

Strengthening Regional Cooperation and Integration  
through Economic Corridor Development

# SASEC EXPERIENCE IN ECD – Sri Lanka

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Tbilisi

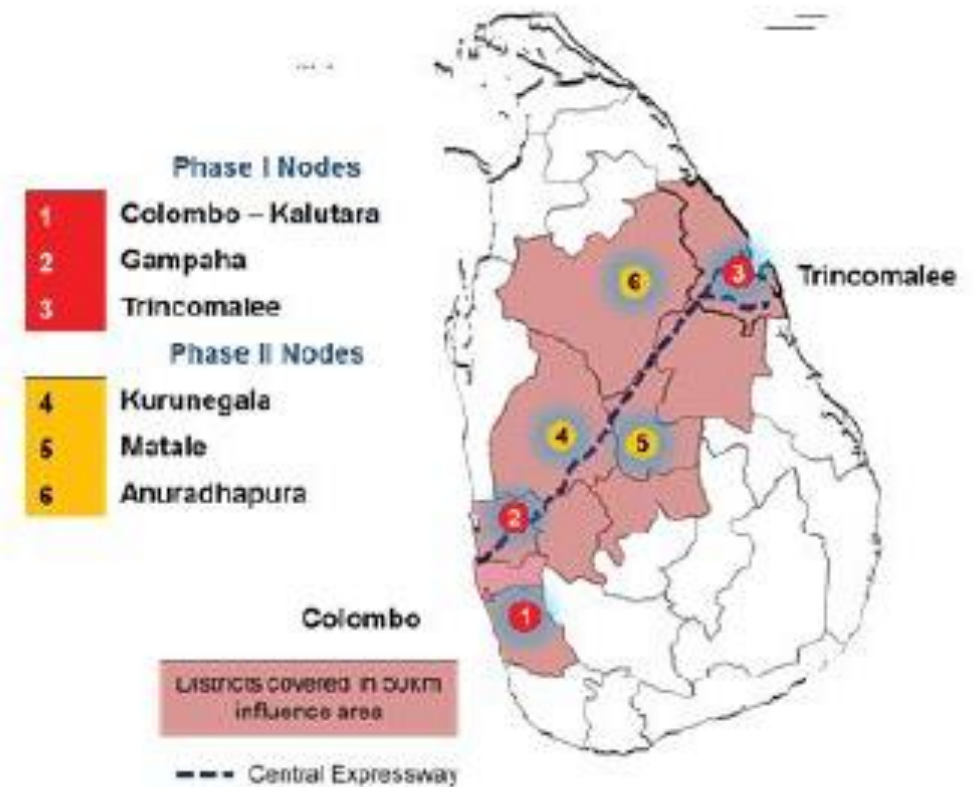
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# Colombo – Trincomalee Economic Corridor

- The study supported by ADB initiative focuses on an east-west corridor that can flourish by taking advantage of existing international gateways such as the Bandaranaike International Airport and Colombo Port.
- An influence area of 50 kilometers on either side has been selected, which cuts across 6 provinces and 10 districts.
- The districts in the influence area cover 42% of Sri Lanka's total area, account for 58% of the total population and contribute 86% to industrial output.
- Economic corridor development planned with a potential to generate 1.2 million new jobs by 2030

