over US\$ 4,000 per capita income, Sri Lanka is now an “upper-middle income” country. It is envisaged that by 2025, the country will exceed US\$ 6,000 per capita income level, and by 2035 it will reach the “high-income” status with over US\$ 12,000 per capita income level. With only 21 million population, Sri Lanka has a small domestic market so that it needs to depend largely and integrate deeply with the international market. Poverty ratio is as low as 4% of the population, which is less than 850,000 people, according to national poverty line data.

The country’s export growth remains sluggish for the past two decades, which requires policy reforms as well as strategic programmes to enhance its free and open policy environment. Over the years of open market economic policy regime of the country, the economy has demonstrated the sins of service export growth, more than its manufacturing. Health and education standards are relatively greater than most of the developing countries so that Sri Lanka also possess an “easily trainable” labour force. However, the country has to open its labour market for “foreign talents” in order to fill the remaining human resource gap.

### Compact diversity

Sri Lanka has a diverse social, cultural, environmental, and topographical features which have concentrated to cohabit within a small island. If it is managed in a strategic and sustainable manner, “compact diversity” should form one of the strongest source of competitive and comparative advantages of the country for investing, working, and living in Sri Lanka. The investors, the professional, the residents in the CPC as well as its visitors and customers should have a life outside the CPC. It is an added advantage that Sri Lanka has the capacity to offer diverse attractions to suit their needs. The opportunity should be exploited with investment in advanced transport modes and logistics.

## Global Economic Dynamics

The global economy is passing through turbulent time. There is a slowdown in growth, which is fuelled by accompanied trade frictions and protectionist sentiments aftermath of the global economic crisis in 2008-2009. In spite of the dismal economic performance in the world, amazingly the Asian economies continue to grow. Foreign Direct Investment (FDI) flows in the world have grown exponentially and diverted increasingly towards Asian economies sustaining their growth momentum.

During the past 10 years, the average annual world FDI flows account for US\$ 1.5 trillion. About 20 years ago, developing Asia received less than US\$ 100 billion FDI a year. Today they attract around US\$ 500 billion FDI a year, which is about one-third of world FDI flows.

### World Economic Outlook: Rate of Real GDP growth

	2011-18	2019*	2020*
World	3.7	3.0	3.4
Advanced economies	1.9	1.7	1.7
USA	2.2	2.4	2.1
Euro Area	1.3	1.2	1.4
Japan	1.0	0.9	0.5
Developing Asia	6.9	5.9	6.0
China	7.4	6.1	5.8
India	7.0	6.1	7.0

\* Estimates

Source: IMF, World Economic Outlook, October 2019



## Global recession and Asian growth

Global recession and Asian growth, both are connected to the world FDI outflows and inflows. Fast expansion in Asian economies driven by their FDI inflows keeps the world economic growth from slowing down. At the same time, it keeps the market expansion in the world's most densely populated Asia, reinforcing and accelerating economic growth through spiral effects. Economic expansion of China with 1.3 billion people, and that of India with 1.2 billion people play a catalyst role in maintaining the world economic growth. On the top of that, both India and China have been the source of the formation of the world's largest upper income classes, which the world had never experienced in its development history.

## Belt and Road Initiative

The Belt and Road Initiative (BRI) of China is expected to be an important aspect of the current global dynamics that would shape the long-term economic transformation in the region. The BRI is expected to connect China and the Far East economies with European economies through Asia and Africa by a land route (the Belt) and a maritime route (the Road).

The BRI is aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets by enhancing connectivity of the Asian, European and African continents and their adjacent seas. It connects over 65 countries with two-third of world population and one-third of world GDP. The connectivity through BRI is expected to be driven by policy coordination, infrastructure, free trade, financial integration, and connecting people. The BRI provides source markets and destination markets for China as well as for all 65 plus countries that will have the opportunity to get connected with it. Sri Lanka is located in an important point of BRI with an opportunity to open a fast track for its global integration.

## Surpassing the Time Difference

The CPC is not only the gateway to South Asia, but also a unique international business enclave between the East and the West connecting the two worlds. About 8-hour time zone difference between the Far East and the West does not seem to matter, when the international connectivity through information and communication (ICT) is executed in the CPC.

When a commercial city in the Far East such as Tokyo, Shanghai, or Seoul begins the working day, it is only early morning in Colombo. In contrast, when a commercial city in the Western Europe such as London, Frankfurt, or Amsterdam ends the working day, it is only late evening in Colombo. Even without being a "sleepless city", the CPC has the ability to wake up early and work till late evening in connecting the Far-East and the West for international businesses and communications.

The advantage over the time zone difference enhances the time efficiency and cost advantage deriving benefits exclusive to such businesses where it matters. As part of the locational advantage, the ability of the CPC to overcome time zone differences matters significantly for investment promotion, if it is complemented by the overall design.







## No Competitors

For the advantage of the CPC, there are no similar and competing business enclaves within the close proximity in the region – particularly South Asia. The competitive business locations as such are beyond South Asia to the East and to the West, but there is no reason for them to be competing with Colombo. However, it should be emphasized that the advantage of this opportunity is likely to fade away over time, because similar locations might emerge in the region.

## Distant competitors

From Sri Lanka's point of view, the nearest and the most competitive business locations in the Asian region are Singapore towards the East and Dubai towards the West. In between these two locations, CPC has a unique advantage to be an international business enclave, including the opportunity that it has to make a fresh start.

The flight distance from Colombo to Singapore is over 2,700 km to the East with 3.30 hours of flying time, while the time difference is (+)2.30 hours. From Colombo to Dubai, the flight distance is over 3,000 km with 4.30 hours of flying time, while the time difference is (-)1.30 hours. The distant locations of these two business enclaves will not have a significantly competitive business environments for Sri Lanka. However, it is worthwhile investigating into the features of far-reaching business environments that they have created and establish in order to understand the current position of Sri Lanka in general, and the depth and the width of the potential business enclave at the CPC in particular.

## Singapore

The city state of Singapore with only 700 square kilometres has exploited the best of its geographical location with its deep-water harbour, adjoining the Southeast Asian shipping lane through the Malacca Strait. By adopting the best practices of free and open policy regime favouring trade and investment, Singapore became one of the best locations for trade, shipping, manufacturing and logistics as essential components of its success story.

## Dubai

The success of Dubai as a business location is even more exciting. It shows how an unknown desert city with social and cultural boundaries that separated it from the Western value system has transformed itself into one of the most successful business enclave exploiting its location-al advantage. It was also made possible by adopting free and open policy regime for trade and investment.

### Ease of Doing Business 2019

	Singapore	UAE	Sri Lanka
Ease of doing business score (0–100)	85.2	81.3	61.2
1. Starting a business	98.2	94.1	87.9
2. Dealing with construction permits	84.7	86.4	72.2
3. Getting electricity	91.3	100.0	74.4
4. Registering property	83.1	90.9	51.9
5. Getting credit	75.0	70.0	40.0
6. Protecting minority investors	80.0	75.0	66.7
7. Paying taxes	91.6	99.4	59.8
8. Trading across borders	89.6	71.5	73.3
9. Enforcing contracts	84.5	75.9	41.2
10. Resolving insolvency	74.3	49.7	45.1
Ease of doing business rank (1–190)	2	11	100

Source: IMF, World Economic Outlook, October 2019

## Ease of doing business

Both Singapore and UAE score well in the Ease of Doing Business which are ranked as No. 2 and No. 11 respectively out of 190 countries in 2019. Compared with their competitively high ranking, Sri Lanka with its 100th position falls even below the first half of the 190 countries. Out of the 10 areas of assessment for doing business, Sri Lanka's score is satisfactory only in one area – starting a business. In all other areas, the country has to make substantial improvements in order to improve its global ranking position for easing of the regulatory barriers for doing business.

The advantage is, however, Sri Lanka has the ability to make a fresh start with the CPC even if it is difficult to reform the overall regulatory mechanism. In doing so, the best standards and practices can be applied to a small business enclave, which can be replicated elsewhere such as Hambantota and Trincomalee. Furthermore, the fresh start at the CPC will also provide a model for guiding the regulatory reforms in the country as well.

