

Sri Lanka's Multi-Billion Dollar Ocean-Air Expressway

SLiMDOE

Researched, formulated, invented, monetised and published by

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SLiMDOE

(Sri Lanka's Multi-Billion Dollar Ocean-Air Expressway)

(1) Background.

During the period of mid “two thousand tens” (around 2016/2017) there was confusion in the country with regard to; “what is the Government Debt of Sri Lanka?” as the Central Bank of Sri Lanka and the Ministry of Finance had reported differing values. This was unacceptable to the financial wellbeing of any country, and to Sri Lanka particularly as the economy has been **nose diving** despite the conclusion of the 30-year-old terrorist war in 2009.

Sri Lanka posted an 8% real GDP growth post war in 2010/2011. The economy then grew to 9% in 2012, and dropped to 5% by 2014. Thereafter the economy continued to slide: 4% by 2016/17, in 2018 fell to 3%, further falling to 2% growth after the Easter Sunday terrorist bomb in 2019. Sri Lankan economy had a **massive, and growing budget deficit each year** (2019 deficit 9% of GDP) culminating in a total debt of Rs. 13 trillion by end of 2019 **indebting each Sri Lankan Citizen to the extent of Rs 600,000** from Rs 200,000 in 2009. The external borrowing component had risen from US \$ 18 billion in 2009 to US \$ **56** billion by 2019 equivalent to 67% of GDP, pushing the external debt service requirement to an unbearable and **untenable** amount of US \$ 6 billion per year.

As an Independent Professional Accountant, Consultant and a Financial Adviser, I started delving into economy, to find a solution to the above-mentioned economic melodies, particularly the impact of high debt, dwindling foreign income, and the **increasing poverty** of the paddy farmers, fisherman, cinnamon peelers, rubber tappers, coconut climbers, tea pluckers, the daily wage earners. The human-elephant conflicts signified the erosion of forests and the limited land availability.

In analyzing our **strengths of the Sea** as a Country which is eight times bigger than our landmass, and our strategic location in the Center of the Indian Ocean my research identified a **hidden intrinsic asset** which I have further researched, formulated, invented, monetized and published as the Sri Lanka's Multi-Billion Dollar Ocean-Air Expressway, which I have abbreviated and named as **SLiMDOE.**

(2) Identification and Cataloguing of the intrinsic asset “SLiMDOE”.

SLiMDOE is an intrinsic asset wherein about **30% of the annual world trade** is carried by some 40,000 Ocean carriers passing through a **small passage (slim door)** in the sea, about 8 miles off Dondra Head, (close to Hambanthota port), on the southern tip of Sri Lanka. As marked in the old admiralty chart, the small passage comprises of **four maritime navigation lanes, two** to sail to the **East** and another two lanes to sail to the **West**, shown in annexure 1. This asset though unseen and untouchable in its full physical fixed form, comprises of a **dynamic physical process**, and have carried the world trade for the **past centuries**. **SLiMDOE is perpetual**, will **continue** to carry the world trade for **Centuries to come**. This is an Intangible Asset in the form of an **Intellectual Property (IP)** and has a **Multi-Billion Dollar Balance Sheet value** as detailed below.

(3) SLiMDOE is a Strategic Shortcut.

By using the SLiMDOE small passage cargo vessels sail in a near **straight line** rather than sailing in a circular route outside of the 200 nautical mile Exclusive Economic Zone (EEZ) of Sri Lanka, given in annexure 2. This **shortcut** enables a vessel **to reduce the distance** travelled by some **400 miles**, thereby saving about **one day of sailing time** per each voyage (some **45,000 Aircraft** also fly across this zone which saves about **one hour of flying time** on each crossing), enabling saving of bunker costs and daily operating costs of Ocean-Air Carriers.

(4) Monetization of SLiMDOE shortcut and its benefits to the global economies.