Figure E3: Influence Area of the Corridor and the Shortlisted Nodes

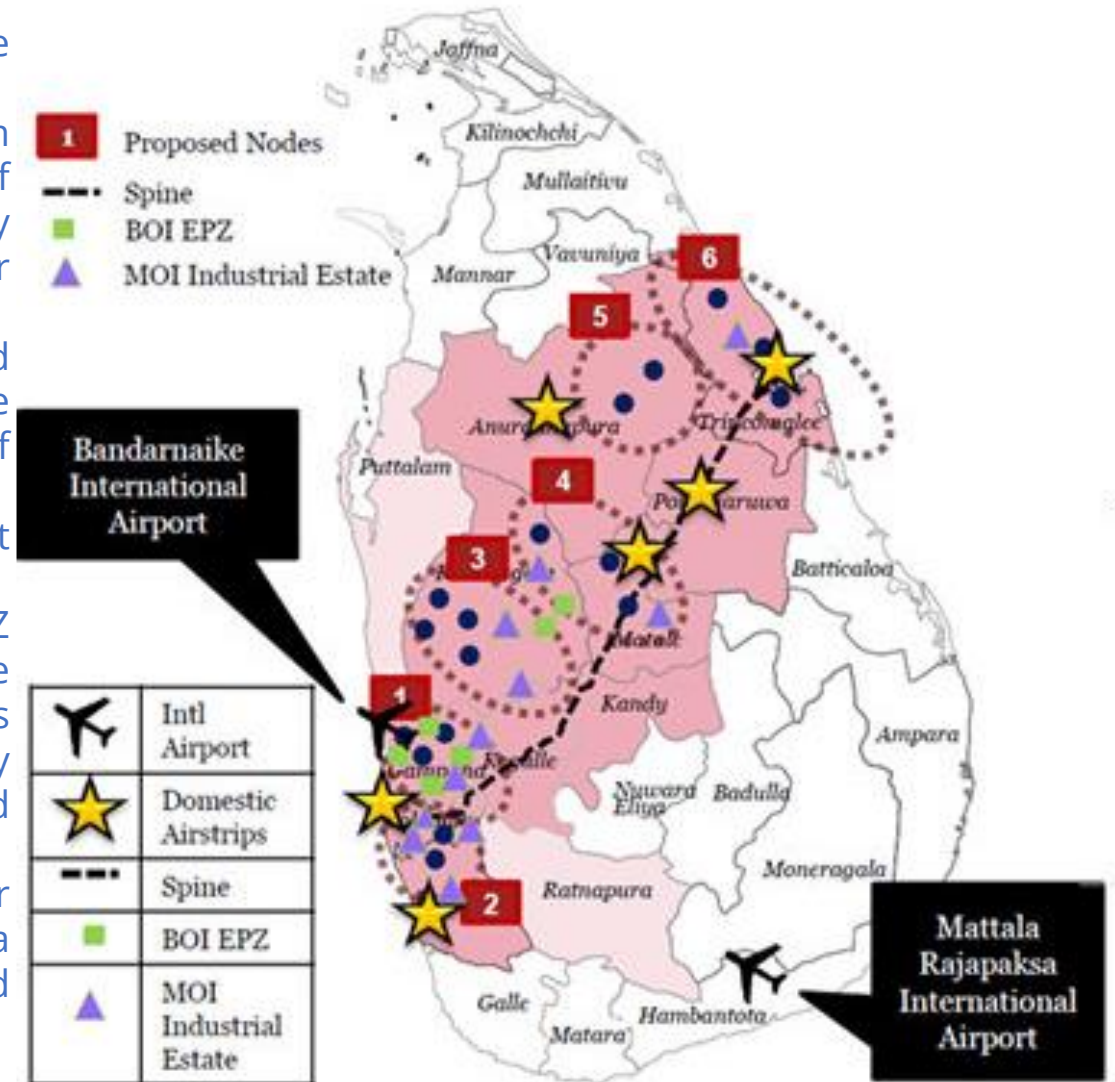


Source: ADB Study Team Analysis

# Colombo – Trincomalee Economic Corridor

The economic corridor expected to be supported by infrastructure elements;

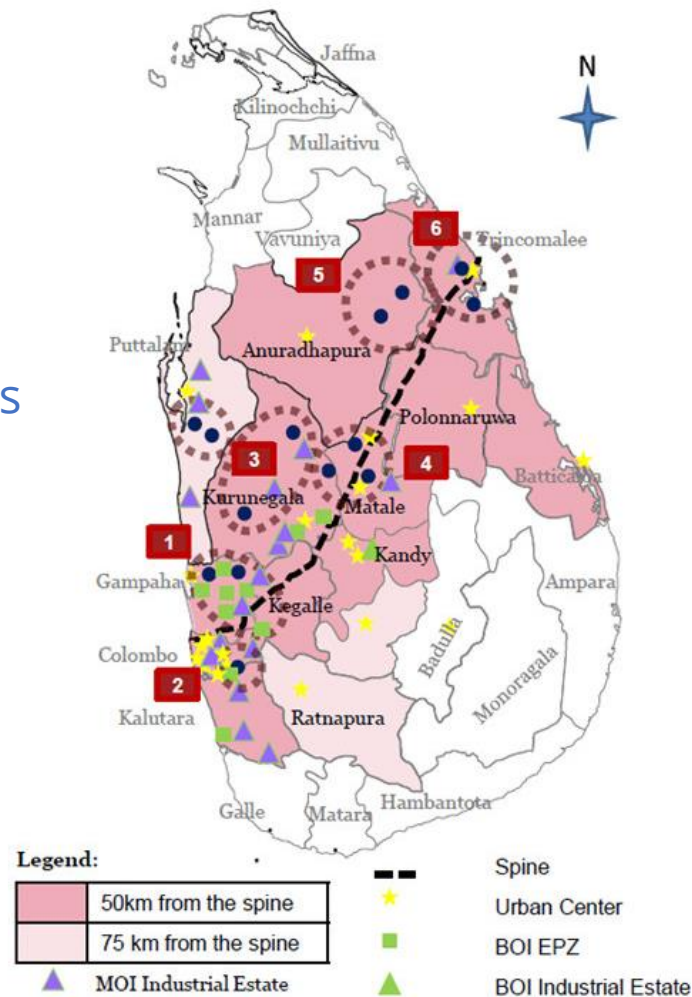
- A central Expressway along corridor spine A01-A06 with a 50km influence area on either side. Further multimodal strengthening of rail connectivity of Trincomalee to Dambulla and direct connectivity to Kurunegala would improve rail connectivity for Bulk-users near Colombo
- Urban infrastructure to support increase in urbanization and enhanced quality of life. The Eastern corridor region infrastructure is one of the least developed with low road density and low level of urban infrastructure.
- Efficiency and effectiveness of water and power supply to support the competitiveness of industrial activity.
- Domestic container handling at the port could move inland to FTZ zones to reduce congestion at the port and to incentivize value added services along nodes at the corridor. These logistics hubs need warehouses and basic infrastructure on roads, water supply and electricity (power) including waste management plant and waste treatment plants.
- Port of Colombo will continue to remain the primary gateway for goods as well as for passenger traffic expansion with BIA and a second runway and Colombo Port is set to expand capacity and bring efficiency improvements.