## Changing Business Opportunities

The existing opportunities may disappear over time, and new opportunities may emerge. Therefore, timing is critically important in creating a competitive international business enclave exploiting the existing opportunities. As at present, there are no locations in the region similar to the CPC. It should be noted that, however, most of the countries in the region are pushing forward their policy and regulatory reforms on the one hand. And many countries in the region have also become high performers in contributing to the current higher growth momentum in Asia on the other hand.

Given this background, it is reasonably arguable that many other locations in different countries in South Asia, Southeast Asia, and West Asia might emerge in due time, eroding the competitive advantage that Sri Lanka and, particularly its CPC holds at present.

## Emerging competitors

Mumbai and Bangalore in India, Kuala Lumpur in Malaysia, and Bangkok in Thailand have been the emerging business locations in South and Southeast Asia. Each one of these locations does have their own limitations, while for some of them the location without a seaport is a disadvantage for some businesses. A couple of cities in West Asia such as Doha and Abu Dhabi have also become the fast-growing business locations. Apart from regulatory reforms, the neighbouring countries in Asia have become enthusiastic about the establishment of free economic zones and free trade zones to attract investment and boost business development.

## Emerging economic zones

Under the Special Economic Zones Act of 2005, India has established a number of Special Economic Zones (SEZs) in major commercial cities throughout the country such as Kolkata, Visakhapatnam, Chennai, Mumbai, Gujarat and Delhi. Investments in the SEZs are entitled for tax incentives and free from the domestic regulatory mechanisms. Thailand has a number of locations defined with SEZs status to attract foreign investment. Free Trade Zones (FTZs) are a common category of locations for foreign investment which could be found in almost every country.



### **Economic zones in the Far East**

China in the Far East has a long history of the establishment of SEZs which dates back to the 1980s. There are both corporate and income tax incentives and relaxed regulatory systems for investment within the SEZs, which have been designed to attract foreign investment. China has five SEZs, apart from its many other free trade zones (FTZs). In the recent past the SEZs have been increasingly becoming “free and open” zones. For instance, with a more proactive opening-up strategy the entire island of Hainan with landmass of 34,000 square km is planned to be a competitive FTZ with free port in the South China Sea.

South Korea commenced setting up free economic zones since the early 2000s exclusively focussing on improving the competitive business environment within the region and attracting foreign investment. As at present, South Korea has 8 zones scattered throughout the country, which are known as Korean Free Economic Zones.

### **Economic zones in the Middle East**

Middle East and North Africa (MENA) region has impressive success stories of Free Economic Zones stretching from Dubai in the UAE through Gulf of Suez in Egypt all the way to the Tanger Free Zone in Morocco. The greatest number of free economic zones are located in the UAE, which has about 40 free zones spread among its seven Emirates. Dubai is one them, which has become the most successful business enclave in the Gulf region. Other countries in the Middle East such as Qatar, Saudi Arabia, Yemen, and Oman have also been progressing with the establishment of free economic zones.

### **South Asia lagging behind**

Even if there are FEZs in India and FTZs in other parts of South Asia, in terms of creating free business enclaves, South Asia lags far behind, pointing to a unique opportunity of the CPC. The point is that Colombo and even some other locations in Sri Lanka have to exploit the opportunity in South Asia, while being competitive, if not exclusive, between the Far East and the Middle East. It is a tangible opportunity in the hand of Sri Lanka which might not remain as a permanent state of affairs.



## CREATING CENTREPETAL FORCES

The locational factors that matter for investment promotion rarely pull the investment into a location as such. It is mostly the matter of creating “centripetal forces” which could be reinforced by the locational factors. The following sections present a set of key factors that are important in creating the centripetal factors at the CPC.

### **Centripetal forces**

Centripetal forces in the context are those which pull the intended business activities together, while in contrast centrifugal forces push them apart. While the rapid progress in designated locations in the region stretching from the East Asia through Southeast and South Asia towards the West Asia in the form of FEZs could be centrifugal forces. Against that, the CPC needs to create centripetal forces, while the locational factors might be an advantage too.

### **Primary and secondary investors, and customers**

A new business enclave requires primary and secondary investors as well as the customers. Primary investors are those who come forward to invest in building business infrastructure and logistics. Secondary investors are those suppliers of goods and services who demand for such business premises and logistics to conduct their businesses. Customers are those who seek to do business with the secondary investors purchasing the goods and services they supply.

The issue which needs to sort out is that the primary investors do not invest unless they are certain about the entry of the secondary investors. Similarly, the secondary investors do not invest in carrying out businesses unless they are certain about the entry of customers who would enter there to do business with them. The centripetal forces should cover all three layers of the primary investors, the secondary investors, and the customers.

## Colombo Special Economic Zone

The most appropriate model for the CPC is to designate it and operate as a free and open Special Economic Zone (FEZ) under a special administrative authority. Business enclaves such as Free Trade Zones (FTZs), Export Processing Zones (EPZs), and Free Industrial Zones (FIZs) all are concerned with specific areas to be free and open. Technically a SEZ should be multi-sectoral enclaves, enveloping all above and more. In order to operate a business enclave as such, there should be a special administrative authority independent of the general policy and regulatory mechanisms of the country.

### **“One-stop centre”**

As a general rule, the CPC designated as the first SEZ in Sri Lanka should have not only the free trade and tax incentives, but also a regulatory incentive system. In most of the free zones in the Asian region, the concept of “one-stop centre” for investment and business operations is commonly applied. The administrative authority in the CPC should be a one-stop centre as such. In addition, cutting down the complicated regulations, reducing bureaucratic procedures, and eliminating red tapes are essential components of a free and open SEZ. In a nutshell, the CPC should have one of the best regulatory environment for “doing business” in elevating its ranking position as a special administrative region among the best performing business locations in the world.



### Free trade status

Free trade status is a commonly understood policy and regulatory environment for exports and imports. As the CPC is adjoining the Colombo Port, perhaps, it might be important to include Colombo Port as well into the proposed SEZ. The challenge is, however, how to be competitive among the free ports in the region such as Singapore, and many other ports which are relatively freer than the Colombo Port. About 99% of all imports into Singapore enter the country duty-free, while there is only 7% GST. The general customs duty is 5% in UAE for all imports, except for a few specific products.

International trade – particularly import trade, is a significant source of government revenue in Sri Lanka which account for as much as 20% of the total revenue. Taxes on international trade account for a negligible share of government revenue in Singapore, and only 0.1% in the UAE. Even in some other countries in Asia such as China, South Korea, and Malaysia, the trade tax share remains around 2% of tax revenue. Therefore, without reforming the entire import tax structure comprise of multiple and high tax rates, it is difficult for Sri Lanka to transform Colombo Port to be a freer port in the region. Although it would be easier to make the CPC a duty-free zone, it is more beneficial to reform the country's tax structure as well.

#### Taxes on international trade 2017 (% of revenue)

China*	2.3
India	11.1
South Korea	1.8
Malaysia	1.9
Singapore	..
Sri Lanka	20.2
Thailand	3.0
UAE	0.1
East Asia & Pacific	3.0
South Asia	13.6

\* Data for China is for 2016, and for all other countries 2017.  
Source: World Bank data

### Tax and regulatory incentives

A competitive tax incentive system is another important area of concern, while it is encouraging that the recent tax reforms in November 2019, shows the government commitment to move into a low tax regime. The challenge is that some of the SEZs such as Dubai have gone to the extent that eliminating corporate and income taxes and adopting simplified financial reporting systems including no audit reports required. If the CPC is expected to be a competitive business enclave in the region, it needs to bring about a better tax incentive system going beyond the best practices in the region wherever it is possible. Therefore, a longer period of tax holidays with exemptions from domestic taxes is a fundamental requirement of the CPC as a SEZ.

And the tax and regulatory incentives should be extended beyond the primary investors to cover the secondary investors as well in order to make the incentive systems work better and more effectively. Further, the customers are also expected to be the beneficiaries of the incentive systems, which needs to be taken into consideration in designing the tax and regulatory incentive systems.