The “SLiMDOE shortcut” enables the Carriers and Beneficiaries of cargo carried, to enjoy a **reduced transportation cost of US \$ 8 billion per annum**, and a **reduced inventory holding cost** of about **US \$ 2 billion per annum** due to quicker delivery. The shortcut takes place about 8 miles off Dondra Head in the south of Sri Lanka, though at this point of crossing, the passage width available in the open sea is about 6762 miles (distance from Sri Lanka located just north of the equator to the South Pole – quarter of the perimeter of the Globe), and therefore I call this a “**scheduled passage of profit to the global economies at peril of the citizens of Sri Lanka**”. Some 85,000 Ocean-Air Carriers profit annually in this manner. World’s largest 300-meter-long vessels – Bulk Carriers of 350,000 metric tons (mt), Crude Oil Tankers of 300,000 mt, Container vessels carrying 25,000 TEU (boxes), and Aircrafts with 500 seats cross the SLiMDOE on 85,000 voyages per annum. These Ultra Large vessels cruising at a speed of +20 knots per hour burn about 200 mt of bunkers per day. The price of bunkers today is about US\$ 700 per mt. The charter hire at present of these large vessels could be about of US\$ 150,000 per day. The SLiMDOE shortcut enables the **carriers and the beneficiaries of world trade to enjoy a cost reduction of Multi-Billion Dollars**.

(5) SLiMDOE is an Expressway

The carriers of these 85,000 crossings do not stop in Sri Lanka, thus making the passage, an **Ocean-Air Expressway** connecting the massive Indian Ocean with the Pacific Ocean and Atlantic Ocean on either side, via the slim passage adjacent to Dondra Head, and allowing movement of cargo from East to West or West to East. The MAIN SHIPPING ROUTE is shown in annexure 3. Hence, I have named this as the **Sri Lanka's Multi-Billion Dollar Ocean-Air Expressway (SLiMDOE)**. The abbreviation SLiMDOE used herein denotes the Sri Lanka's **slim**, nonstop, Multi-billion Dollar Ocean-air Expressway, pronounced as the "slim door".

(6) SLiMDOE does not provide any revenue to citizens of Sri Lanka.

Sri Lanka does not get revenue from the 85,000 crossings mentioned above as the carriers do not stop in Sri Lanka.

(7) SLiMDOE Pollutes and damages economic resources of Sri Lanka.

The carriers whilst profiting in the manner described above, off load about 20 million tons of CO₂e equivalent in Green House Gases (GHG) emitted on Sri Lanka damaging our economic resources, estimated at about 12.5% of our Gross Domestic Product (GDP) annually. The estimated **loss** to Sri Lanka of about **US \$ 10 billion in 2020 terms**.

(8) Impact of SLiMDOE Pollution on the citizens of Sri Lanka.

The sheer level of pollution, noise, speed, disturbance, invasiveness, caused by the very high volume of cargo carried (**about 30% of world trade**) and the super high frequency of crossings at about **every six minutes** intervals have damaged our economic resources directly and indirectly. Direct impact on **Whales, Dolphins, Turtles, Migratory Birds, Beaches, Corrals, Ornamental fish, Mangroves and the depletion in fish and seafood** stock has been substantial. Indirect impact arises out of climate change caused by GHG/CO₂ pollution in the form in **droughts, floods, landslides, crop failure, forest fire, famine, human-elephant conflicts, and threatening our food security, supply of clean water, our rich bio diversity, and the many world heritage sites**. The very livelihood of our **fisherman, paddy farmers, tea puckers, rubber tappers, coconut climbers, cinnamon peelers and the daily wage** earners comprising of more than **half** of our population has been affected leading to increase in poverty ratios, and threatening sustainable development.

(9) Sri Lankan citizens need to be compensated for damage.

The citizens of Sri Lanka need to be **compensated for the damage caused to its economic resources**. A small country now devastated by Covid 19, cannot continue to absorb about 20 million tons of CO₂e from foreign carriers, in addition to about 22 million tons of CO₂e on GHG emitted by our 22 million population per annum. Citizens of Sri Lanka must be redressed quickly.

(10) SLiMDOE shortcut also reduces CO₂e emissions to the ‘world at large’.

The SLiMDOE short cut also **reduces the CO₂e emissions to the “world at large”** by the reduction of fuel burned by carriers by one day per voyage on about 85,000 voyages per annum. The reduction of emissions is estimated at about 20 million tons of CO₂e per annum. The off-set price for Carbon emissions now carries a value of about US \$ 100 per ton in the **voluntary international carbon market** for buying carbon credits.

(11) SLiMDOE has the potential of selling Carbon offset Credits to the world.

The citizens of Sri Lanka have the potential of selling 20 million tons CO₂e carbon offset credits in the voluntary international market and earning to the tune of US \$ 2 billion via the **“SLiMDOE Platform”**.

