

# NATIONAL PORTS & SHIPPING POLICY OF SRI LANKA

A National Ports and Shipping Policy of Sri Lanka (NPSP) was formulated by the Government in 1997. This policy envisages the emergence of Sri Lanka as the premier shipping centre in South Asia with Colombo operating as a hub port, complemented by modernised ports at Galle, Oluvil, and Hambantota, primarily through the expansion of port infrastructure. It also provides a framework for the promotion and development of ancillary services, provision of maritime training, the development of a national merchant shipping fleet and revitalisation of the Ceylon Shipping Corporation, new modes of financing port development and managerial restructuring of the SLPA. Sri Lanka's policy towards the protection of the marine environment and safety of life at sea have also been emphasised in the NPSP of Sri Lanka.<sup>1</sup>

In view of the fact that the economies of the South Asian region, the 'hinterland' of Sri Lanka, are growing rapidly, the Port of Colombo which is close to international navigation lanes has tremendous opportunities to emerge as the hub port in the region. The container throughput of the Port of Colombo which was 1.7 million TEUs in 1997 is expected to reach 2.3 - 3.6 million TEUs by the year 2005 and 3.8 - 6.7 million TEUs by the year 2015. The present capacity of the Port of Colombo is 1.6 million TEUs per annum. Therefore, the NPSP expects to consolidate Sri Lanka's natural and strategic position in the shipping arena by developing the ports of Colombo and Galle as hub ports and competitive transshipment centres, while developing other ports and ancillary services substantially. The NPSP envisages this development as follows:

## 1. Development of container handling facilities at the Port of Colombo

- As a short-term strategy the Queen Elizabeth Quay (QEY) is to be developed on BOO/BOT basis to handle 1 million TEUs as against the present 230,000 TEUs per annum. In addition, the North Pier will be developed with facilities to handle break-bulk, bulk and containerised cargo.
- As a long-term strategy a new South Port of Colombo in the area adjacent to the QEY, is to be developed on a BOO/BOT basis, with a capacity of 4.9 million TEUs per annum. As Phase II of the project, construction of a new North Port of Colombo has also been proposed to cater to the potential further demand for transshipment facilities.

1. *National Ports and Shipping Policy of Sri Lanka*, Ministry of Shipping, Ports, Rehabilitation & Reconstruction, 1997

- The private sector is to be encouraged in the financing and operation of port infrastructure on BOT terms together with public sector financing wherever necessary and feasible.

## 2. Other Infrastructure Development

- Plans for improving conventional cargo handling facilities and off-dock facilities at the Port of Colombo are included in the NPSP.
- The NPSP envisages the development of the existing Port of Galle into a hub port as well as constructing a new port in Galle with 3 berths on a BOT basis to handle one million TEUs per annum.
- Development and expansion of the Port of Trincomalee as a multipurpose port dealing with cargo handling as well as shipping and tourism related activities have also been recognised in the policy framework.
- Construction of a new commercial port at Oluvil and an oil and dry cargo handling port at Hambantota have also been included in the NPSP.

## 3. Port Productivity and Efficiency

- Main line and feeder operators will be encouraged to use the Port of Colombo, by improving productivity, promoting a feeder network and implementing a marketing and promotional plan.
- The NPSP visualises the importance of improving port efficiency and management skills towards achieving a higher level of port performance. In this regard, policies are to be formulated to strengthen planning and maintenance, promote training, establish a level playing field for common services, follow cost-effective procedures etc. In addition, it has also been proposed to operate key port services by subsidiaries of the SLPA while other services are provided by the private sector. The appointment of an independent port regulator to safeguard fair competition and national interests has also been suggested in the policy report.

## 4. Ancillary Services

- The involvement of the private sector in ancillary services such as ship repairs, ship building and ship-breaking, multi-country consolidation, entrepot trade and bulk shipping, bunkering, off-shore supplies, cruise shipping and marinas and ship management etc. has been recognized in the NPSP.

(Source: Central Bank of Ceylon Annual Report 1997)