## Human Resource Gap

Sri Lanka has an easily “trainable” labour force with good educational standards. However, the human resource gap in a wide range of business and service areas within the CPC appears to be one of the important challenges to overcome. Sri Lankan educational system has been largely “inward-oriented” so that there is a dearth of globally competitive skilled labour in many of the professions.

### Opening for foreign talents

In order to overcome the human resource gap, it is necessary to deregulate labour market rigidities for the SEZ allowing the investors and businesses to import “foreign talents”. This needs to be accompanied by the relaxation of granting visa on “work permits” and adopting more flexible labour regulations within the SEZ in line with labour markets in international business environment. It is noteworthy that this practice is an important source of training the local professionals in the long-run.

### Skilled labour shortage

As Sri Lanka has already exhausted its development based on “cheap-labour”, there is labour shortages labour. However, given the wrong incentive mechanisms in place, 2 million people are trapped in less-productive agriculture, and 2 million in foreign countries largely as un-skilled labour. As the country is looking forward to be a high-performing economy, the shortage of skilled labour is likely to be a binding constraint. Therefore, it is worthwhile recognizing the skilled labour shortage early, and prepare as a general rule for screening and recruiting foreign talents by extending the relaxed labour market mechanism even beyond the SEZ.

### Future challenge

Further, Sri Lanka can enhance building up of a globally competitive skilled labour force by bringing about educational reforms, including higher education and vocational training. General educational reforms should be aimed at improving the compatibility with international or Commonwealth standards, and in enhancing the international orientation of the Sri Lankan students. Tertiary education including the universities need to have autonomy even for self-financing and tying up with international collaborators for the improvement in educational quality and institutional management.

## Business Conglomeration

Many would raise the question that what types of business investments that the CPC would promote and attract. Given the geographical limitations and the locational advantages, the CPC is not an area for conventional economic activities fall within the areas of agriculture and industry. It may not be viable as a financial city, although “finance” is an essential component of the business conglomeration.

### Demarcated, but integrated

The CPC is fundamentally a demarcated area with infrastructure for international businesses, leisure and entertainment, and residential facilities. Thus it should have the regulatory mechanism and infrastructure for international connectivity – free and convenient modes of traversing for goods, services, money, people, and information, as the essence of a SEZ. The connectivity is not limited to the international space, but also to the rest of the country of Sri Lanka, benefitting the national economy. Everybody who is engaged in work within the CPC would certainly look for life outside the business enclave in Colombo as well as in the rest of the country towards the South, the Centre, the East, and the North. Although the CPC is a demarcated business enclave, it cannot be taken in isolation ignoring the rest of the country.



### Service sector orientation

One of the key characteristics of the CPC economy will be its service sector orientation in the future with a smaller share of manufacturing. Once the location is demarcated as a free and open SEZ, its basic attraction is for international business to set up their regional branches or headquarters to carry out businesses in the region stretching from the Far East to the West. These services may include all or some of the sectors such as ICT, logistics, research and development, tourism and leisure, financial services, trade and commerce, shipping and aviation, and many other. They are essentially linked to the international production and supply base, while providing direct benefits and positive externalities to the national economy as well.

### Auxiliary investments

There are, however, auxiliary investments to provide a variety of services required by the primary businesses as well as the investors and professionals within the CPC. In addition to the residential facilities, there should be investments in luxury hotels, recreation and entertainment facilities, world-class education and health care facilities, international shopping malls, and transport and logistics. All these auxiliary investments which should also come with reputed international brand names, may not be limited to the CPC itself, because they can move towards Colombo as well as to the rest of the country as well. Some of these facilities have already emerged in and around Galle Face area, adjoining the CPC.

### The best of the world

Sri Lanka should anticipate and, even promote, the international brand names, world-class professionals, and the upper class consumers turn their eye towards the CPC as the best location in the region to meet their business and consumer requirements. Even such investors and consumers from the neighbouring country India in particular, and South Asia in general, should be able to evaluate Sri Lanka as a competitive choice than their traditional destinations in Europe or the USA.

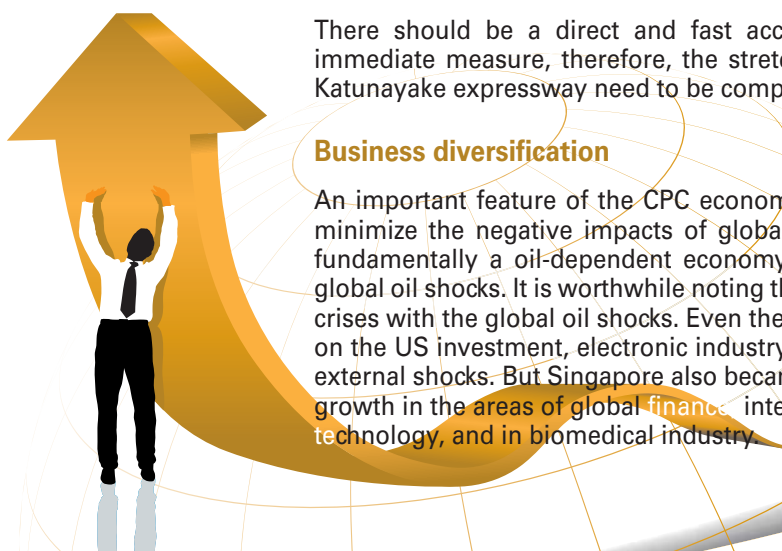
### Life outside the Port City

The investors, the professional, and residents in the CPC should have a life outside the city as well. In this respect, the better transport and logistics connecting the South, the East, the North, and the Central hills with Colombo is important. It is also necessary to initiate scheduled domestic flights and ferry services from the CPC in due time. Why does anyone select one of these destinations in a weekend is an important question too. Thus, world-class attractions for leisure in each of these areas should emerge.

There should be a direct and fast access to the Colombo International Airport. As an immediate measure, therefore, the stretch of the expressway connecting the CPC and the Katunayake expressway need to be completed.

### Business diversification

An important feature of the CPC economy will have to be the diversification, which would minimize the negative impacts of global risks and uncertainties. Even though the UAE is fundamentally a oil-dependent economy, Dubai is a more diversified and resilient to the global oil shocks. It is worthwhile noting that many oil-dependent economies were driven into crises with the global oil shocks. Even the Singaporean economy that was heavily dependent on the US investment, electronic industry, and on the ASEAN markets was vulnerable to the external shocks. But Singapore also became a highly diversified economy with service sector growth in the areas of global finance, international trade and shipping, aviation, technology, and in biomedical industry.



on the US investment, electronic industry, and on the ASEAN markets was vulnerable to the external shocks. But Singapore also became a highly diversified economy with service sector growth in the areas of global finance, international trade and shipping, aviation, technology, and in biomedical industry.

## Late Comer's Advantage

Late comers also have an advantage over the early movers in terms of adopting the most modern technology and latest best practices from around the world. The CPC is in a position to exploit this exclusive advantage in setting up its infrastructure and in adopting the best management and administrative practices as suitable for a free and open business enclave.

### Absolutely "smart"

Smart cities are those urban environments that make use of information and communication technology (ICT) to enhance efficiency and performance and minimize costs and wastage in all types of economic activity: consumption, mobility, exchange, business, and governance. Cities of many developing countries in Asia such as New Delhi and Mumbai from India, Ho Chi Minh City and Hanoi from Vietnam, Jakarta from Indonesia, Bangkok from Thailand, and many cities from China are already among the top 100 smart cities in the world.

Smart cities have been growing from among the developed countries as well as from developing countries creating a competitive development edge for such countries which have stepped forward taking the initiative. The flip side of the movement is, those countries that have ignored it begin to face an additional disadvantage, which might be difficult for them to overcome and catch up with the runners up who are adopting smart city architecture.

### The "smartest city"

CPC has the advantage of becoming not only a "smart city" but also the "smartest city" in Asia with the establishment of the most modern ICT infrastructure. This move will have multiple advantages: It would place the CPC in a competitively an advantage position among all its competing locations in Asia. It would place the CPC in a catalyst position to drive Colombo to become a competitive smart city in the Asia region. It would position the nation to participate in and benefit from the technology-driven development process in the years to come.