(12) The problem to the citizens of Sri Lanka

The above analyses clearly shows that SLiMDOE is a “one sided equation” where the **global economies have gained at the peril of the citizens of Sri Lanka**.

1. By taking the SLiMDOE shortcut the beneficiary global economies have gained some US \$ 10 billion per annum and the citizens of Sri Lanka has lost an equal amount of US \$ 10 billion (12% of GDP) by way of damages caused to its economic resources by absorbing 20 million tons of CO₂e.
2. The SLiMDOE has also enabled the world emissions of CO₂e to be reduced by 20 million tons annually by taking the shortcut instead of sailing/flying outside the 200-mile EEZ, without **providing any revenue to the citizens of Sri Lanka**.
3. Sri Lanka has suffered for decades accumulating a foreign debt of some US \$ 60 billion, largely caused by the item 1 and 2 above, resulting in an untenable annual debt service requirement of US \$ 6 billion, and a dwindling foreign reserve, have come down from US \$ 8 billion in 2019 to US \$ 1 billion by December 2021.

4. The **limited foreign exchange** has and is causing a shortage of essentials in food, medicine, fertilizer, inputs for manufacturing, services, and exports, domestic gas, fuel, electricity, affecting the **everyday life of the citizens of Sri Lanka**.

(13) **The broad solution to the problem**

The inventor has announced a broad solution to this problem, and publishing that, his SLiMDOE invention can be used to **obtain monetary benefits for the citizens of Sri Lanka to redress the damages caused, and solve the current economic problems of Sri Lanka** as follows:

1. Sri Lanka's foreign debt stands at US \$ 60 billion and the Government of Sri Lanka (GoSL) could seek a waiver on the annual debt repayments due at a rate of US \$ 6 billion annually using the SLiMDOE Platform.
2. Citizens of Sri Lanka could set up projects to **sell carbon credits** to the global corporates via the voluntary carbon market and earn foreign exchange, to offset the 20 million tons of CO₂e thrust on Sri Lanka, by the world annually using the **SLiMDOE Platform**. This has a potential market of US \$ 2 billion.

(14) **Inventive steps already taken by the Inventor.**

I as the inventor besides disclosure of my basic concept made on 1st October 2019, 10th June 2020, 31st July 2020, and 22nd March 2021 (detailed under paragraph 16 below), I have already elaborated the **concept** of the SLiMDOE Platform, the **problems**, and the broad **solutions** to the problem, in interviews, publications, and by direct communications and conversations as follows:

- a. Telecast interview on "NEWSLINE with Faraz" on 7th July 2021.
- b. ISBN 978-624-97686-1-1 "Sri Lanka's Multi-Billion Dollar Ocean Expressway and its impact on this Island Nation on 2nd September 2021.
- c. ISBN 978-624-97686-3-5 Sinhala translation of above document.
- d. As a Feature published in the Daily Financial Times newspaper in October 2021
- e. An extract as a letter published in the Lanka Monthly Digest financial magazine in December 2021.
- f. Shared the above ISBN publication by email and WhatsApp with many Professionals, Businessmen, Politicians, Government agencies and Entrepreneurs in Sri Lanka and overseas, and the Professional Associations, business and trade chambers in Sri Lanka and overseas.

- g. Shared and discussed the SLiMDOE Platform and its impact with the World Bank, and is continuing the conversation.
 - h. Shared the SLiMDOE Platform with the Chairman of COP26 (the world climate change summit).
 - i. The inventor has incorporated the impact of an waiver on foreign debt repayments in his ISBN978-624-97686-2-8 publication “My 2022 Budget & Rolling Five Year Plan to Turn Around the Ailing Economy of Sri Lanka on 12th November 2021, and shared this **Macro Fiscal Consolidation Plan** for Sri Lanka with the World Bank and many others listed in f, g and h above.
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(15) **The Final Solution**

Sri Lanka needs foreign exchange inflows into the country from the global economies benefiting from SLiMDOE shortcut, by a persuasive dialog and in return for the issuance of **SLiMDOE Credits** via the SLiMDOE Platform. The inventor is in the process formulating a special purpose vehicle to achieve this process.

