

NEWS

MNCs flock to get 'fruits' of war

TamilNet

ROMAN Scott of Calamander Group, who believes Tigers have been effectively contained, suppression of free expression by Colombo will not affect business, and economics is not really that strong related to democratic principles, is an early bird in the island for investment, says the latest issue of Forbes India. Sri Lanka is going to be "one of the best investment opportunities on the planet for the next two to three years," said the Singapore based British equity manager.

According to Forbes, companies from some countries have a natural advantage either because they have the trust of the Sinhalese or understand the local nuances better. China falls into the first category and India into the second. These two countries are likely to play a major role in the reconstruction.

A 'political solution' not to meet Tamil aspirations but to 'facilitate' the interests of the multinational corporations (MNC) is what in the agenda, Tamil circles said adding that even such a 'package' will be delayed until the 'stake-holding' powers and their MNCs are firmly established in the 'conquered land.'

The bankruptcy of the totalitarian regime in Colombo and the situation in which political decision making for the Tamil homeland is snatched away from Tamils have become ideal for the multinational corporations and the powers behind to have their ways, Tamil circles said.

Chandra Lal de Alwis, president of the National Chamber of Commerce of Sri Lanka, which recently sent a business delegation of 43 businessmen to Jaffna, told Forbes: "China, being a large country, is putting a lot of money here. Also, politically they are not bothered. With India, there were some political issues. But all that is getting cleaned."

An old Tamil village in the Puththalam district, Nuraichchola, is now the location of a Chinese-built thermal power plant. The ceremony marking its completion was attended by Buddhist monks from China and a statue of Buddha brought from China is to be installed at the plant. This was illustrative of how 'communist' China gets the trust, Tamil circles pointed out.

Meanwhile, the IMF loan has facilitated financial stability to Colombo, attracting the arrival of MNCs. Asian Development Bank is expected to give an assistance of \$300 million.

Apart from India's thermal power project in Trincomalee and under sea transmission by Power Grid Corporation, the Indian enterprises in the fray are such as Larsen and Toubro, Indian Oil Corporation, Ashok Leyland,

Asian Paints and Bharti Airtel.

Pakistan will be provided with an exclusive industrial zone in the island, media reports said. China has already been given with such a facility by Sri Lanka's investment promotion agency.

However, according to Forbes, "the sweet spot for the foreign investor is not the war zone. The relatively peaceful Western Province, where Colombo is located, is a ready market waiting to be tapped fully. The infrastructure and a consumer economy are already there, but the war kept away many providers of goods and services. They will come now. This province, which accounts for half of Sri Lanka's \$40 billion economy, will be the first to gain from peace."

But, Rajapaksa is offering a 15-year tax holiday for investments in the north and east and India has already started pumping hundreds of millions of dollars into Sri Lanka for the rehabilitation of 280,000 internally displaced persons living in government camps, Forbes said.

Two weeks ago, a Bangalore based Concerned Citizens Forum of South Asia met the Indian foreign minister S.M. Krishna and submitted a memorandum to government of India: 'A roadmap for relief, resettlement and rehabilitation of displaced and war-affected people of Sri Lanka by the Government of Sri Lanka.'

The forum that included some academics, human rights organisations and Sri Lanka's former foreign minister, Mr. Mangala Samaraweera, raised the issues of resettlement, rehabilitation, human rights, damage control and respect to demographic and cultural patterns. But, there is nothing said on restoring the sovereignty of Tamils in their homeland, which would sort out all the issues that had been raised by them.

"First brutally abusing the human rights of a people to shatter their spirit and then in the guise of restoring them blunting the basic political question is the trick experimented with Eezham Tamils by the forces of the new order. Powers, their MNCs, politicians, academic institutions and media - all are in the game," Tamil circles said.

Forbes India puts a choice to Sri Lanka: "All said, Sri Lanka has two choices today. It can shrink back into a protectionist regime and miss this historic opportunity to become an economic power. Or, it can take foreign capital and expertise to rebuild itself, solve the ethnic problem, add the Tamil population to the work force and forget violence forever."

Adding the Tamil population to the work force is the answer of the MNCs to the Tamil national question.



Multinational corporations lining up to profit from the end of the war in Sri Lanka are concerned that access to labour is restricted by the Tamils being held in camps and by the delay in opening the North

Sri Lanka eyes peace dividend after end of war

Mel Gunasekera
AFP

CONFLICT-TORN Sri Lanka is banking on foreign cash to rebuild shattered infrastructure as the island emerges from decades of ethnic civil war, officials say.

Analysts are expecting a large investment peace dividend in the country where bomb attacks and fighting dented investor confidence and kept high-spending tourists away from the tropical South Asian island.

There will be plenty of opportunities for investment once the former war zone in the north and east is open for business, said Chinthaka Ranasinghe, head of Research at John Keells Stock Brokers in Colombo.

"These areas have been virtually bombed out. This throws up enormous potential" for investment, Ranasinghe told AFP in an interview.

"A large number of houses need to be built" along with "new roads, schools, telephone and electricity lines... the investment rebound will be spectacular," he said.

Three months after the end of the war against the Tamil Tiger rebels, the government has yet to announce a timetable for when the once-embattled region will be fully open for business.

work progresses.

The treasury estimates nearly three billion dollars will be spent by international donors and the government over the next three years to rebuild roads, bridges, electricity, water and sewer lines in the once troubled regions. No breakdown of the money has been given.

Through donors, public and private partnership projects, more than two billion dollars of that money will be spent in the north where the final battles of the war were fought in May, the treasury said. The rest of the money will be spent in the east which was wrenched back from the LTTE in 2007.

Dialog Telekom, the Sri Lankan unit of Malaysia's Axiata Group Berhad, was the first international company to set foot into the former war zone, by launching a mobile phone network -- initially meant for use by government troops there.

Dialog will spend up to 10 million dollars this year to install 60 base stations in the former war-torn areas, said chief executive Hans Wijayasuriya.

"We see pent-up demand once the government's resettlement plans get underway," Wijayasuriya said.

Home to about 14 percent of Sri Lanka's 20 million population, the island's north also has fertile farmland, fishing and mineral deposits, said Ranasinghe.

With a 2.6-billion-dollar bailout package granted by the International Monetary Fund to shore up the economy following the war that left tens of thousands dead, the central bank plans to tap

overseas markets in September to raise 500 million dollars through a sovereign bond.

The funds will be used to help offset the government's share of the rebuilding costs in the conflict areas, the bank said.

"There's strong investor interest in Sri Lanka now that the war is over," said the bank's assistant governor Nandalal Weerasinghe.

Sri Lanka is also forecasting a 20 percent increase in foreign investment to one billion dollars this year, mostly in IT and telecoms-related sectors.

Singapore-based HSBC economist Prakriti Sofat says Sri Lanka is on the foreign investor radar.

"Tourism, BPO (business process outsourcing) and manufacturing are key sectors ripe for foreign direct investments," she said.

The Manila-based Asian Development Bank also has announced plans to raise Sri Lanka's annual loan allocation to 300 million dollars in 2010 from 200 million dollars.

"Mainly this would be spent on infrastructure development in roads, power, and water sectors," the bank's Colombo-based economist Narhari Rao said.

Colombo's benchmark stock index has climbed 33 percent since the Tigers were defeated.

Securities and Exchange Commission chief Channa de Silva said he expects further gains. "Once the news the war has ended and the peace dividends that follow sink in, we're confident there will be a lot of interest from foreign fund managers," de Silva said.