### Adopting the Best

There are number of areas where the government has the ability to initiate adopting best practices in the world and establishing best administrative mechanisms with e-governance infrastructure for the CPC. It does not mean that all these activities should come under government, but rather with private initiatives or public-private partnerships.

### Energy and environment

Energy and environment are important areas where the best practices need to be applied. New areas of energy sources, including the possibility of renewable energy sources within the CPC itself, should be considered. The both the cost and the quality of energy transmission up to the international standards is a fundamental requirement for investment promotion at the CPC. While Sri Lanka's average energy prices are relatively higher in the region, electricity usage for business purpose is more expensive. There is more than one valid reason to find new ways of electricity generation and transmission for the CPC at its inception.





### **Energy efficiency**

As part of the “Smart City” move, the CPC has the advantage for initiating and adopting “energy-efficient” technology. In all areas of activities related to the building of infrastructure, putting up buildings for businesses and residencies, installing machinery and equipment, and finally managing the city, the energy-efficient technology should be adopted promoting the CPC as the most energy efficient business enclave in the region.

### **Water and waste**

Water purification and waste disposal are important areas of concern that need to be studied for adopting the best practices available in similar settings. Used water discharge and haphazard waste disposal which appear to be common in many other areas of the country cannot be an acceptable norm and practice for the CPC, which should follow the best available practices. The location is surrounded by the sea so that protecting its marine resources and environment should receive utmost priority.

### **Light and air**

In the years to come, the CPC will ideally emerge as a location of “concentration without congestion” so that it is an absolute requirement to establish the best practices at the inception. The CPC has the ability to transform itself into an internationally branded city with best environmental record as well.

In terms of its physical outlook, the CPC will comprise sky-rise building structures compact within a small piece of land in the middle of the sea, connecting to the mainland from its eastern side. Given this specific physical characteristics, the infrastructure planning in the CPC should be in line with maximizing the flow of natural light and fresh air throughout the premises. It should be treated as an integral part of the energy-efficient physical planning. Finally, it could be argued that such measures would be attractive to business investors, professionals and residents to rank the CPC highly among similar locations in the region.

### **World’s first “carbon-neutral” city**

It can even go beyond the conventional environmental standards to become, perhaps, the world’s first “carbon neutral” special economic zone. Carbon neutral products and services are claimed to have a competitive edge over other products and services and demanded internationally at higher values. This is because in the production process, they are committed to compensate and neutralize the carbon emission as a voluntary initiative, which requires Sri Lanka to establish carbon trading markets. The act will promote not only a new brand name for the CPC, but also a new national initiative to conserve the country’s natural environment and biodiversity.



## NATIONAL ECONOMIC BENEFIT

The national goal of the establishment of the SEZ at the CPC is fast-tracking economic development of Sri Lanka. The SEZ is expected to mark the CPC as a free and open business enclave in the region deriving benefits to the people of the country in creating income and job opportunities.

The SEZ will attract several most reputed international companies to invest in and to set up their businesses at the CPC. Secondly, these primary and secondary investors will attract international professionals and customers. They will sell their products and supply their services basically in the international markets – exports of goods and services.

In the context of this whole process, Sri Lanka will reap the benefits of development through a number of channels directly and indirectly.

### Foreign investment

The CPC through the establishment of the SEZ is expected to provide one of the best investment locations in the region for foreign direct investment (FDI) flows for both primary and secondary investors. The entry of reputed international brand names to the CPC will have a multiplier effects, because it will have the ability to open up flood gates of FDI flows directly to the CPC as well as to the rest of the country as well.

### Export growth

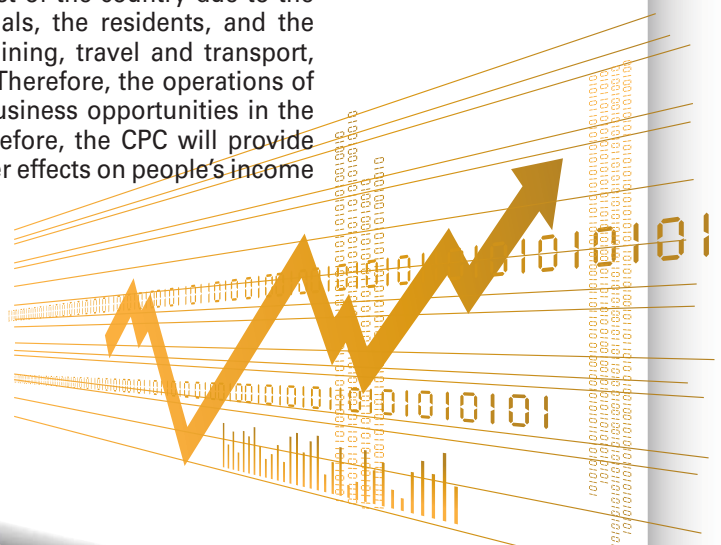
The CPC as a business enclave will supply their goods and services primarily to the international market which will generate export revenue. If the products are merchandize goods, then it would also help to expand the international trade at the Colombo Port. If the products are related to service supply, then the export growth would be in the form of service income in foreign exchange. Therefore, Sri Lanka's export expansion is expected to accelerate contributing to the country's long-standing balance of payments problem.

### Employment benefit

Employment creation within the CPC is expected to provide job opportunities to Sri Lankan skilled and semi-skilled labour to work in an international business environment. But its long-term benefits are expected to be much higher through multiplier effects. Sri Lankan professionals, technicians, and other categories of labour will have the opportunity to work with the best international staff through which there will be a transfer of knowledge and skills at international standards.

### Positive externalities

There is potential business expansion outside the CPC in the rest of the country due to the positive externalities of the CPC. The investors, the professionals, the residents, and the customers in the CPC usually seek activities – shopping and dining, travel and transport, recreation and entertainment, accommodation, and businesses. Therefore, the operations of the CPC will provide impetus for some other investment and business opportunities in the country, including tourism, hotels, transport, and logistics. Therefore, the CPC will provide stimulus to the national economy and, will also generate multiplier effects on people's income and employment growth.



### Replication potentials

The proposed SEZ at the CPC is expected to be the first model of an international business enclave in Sri Lanka. The most important benefit of this model is its ability to reproduce similar business enclaves in some other locations in Sri Lanka in particular, and to guide the country's market-oriented policy reforms in general. It is noteworthy that Sri Lanka's second and third SEZs to be established respectively in the Hambantota district encompassing the International Port and the Industrial Zone area, and in the Trincomalee district encompassing the Port area. The special administrative mechanisms, tax and regulatory incentives, the free and open business environments, and the special attributes of the CPC project, all will provide guidance to the economic policy and regulatory reforms of the country in general.

## CONCLUDING REMARKS

The locational advantage position of the CPC runs well beyond its geographical location. Geographically, the island of Sri Lanka has the advantage of being located in the Indian Ocean, adjoining the busy East-West shipping lane. Apart from that, as it used to be a centre point in the ancient silk route, it is strategically positioned along the Belt and Road Initiative (BRI) of China as well.

The locational advantage of the CPC has much to do with the changing economic landscape in the region, which can post challenges as well. Rapid economic growth of the Asian region, accompanied by increased capital inflows, expanded markets, and the rise of a new "upper class" which look for different consumer styles, all are opportunities to form a competitive business enclave at the CPC. Many business enclaves demarcated as various types of free economic zones have been emerging in the region. There is no, however, a competitive business enclave as such within close proximity to Sri Lanka in the region. The nearest competitors are still Singapore in the East and Dubai in the West.

CPC has all the necessary conditions to become an internationally competitive free and open economic zone. It has the locational advantage to connect the Far East and the West even without being subject to the time-zone differences between the two worlds. Opportunities are, however, subject to the time limits, so that the opportunities that are present as of now may get faded away as a matter of time.

The opportunities can be exploited for the benefit of international business as well as for the benefit of the nation in terms of accelerating development, by demarcating and transforming the CPC to a Special Economic Zone under a special administrative authority. It can offer the best practices of the free and open business environment for the world's best investors to start business, the professionals to work, the customers to visit, and them to reside within as well as outside the CPC.