(16) **Prior disclosures.**

The following disclosures were made by the inventor in developing and fine tuning the invention:

The **basic concept** SLiMDOE was **first reported by me** in my document “An Independent Professional’s view to TURNAROUND SRI LANKA” dated 1st October 2019, and thereafter the basic concept was reported in the Sunday Times newspaper in June 2020 under the “Urgent Plan to Mitigate Covid-19 Impact on Sri Lankan Economy-Concept Paper, and again in the “A Rolling (2021) Budget & Five-Year Plan to Turn Around the Post Covid 19 Economy of Sri Lanka” bearing ISBN 978-624-96562-0-8 on 31st July 2020. Again, the basic concept of SLiMDOE was highlighted in my publication “Sea: Sri Lanka’s Competitive Advantage” – ISBN 978-624-97686-0-4 on 22nd March 2021, and in my Telecast interview on “NEWSLINE with Faraz” on 7th July 2021.

The **detailed concept** of SLiMDOE was given in my ISBN 978-624-97686-1- 1 publication titled “Sri Lanka’s Multi-Billion Dollar Ocean Expressway.... and its impact on this little island nation dated 2nd September 2021, and published in the newspapers in October 2021. The Sinhala translation of the above-mentioned English ISBN publication has been published as ISBN 978-624-97686-3-5. An extract of SLiMDOE was published in the prestigious financial magazine Lanka Monthly Digest in December 2021.

(17) Annexures.

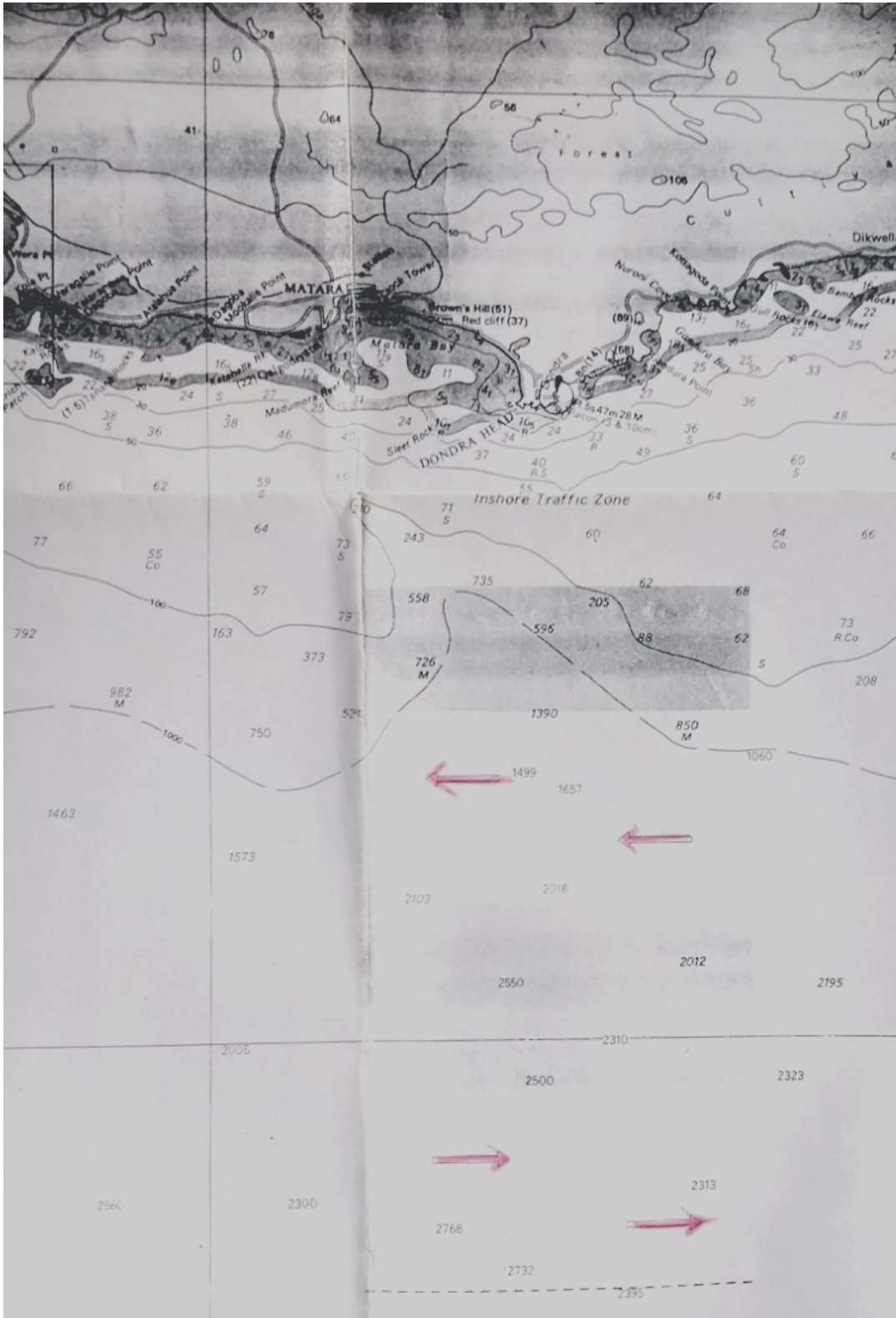
1. Old admiralty chart showing the four maritime navigation lanes, 8 miles off Dondra Head. (Annexure 1)
 2. Exclusive Economic Zone (EEZ) of Sri Lanka in the center of the Indian Ocean and the SLiMDOE shortcut (Annexure 2).
 3. The Great East-West shipping lane from Atlantic to Pacific Ocean (Main Shipping Route (Annexure 3)
 4. Photo taken from Mirissa beach at sunset facing the direction of the SLiMDOE located in the background (Annexure 4)
 5. The Inventor, Ranjith Wickremasinghe's contribution to the development of shipping and ports in Sri Lanka is given Annexure 5.
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Old admiralty chart showing the four maritime navigation lanes, 8 miles off Dondra Head. (Annexure 1)



