

Sri Lanka formally hands over Hambantota port to China

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Colombo: Sri Lanka on Saturday formally handed over the southern sea port of Hambantota to China on a 99-year lease.

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Two Chinese firms, namely Hambantota International Port Group (HIPG) and Hambantota International Port Services (HIPS) managed by the China Merchants Port Holdings Company (CMPort) and the Sri Lanka Ports Authority will own the port and the investment zone around it, officials said.

Prime Minister Ranil Wickremesinghe during a visit to China in April had agreed to swap equity in Chinese infrastructure projects launched by former president Mahinda Rajapaksa in his home district.

Former Sri Lankan Finance Minister Ravi Karunanayaka, last year had said that the island country owed China \$8 billion.

"With this agreement we have started to pay back the loans. Hambantota will be converted to a major port in the Indian Ocean," Wickremesinghe said while addressing the handing over ceremony held in parliament.

"There will be an economic zone and industrialisation in the area which will lead to economic development and promote tourism," the prime minister said.

Sri Lanka received \$300 million as the initial payment for the lease which the opposition had described as a sell out.

The government's grant of large tax concessions to Chinese firms have also been questioned by the opposition.

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