As the late comers also have the advantages to exploit, the CPC can adopt the best practices in the world in terms of offering the best incentive package, establishing the best management systems, and adopting best technological and environmental standards. It can also connect the rest of the country to make the best use of positive externalities emerging within the CPC.

## ANNEXES

- I. The Bio's of Speakers at the "Transforming Sri Lanka Forum: Empowering the Game Changers"
- II. Port City Project Design Document
- III. Links to Video Clips regarding the Project and Construction



## ANNEX I

### The Bio's of Speakers at the "Transforming Sri Lanka Forum: Empowering the Game Changers"

#### **Prof. Sirimal Abeyratne**

Prof. Sirimal Abeyratne presently serves as Senior Professor and Head of the Economics Department at the University of Colombo. He is the Chairman of Institute of Policy Studies in Sri Lanka. He has earned his PhD Degree from Free University of Amsterdam. His teaching and research interests are in the fields of international trade and development. He has engaged in research work in regional trade, policy reforms and liberalization, economic dimensions of civil conflicts, development policy issues and current economic affairs

#### **Dr. Hans Wijayasuriya**

Dr. Hans Wijayasuriya is Chairman of the Ceylon Chamber of Commerce. He is also the Regional Chief Executive Officer for the South Asia region of the Axiata Group. He serves on the Board of John Keells Holdings PLC as an independent and Non – Executive Director. He was named the 'Sri Lankan of the Year' by Sri Lanka's premier business journal LMD in 2008. His PhD in Digital Mobile Communications was obtained from the University of Bristol in UK. He won 'Outstanding Contribution to Asian Mobile Industry' Award at the Asia Mobile Awards given by GSM.

#### **Dr. Indrajit Coomaraswamy**

Dr. Indrajit Coomaraswamy is the 14th Governor of the Central Bank of Sri Lanka. He has been in the Departments of Economic Research, Statistics and Bank Supervision at the Central Bank for over 15 years. He has also served at the Ministry of Finance and Planning and held a number of senior positions in the Commonwealth Secretariat, including the Head of the Economic Affairs Division. He was an Advisor to the Ministry of Development Strategies and International Trade. Dr. Coomaraswamy was also a Non-Executive Director of John Keells Holdings and Tokyo Cement Company (Lanka) PLC. He obtained his PhD in Economics from the University of Sussex

#### **Dr. Bo Chen**

Dr. Bo Chen is a full time Professor at Huazhong University of Science of Technology. He is a Research Associate of the Federal Reserve Bank of Dallas and the Pacific Economic Cooperation Council. Dr. Chen has served as Executive Director of the Research Centre on Free Trade Zone and was a Consultant for the establishment of China (Shanghai) and China (Hubei) Free Trade Zone. He has been a Guest Lecturer to Senior Executives of State-Owned Enterprises (SOEs) organized by the State-Owned Assets Supervision and Administration Commission of the State Council on 'One Belt, One Road' Initiative. His opinions about China's economic policies appear on various mainstream media including CCTV, BBC and the Economist.

#### **Mr. Bernard Goonetilleke**

Mr. Bernard Goonetilleke Chairman of the Pathfinder Foundation spent nearly four decades promoting Sri Lanka's tourism, trade and investment abroad as an Officer of the Sri Lanka Foreign Service. He was also the Chairman of Sri Lanka Tourism Development Authority. During his career, he served as Ambassador to the People's Republic of China and the United States of America. He was also assigned as the Permanent Representative of Sri Lanka to the UN Geneva and Vienna. Following the signing of the Cease Fire Agreement in 2002, he was appointed as Director General of the Secretariat for Coordinating the Peace Process (SCOPP).

### **Prof. Huang Meibo**

Prof. Huang Meibo is Director of International Development Cooperation at the Academy of Shanghai University of International Business and Economics. She is an expert in UNCTAD 'Principles for Responsible Sovereign Debt Lender and Borrower' and works as a Managing Group Member in China International Development Research Network. She was a Senior Fellow in Centre for Global Cooperation Research, University of Duisburg – essen, Germany. Ms. Meibo's current research focus is on Chinese international development cooperation, development financing, Chinese outward foreign direct investments. She has authored books and published papers on world economy, international finance and international development cooperation. She has a PhD in Economics.

### **Mr. Nayana Mawilmada**

Mr. Nayana Mawilmada is the Sector Head of the Property Group at John Keells Holdings. His unique background includes extensive international experience in planning, facilitating, and managing large scale urban development and infrastructure projects across 15 countries, working within both the private and public domains. Mr. Mawilmada is widely seen as a key advocate and spokes person for sound urban development policy and planning in the country. Among his previous roles, he has served as Director General of the Urban Development Authority of Sri Lanka, Managing Director of York Street Partners Pvt Ltd and as an Urban Development Specialist for Asian Development Bank based in Manila, Philippines. In recognition of his leadership in Sri Lanka's urban development space, he was awarded an Eisenhower Fellowship in 2017.

### **Dr. Hari Eppanapally**

Dr. Hari Eppanapally is a financial services professional, an entrepreneur and a philanthropist with a passion for health care, education and environment. His mission has been to transform youth into responsible citizens to establish society for harmonious living. With over 30 years of diverse experience, Dr. Eppanapally has been involved in managing global initiatives in the financial and social services sectors. He is an entrepreneur and mentor, who is passionate about giving back to society.

### **Mr. Sheran Fernando**

With almost 20 years of experience in Automotive Industry, Mr. Fernando has vast experience from mass market brands (Exide, Suzuki) to high-end luxury brands (Jaguar, Land Rover) of vehicles and accessories. He is currently a Board Member SML Frontier Automotive a company he founded and sold in 2017 and also the Chairman of Ceylon Motor Traders Association. He has worked in manufacturing (Loadstar Private Limited, Merbok Private Limited), retail (Browns and Company, SML Frontier Automotive) and the public sector (Ministry of Finance, National Development Bank) and Ceylon Chamber of Commerce. Mr. Fernando has a well-rounded experience in both local and international industries. He is also an alumni of Harvard Business School (USA) and a Fellow of the Chartered Institute of Marketing (UK).







**PORT CITY COLOMBO**

THE SCALE OF PORT CITY  
PORT CITY IN NUMBERS



PALM JUMERIAH  
(DUBAI)

572HA



PEARL IN DOHA  
(QATAR)

400HA



MARINA BAY  
(SINGAPORE)

360HA



DIFC  
(DUBAI)

51HA



PORT CITY, COLOMBO  
(SRI LANKA)

269HA

## THE SCALE OF PORT CITY PORT CITY IN NUMBERS



WITH AN EXPECTED  
CITY POPULATION OF  
**250,000**



US\$  
**15BILLION**  
INVESTMENT



**5.7M m<sup>2</sup>**  
TOTAL BUILT UP AREA (GFA)

PUBLIC PRIVATE PARTNERSHIP

CHINA COMMUNICATIONS  
CONSTRUCTION COMPANY



GOVERNMENT OF SRI LANKA



MINISTRY OF MEGAPOLIS AND WESTERN DEVELOPMENT



URBAN DEVELOPMENT AUTHORITY



## STRATEGIC LOCATION

## A NEW CENTRE BETWEEN EAST AND WEST

- 1 FLIGHT DURATION
- 2 THE BELT
- 3 THE ROAD



## COLOMBO'S KEY STATISTICS CENTRE OF A REGIONAL HUB

42% OF  
COUNTRY'S GDP  
CONTRIBUTED BY

Western Province  
where Colombo is  
located

EXPECTED  
TOURISTS  
ARRIVALS:  
4.5M BY 2020 <sup>2</sup>

Average 25%  
year-over-year increase  
from 2009 to 2016

COLOMBO IS  
RANKED AS  
THE MOST  
LIVEABLE CITY IN  
SOUTH ASIA<sup>3</sup>

Sources:

- 1 KPMG 'A Changing Skyline - Overview of the Real Estate Market of Sri Lanka, P14
- 2 Masterplan for Tourism Industry in Western Region, P13
- 3 Mercer's 2016 Quality of Living City Rankings