Source: ADB Study Team Analysis

# Colombo – Trincomalee Economic Corridor

## Availability of lands



Source: ADB Study Team Analysis

- 1 Gampaha**  
**Total Land Area:** 1,815 acres (2 parcels)  
**Land Details:** Mirigama has a single land parcel of 1,620 acres.
- 2 Colombo – Kalutara**  
**Total Land Area:** 1,137 acres (4 parcels)  
**Land Details:** Land called Millewa Estate at Horana and Padukka measured 1000 acres.
- 3 Kurunegala**  
**Total Land Area:** 2,366 acres (25 parcels)  
**Land Details:** Kuliyaipitiya has a total land area of 837 acres and Ahatuwewa has an area of 491 acres.
- 4 Matale**  
**Total Land Area:** 609 acres (4 parcels)  
**Land Details:** Largest land parcel is 340 Acres
- 5 Anuradhapura**  
**Total Land Area:** 341 acres (3 parcels)  
**Land Details:** Largest land parcel measures 341 Acres
- 6 Trincomalee**  
**Total Land Area:** 1,969 acres (6 land parcels)  
**Land Details:** Large land parcels – above 800 acres at land parcels at China Harbor and Kinniya are close to each other.

# Colombo – Trincomalee Economic Corridor

## Selected Industries

- Computer, electronic & optical instruments
  - Communication equipment, Computer and peripheral equipment, electronic components
- Machinery and equipment
  - General purpose machinery, special purpose machinery
- Electrical equipment
  - Electric motors, generators, transformers, electric lighting equipment, wiring & devices
- Motor vehicles
  - Motor parts and accessories, motor vehicles
- Pharmaceuticals
  - API & Formulations

# Main challenges in designing and implementing ECD and moving forward

- Policy consistency and political commitment
- Underdeveloped logistic infrastructure and providing quality infrastructure with the limited fiscal space.
- Difficulties in establishing inter agency coordination and setting up an institutional framework.
- Trade agreements
- Connection to the regional and global industrial bases
- Slow rate of digitalization process
- Less attention for diversification of industrial base and export oriented investments

# Long term strategies for ECD

## National Development Plan for 2048

The roadmap will be built on four key pillars

### Fiscal Sector Reforms



- Tax Reforms
- Debt Restructuring
- Debt Management
- Expenditure Management

### Financial Sector Reforms



- Upgrading and amending the regulatory and the legal framework
- Capitalizing the sector or rather chosen entities to ensure the stability of the sector

### SOE Reforms



- Establishment of the SOE reform unit
- Identify the stream of work to be undertaken

### Governance



- Revision of existing laws and introduction of new laws

# Investment Drive – Export Oriented Competitive Economy



- A single agency enabling to create a conducive environment for promoting investment and external trade
- Investment Friendly Environment
- New labor law



- Improvement of logistic infrastructure
- Promotion of Marine/Sports Tourism



- New Economic Zones positioning the country for international trade
- Enhance access to global markets



- New project appraisal scheme



- Advancement of digital economy



- Lease of land for agricultural export



## Key reforms

- Enact the Public Financial Management Act to enable monitoring of state expenses
- Introduce a new Financial Asset Management Companies Act to enable banks and finance companies to separate and transfer their non-performing bad assets to an asset management company
- Establish the National Productivity Commission to advise on the micro economic policies related to industries, commerce and trade and to make relevant recommendations to government
- Establish a Microfinance and Credit Regulatory Authority
- New project appraisal scheme
- Appoint a task force to monitor budget implementation
- Restructuring of SOEs

# Way forward of ECD in Sri Lanka

- Re-visit the Colombo-Trinco ECD study considering current context
- Prepare a masterplan which includes a prioritized project pipeline, a formalized institutional structure for coordination and management, with resource mobilization plan
- Legal and Institutional Framework articulated with good governance framework
- Time bound specific project development, design, and phased out implementation with clear financing/investment plan targeting FDI's
- Well developed communication plan targeting to obtain political commitment, stakeholder support and the support of general public

# Thank You