Exclusive Economic Zone (EEZ) of Sri Lanka in the center of the Indian Ocean and the SLiMDOE shortcut (Annexure 2).



The Great East-West shipping lane from Atlantic to Pacific Ocean (Main Shipping Route (Annexure 3)



Photo taken from Mirissa beach at sunset facing the direction of the SLiMDOE located in the background (Annexure 4)



The Inventor, Ranjith Wickremasinghe's contribution to the development of shipping and ports in Sri Lanka is given Annexure 5.

Ranjith Wickramasinghe - Role in Development of Shipping & Ports in Sri Lanka,

Achievements as former Chairman SLPA & CSC, and concepts published to Turn Around the Post Covid19 Sri Lankan Economy

- **Pioneering staff** member of Ceylon Shipping Corporation (CSC) that was **Corporatized** in 1970, and functioned as the Deputy Finance Manager till 1977.
- CSC commenced with a seed capital of **US\$ 2 million** given by the Treasury.
- Assisted in the acquisition of **first** 15,000 DWT Vessel, ***MV Lanka Rani in 1971***, sourcing **finance internationally**, and building up the fleet to **eight fully paid** vessels, improving CSC net worth of US\$ 30 million by 1977.
- CSC as the “**National Carrier**” built up **Liner Services** to UK, Europe, Far East/Japan, and Middle East by 1977, and **containerized ahead** of Singapore.
- CSC built the “**Shipping Capability**” for Sri Lanka (SL), **trained sea-going** staff, provided low freight to **non-traditional exports**, **saved foreign exchange**, and sailed the “**five continents**”, providing a **100% return on capital** to Sri Lanka.
- CSC also set up the Colombo Dockyard Limited in the **seventies** which now is a **world class ship repairing/building facility** with **Onamichi Japan**.
- Functioned as a **Director**, Mackinon Mackenzie Shipping Company Limited in 1974, at the **age of 25 years**, left for overseas **expatriate employment** in 1978.

- Upon **invitation** after **16 years**, returned to SL **sacrificing** his monthly US\$ 10,000 remuneration package in 1994, as **Chairman**, and **restructured** the Ceylon Shipping Corporation. CSC won the Lloyds of London ‘**STAR PERFORMER**’ award for two consecutive years in 1995 & 1996 for Liner Services, given by Lloyds, and also assisted in the formulation of the “**SL National Shipping Policy**”
- Coordinated the **rescue** of “**MV Lanka Muditha**” aftermath of a **LTTE deadly suicide** attack in Trincomalee harbour and, bringing the crippled ship through the LTTE infiltrated sea to Colombo. This vessel was repaired and refitted to international standards within **three months**, and put back into operation in 1996.

- During his **Chairmanship** in Sri Lanka Ports Authority (SLPA), the Port of Colombo became recognized as the “**Fastest Growing Hub Port in the World**” at a **growth rate of 25%** per annum for 1997, handling **1.7 million TEUs**.