# THE CONNECTED CORE PORT CITY, COLOMBO - SEAMLESS CONNECTIVITY

## KEY

Port City, Colombo

## PROPOSED ELECTRIFICATION OF EXISTING RAILWAY LINE

- **RL-MC** (Panadura > Pelgiamwala)
- **RL-NP** (Kelaniya > Arisawwala)
- **RL-VM** Kelani Valley Line

## RAPID TRANSIT SYSTEM (RTS)

- **RTS-1** Fort > Kollupitiya > Battaramulla > Borella > Union Place > Mandara
- **RTS-2** Fort > Mandara > Maitakuliyapeliyagoda > Dematagoda > Borella > Kiripane > Havelock City > Battaramulla
- **RTS-3** Borella > Battaramulla
- **RTS-4** Battaramulla > Kattiena via Malabe
- **RTS-5** Malabe > Kadawatha
- **RTS-6** Peliyagoda > Kabeeraya > Kiribattigoda > Malabe > Kadawatha

## EXPRESSEWAYS

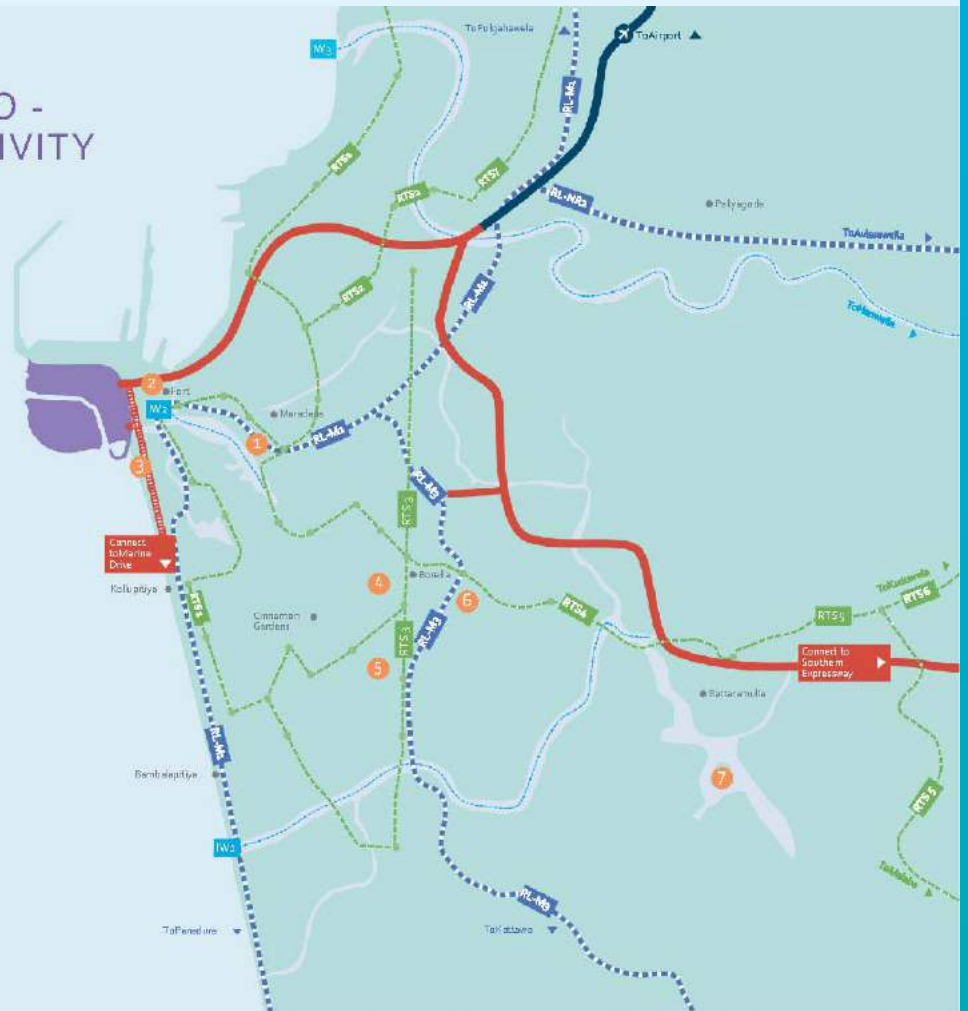
- Airport Expressway
- Proposed Elevated Expressway
- Proposed Tunnel

## WATERWAYS

- IWS-1** Wellawatte > Battaramulla Line
- IWS-2** Fort > Union Place (Along Beira Lake)
- IWS-3** Maitakuliyaya > Havelock (Along Kelani River)

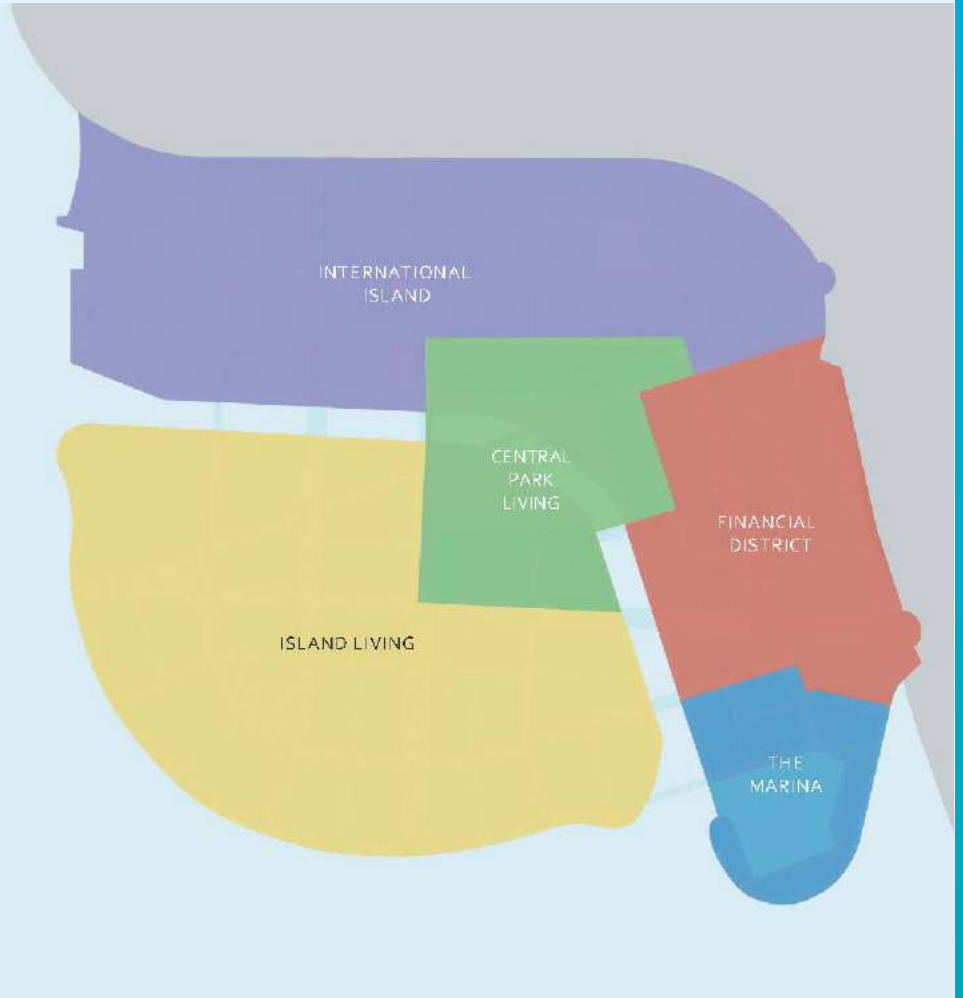
## PLACES OF INTERESTS

- 1 Colombo Lotus Tower (Under construction)
- 2 Fort
- 3 Galle Face Green
- 4 Lotus Pond Theatre
- 5 Independence Memorial Hall
- 6 Royal Colombo Golf Club
- 7 Parliament



