

## Press Briefing of CHEC

**First of all, successive elected Governments in Sri Lanka have invited internationally renowned engineering consulting companies to conduct feasibility studies on the development of the Hambantota Port.**

During Honorable Prime Minister Ranil Wickremesinghe's previous tenure (Dec 2001 – Apr 2004), the Government invited SNC Lavalin Group Inc., the internationally renowned Canadian engineering consulting firm, to conduct a feasibility study, which was completed in 2003. During former President Chandrika Bandaranaike-Kumaratunga's two terms Ramboll Danmark A/S, an internationally renowned Danish engineering consulting company, was invited to conduct a feasibility study twice, which was successfully completed in 2007.

In summary, developing a port in Hambantota given its location advantage was to promote the economic development of the Southern Region and Sri Lanka as a whole. This was the consensus among different elected Governments led by the main political parties of Sri Lanka.

**Secondly, Sri Lanka did not initially approach China to develop the Hambantota Port. After contacting other countries not receiving any interest, the Sri Lankan Government approached China to support the development of this port.**

According to our knowledge and based on official statements released by Government officials, Sri Lanka was expecting India to assist in the development of the Hambantota Port. However, after India's lack of interest, Sri Lanka approached China for assistance. Considering the traditional friendship and long-standing relationship with Sri Lanka, China decided to offer selfless support in Sri Lanka's national development initiative to construct the Hambantota Port. China also provided financial assistance at the request of Sri Lanka including a large sum as a concessional loan. Therefore, it is evident that China never coerced Sri Lanka to construct the Port and nor did China lure Sri Lanka in to any debt trap.

**Thirdly, China Harbour Engineering Company Ltd. is a World-class Port construction Company. Hence, the operations including the construction of the Hambantota Port was carried out in full compliance with international standards.**

CHEC's parent company, China Communications Construction Company Ltd. (CCCC), ranks 103<sup>rd</sup> in the Fortune Global 500 Companies, and is ranked 3<sup>rd</sup> amongst the top international contractors in the Engineering News Record (ENR) in 2017, the only company in Asia to be amongst the top 10. CCCC has independently designed and built seven out of the ten largest ports in the World in terms of throughput.

CHEC is well reputed in Marine Engineering, Dredging & Reclamation, Roads & Bridges, Airports, Buildings & Machinery Procurement. CHEC's Sri Lankan operations began in 1998 and our projects such as the Colombo International Container Terminal Project, the Northern Road

Reconstruction & Infrastructure Restoration Projects, and the Colombo Outer Circular Expressway have significantly contributed to the economic development of Sri Lanka and have been appraised by all parties. After the Tsunami disaster in 2004, CHEC also actively got involved in the rescue and reconstruction activities, and carried out the construction of the Fishing Harbor Project aided by the Chinese government, reflecting the Company's commitment towards social responsibility.

Based on above-mentioned factors, both Sri Lankan and Chinese governments invited CHEC to participate in the construction of the Hambantota Port in 2007. As the project is financed via a loan by the Chinese Government, it is reasonable and also in line with international practice to invite a Chinese company to carry out the construction. This practice is also followed by countries such as Japan, South Korea and India when providing loans to Sri Lanka.

**Fourthly, the construction of Hambantota Port follows the principle of business and is in compliance with the laws of the market from beginning to end, reflected by the principle of wide consultation, joint contribution and shared benefits.**

Port construction of such size is a big project in any country. The port construction process will bring a lot of employment and help the economic development of the country. Throughout the construction of the Hambantota Port, 6,500 local workers were employed both directly and indirectly.

The development of the Hambantota Port project was carried out in on the basis of equality and friendship between Sri Lanka and China and has been following the principle of business and in compliance with the laws of the market from the beginning to the end. The specific construction situation is open and transparent. In particular, the majority of the funds for the entire project are loans of a concessional nature provided by the Chinese Government; and even the small proportion of commercial loans provided was lower than the international market interest rates at that time.

**Finally, the speculation by an international media organization that CHEC funded former President's 2015 Presidential Election campaign is completely inconsistent with the facts.**

The construction of the Hambantota Port by CHEC was an important national task based on mutual agreement between Sri Lanka and China Governments, and was implemented under a transparent model.

CHEC has never been involved in the internal affairs of Sri Lanka. The Hambantota Port was built for the Sri Lankan Government and its people. We wish to jointly safeguard Sri Lanka's investor friendly environment. The relevant media report has distorted the facts and provided a false opinion.