

10 SEP 2003

Sri Lanka-Highway

MOU TO BUILD SRI LANKA'S FIRST TOLL HIGHWAY SIGNED

KUALA LUMPUR, Sept 10 (Bernama) -- Malaysia and Sri Lanka signed a memorandum of understanding (MoU) today for the construction of Sri Lanka's first toll highway linking its two largest cities of Colombo and Kandy by a Malaysian-led consortium.

Works Minister Datuk Seri S. Samy Vellu said construction of the US\$280 million (RM1.06 billion) project was expected to be on a fast-track basis commencing next year instead of 2006 as originally planned.

The 98km highway will be built on a build-operate-transfer (BOT) and government-to-government basis and the first highway project in Sri Lanka to involve Malaysian construction industry players.

Speaking at the signing ceremony which coincided with the two-day visit here of Sri Lankan Prime Minister Ranil Wickremesighe, Samy Vellu said in Malaysia's view, the project was of great strategic value and extremely important to Sri Lanka's economic growth.

"The direct and immediate contribution of the highway is to significantly boost the revenue inflows for the Sri Lankan tourism industry as with the highway, visitors are more inclined to visit the beautiful resort town of Kandy.

"The highway will also result in increased national productivity and economic efficiency through speedier business transactions and delivery of goods and smoother linkages between economic sectors," said Samy Vellu, who likened the project to Malaysia's own North-South Highway spanning across the entire Peninsular Malaysia.

He said in Malaysia the North-South Highway led to the growth of new industrial areas, townships, free trade zones, commercial and residential centres.

Samy Vellu said Malaysia, with its construction industry players of international standard, had been seriously interested in the project since early last year and he had on numerous occasions since then proposed to Sri Lanka to consider awarding the project to Malaysia on a government-to-government basis.

"I am glad that after much discussions and meticulous considerations by the Sri Lankan government, our proposals have been favourably accepted," he said, adding that this was however only the beginning of more critical challenges ahead before construction could begin.

These included the necessity for the Sri Lankan government to put in place a comprehensive legislation covering land acquisition and toll collection and for both sides to come up with a financial structure that would make the project viable and acceptable to the financiers.

Samy Vellu gave an assurance that the project would be completed in the "usual Malaysian way" -- with quality, within the shortest time possible and at a reasonable cost.

Samy Vellu also said that two months ago, a Malaysian company, Pembinaan Wincon Sdn Bhd, launched the construction of 25,000 units of houses over various locations in Sri Lanka for its public sector employees.

The first phase of the project involves the construction of 1,500 units worth RM37.5 million which would be followed by the remaining 23,500 units to be built in phases at an estimated cost of RM587.5 million.

Thanking the Sri Lankan government for its trust and confidence in giving Malaysia the opportunity to participate in the country's development, he said this proactive step reflected Prime Minister

Wickremesinghe's far-sightedness and able leadership.

Wickemesinghe meanwhile addressed leading Malaysian businessmen and investors in Sri Lanka over lunch and met the chief Buddhist monk of Malaysia and Singapore, Dr Kirinde Dhammananda, at the Brickfields Buddhist temple here before leaving for home.

Yesterday, he met his Malaysian counterpart, Datuk Seri Dr Mahathir Mohamad, and several other ministers for discussions on stepping up economic ties between the two countries.

-- BERNAMA

AU AU RM