## MASTERPLAN MAKEUP

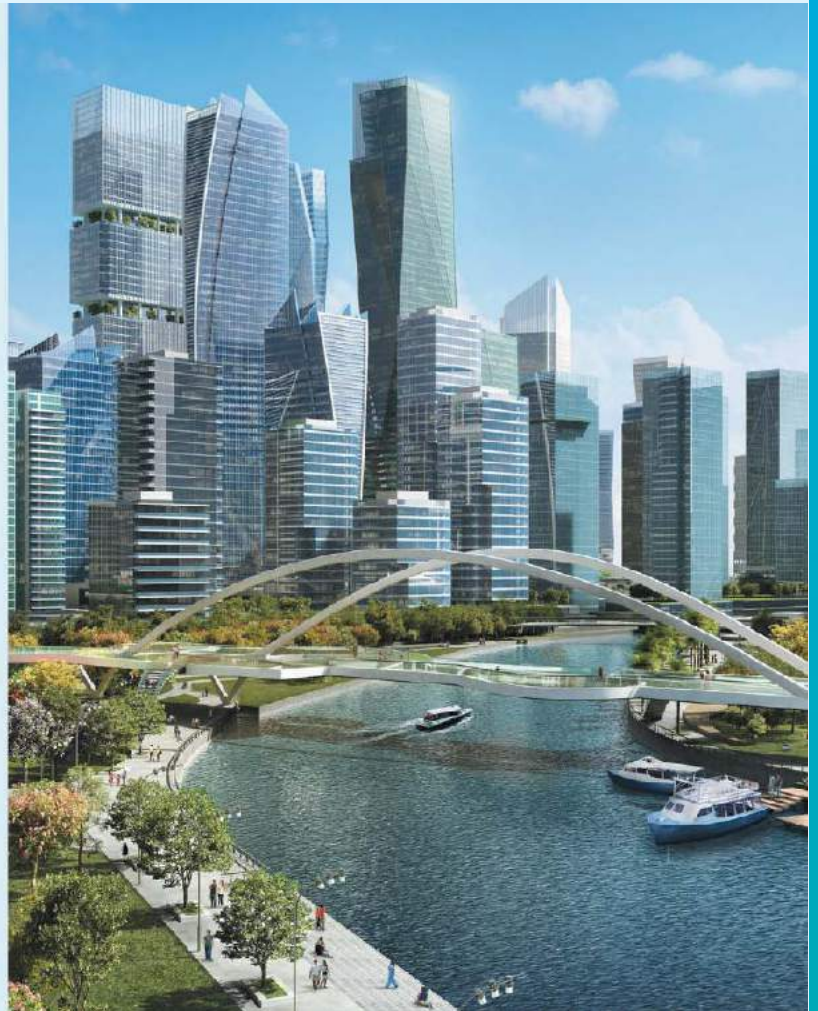
### PRECINCT PERSONALITY OVERVIEW



PRECINCT  
PERSONALITY  
OVERVIEW

CENTRAL PARK LIVING

- Medium High Density
- The Channel
- Central Park
- Pavilions
- Green Heart
- Open Blocks

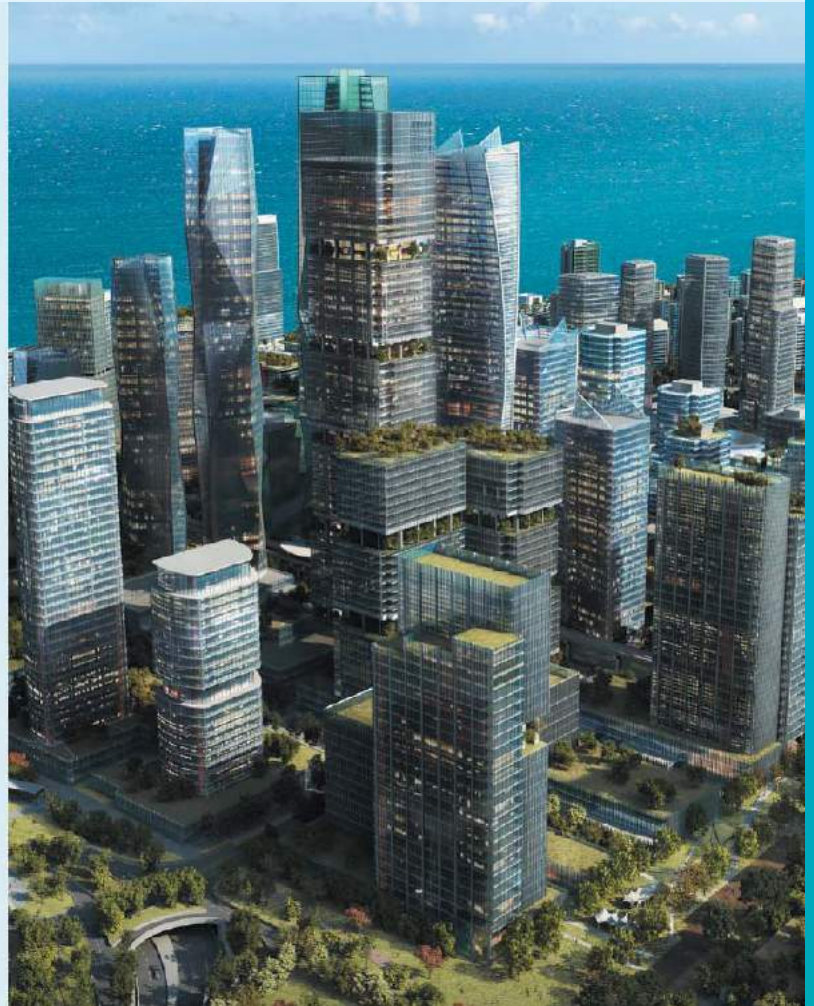




# PRECINCT PERSONALITY OVERVIEW

## FINANCIAL DISTRICT

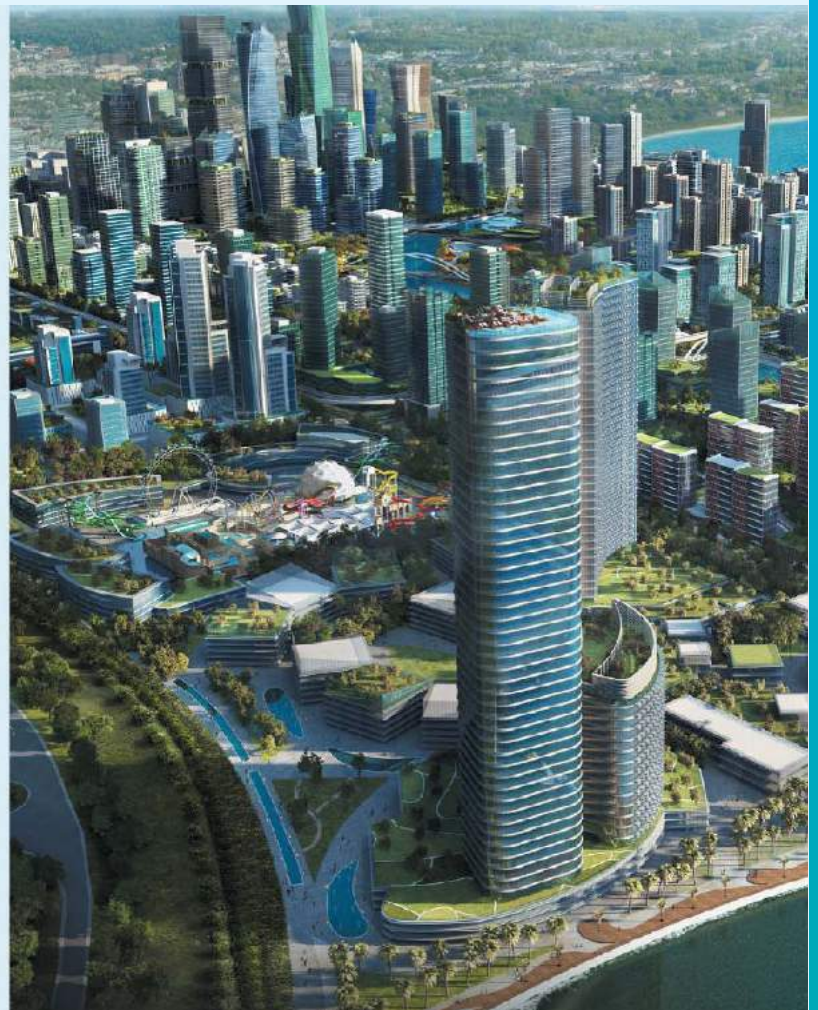
- High Density
- Grade 'A' Office Building
- Commercial Boulevard
- Linear Park
- CBD Plaza
- Retail Destination



PRECINCT  
PERSONALITY  
OVERVIEW

INTERNATIONAL  
ISLAND

- Medium Density
- Channel Park
- Integrated Resort
- Convention & Exhibition Centre
- Entertainment Hub
- Business Hub
- Global Brands

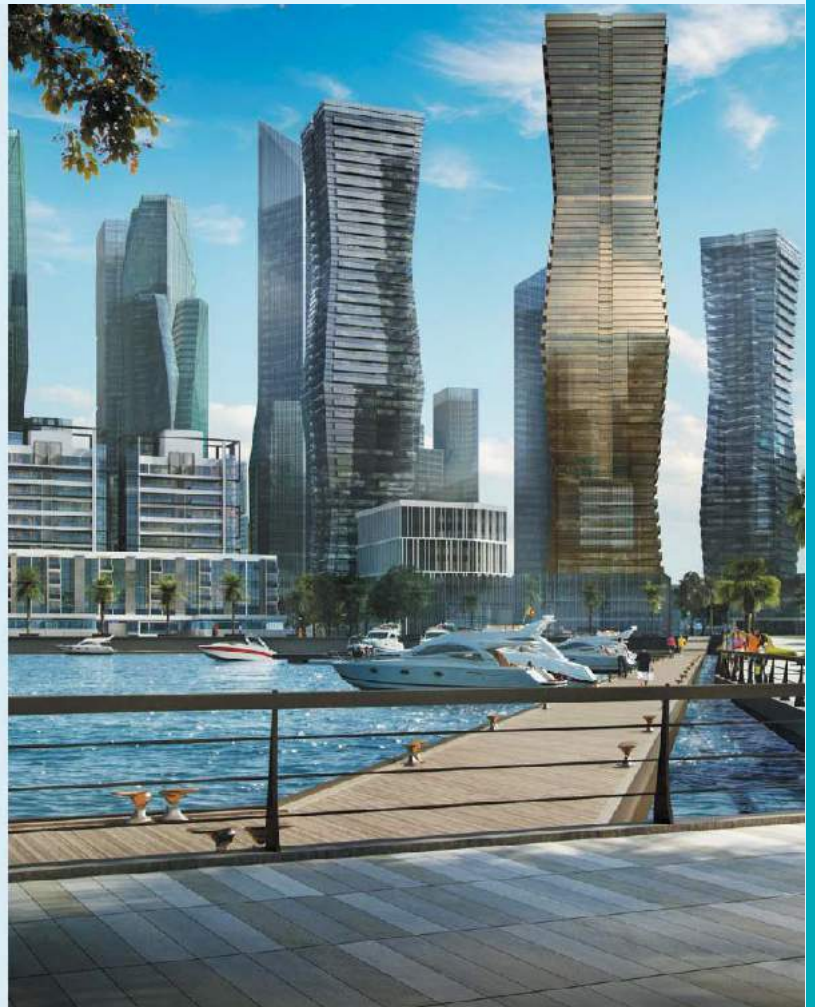




## PRECINCT PERSONALITY OVERVIEW

### THE MARINA

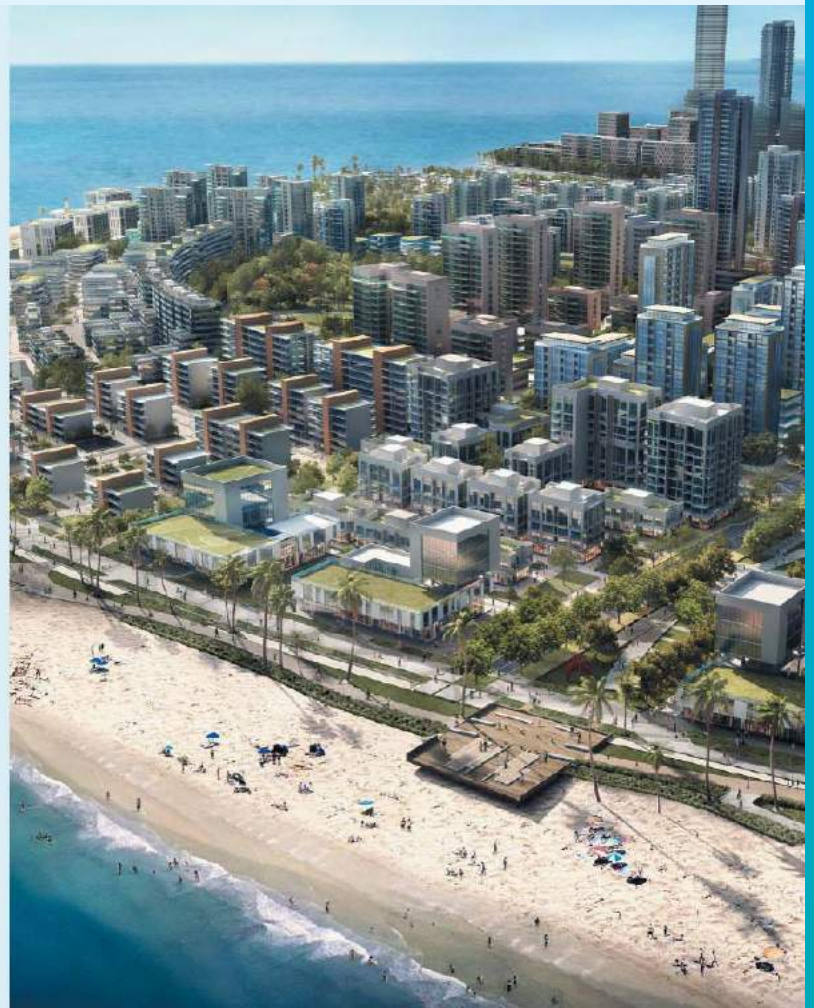
- Low Density
- Lotus Square
- Marina Promontory
- Marina Park
- Marina Village



## PRECINCT PERSONALITY OVERVIEW

### ISLAND LIVING

- Low Density
- Lotus Square
- Marina Promontory
- Marina Park
- Marina Village



## MASTERPLAN MAP

### LAND USE

- COMMERCIAL
- TRANSPORT ORIENTED DEVELOPMENT
- MIXED USE
- RESIDENTIAL
- HOSPITALITY
- LEISURE ENTERTAINMENT
- CULTURAL / HEALTH / EDUCATION
- MARINA
- OPEN SPACES (PARKS & SQUARES)
- OPEN SPACES (WATERFRONT)
- OPEN SPACES (BEACH)
- PUBLIC FACILITY
- PUBLIC UTILITY
- PUBLIC STREETS





## A COLLABORATIVE EFFORT

### INTERNATIONAL CONSULTANTS



### LOCAL CONSULTANTS



## ANNEX III

### Links to Video Clips regarding the Project and Construction

1. <https://drive.google.com/drive/folders/1B3NdLur-ukcyj3KdLf7KBQRjzO8dpz3?usp=sharing>
2. [https://drive.google.com/drive/folders/1LsGGKEawHevWhpG\\_xEFeAkjlxooX?usp=sharing](https://drive.google.com/drive/folders/1LsGGKEawHevWhpG_xEFeAkjlxooX?usp=sharing)
3. [https://drive.google.com/file/d/1MvQYUQ9Q4PzbsePYC1ubE\\_aShe\\_njjKs/view?usp=sharing](https://drive.google.com/file/d/1MvQYUQ9Q4PzbsePYC1ubE_aShe_njjKs/view?usp=sharing)
4. <https://youtu.be/IFsMTIUy68s>





**Pathfinder Advisory (Pvt) Ltd**

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