- In January 1998, SLPA handled 156,819 TEU, upping the **annualized rate to 2 million TEU**, by raising Jaya Container Terminal productivity, and adding JCT 4th Berth built with **Japanese Government assistance**, and the Unity Container Terminal & Fuel discharge facility at breakwater and deepening the channel, etc. (JCT 1/2/3/4 now handles 2.2 million TEUs annually, significantly above the rated capacity). Also enhanced Colombo & Galle port capacity, improved productivity & efficiency and reduced operating costs and overheads significantly of SLPA.

- Under his Chairmanship in 1997, SLPA earned a **profit of Rs. 3 billion** (US\$60 Million) – the **highest profit** earned by a **Public Listed Company** or Public Enterprise in Sri Lanka during that year, and the Port of Colombo was elevated to the **20th position** in the world ranking.
- SLPA **net profit ratio** that stood at **33% in 1997&1998** had **reduced to 12%** during **2014-2019**, and **return on assets** has **reduced from 6% to 1%** for the respective periods, the **world rating** has come down to the **24th position**. During the two years 1997&1998, **Rs 5 billion was paid as Levy's & Dividends** to the **Government** while only **Rs 1 billion** had been during the **six years to 2019**.
- Led SLPA in the **Negotiations** of the **Build Operate and Transfer (BOT)** project for the expansion of the Queen Elizabeth Quay in Colombo, investing **US\$ 240 million**, and enhanced the **initial offer** of US dollars **two million** as **ground rent** offered by P&O consortium/the South Asia Gateway Terminal Limited (SAGT), to **Over US Dollars Twenty million** revenue for SLPA per year, by introducing a **throughput Royalty** for each TEU linked to the consumer price index (CPI), ensuring **monopoly of LCL revenues** and **navigation revenues to SLPA**, for a **reduced** thirty five year concession period, and obtained a **gratis** shareholding of 7.5%, and convinced the Port workers and Engineers of the need to broad base, after conducting 50 meetings, all of whom were initially **violently opposed to it**.
- Introduced the “**Landlord**” concept, with SLPA **retaining the port state control** as the **Regulator**, and with **earnings to SLPA estimated at US \$ 600 million** including **dividends** during the concession period of 35 years, and the **return** of SAGT terminal to SLPA in 2029 for **One Dollar** for the fixed quay and at a valuation for mobile equipment. **Landlord concept** is used in **Global** hub-ports.
- South Asia Gateway Terminal Limited” became the first **successful large** Public Private Partnership (PPP) in Sri Lanka which, over the 21 years of operation now, has increased the Sri Lankan shareholding to 60% from 30%, with almost 100% SL staff. SAGT recently celebrated 21 years of maritime excellence in the Port of Colombo having achieved 2 million TEUs, almost doubling the designed capacity.
- During his tenure as Chairman, SLPA also took a **strategic decision** to expand the Port of Colombo *Southwards* (rather than northwards to the congested Mutuwal side of Prince Vijaya Quay of the old harbour), thereby changing the SLPA Master Plan in 1997, and initiating the development of the “New South Port of Colombo” with a capacity of 7 million TEUs, comprising of three terminals at an investment of US \$ 1500 Million, now called the “South Harbour”. (SH).
- **ADB in 1997** considering the 25% growth achieved, **agreed** in principle to provide **US\$ 300 million** to **finance the South Harbour break water**, and however wanted SLPA to arrange **30% counterpart** funds.
- Though SLPA earned a **profit of Rs 3 billion** in 1997 much of the profit was given to the Consolidated Fund as **taxes/dividends**. During his Chairmanship in 1997, SLPA converted its **tariff** to **US Dollars** enabling **higher revenues** to SLPA to fund SH breakwater.
- During his Chairmanship SLPA also **conceptualized the reclamation of land** around the **beach head that would be created outside the new SH breakwater**, near light house as a means of **providing counterpart funds** for financing the breakwater of the SH with ADB in 1997. Reclamation plan herein was limited to 20 acres of land. That, **strategic shift** of future “port development to the South”, in the SLPA Master Plan in 1997 enabled the **development of the present Colombo Port City Project in the same location**, now partially complete investing **US\$ 14 Billion** making Colombo the **World Financial Hub**.

- The South Harbour Concept comprising of a new breakwater with an 18 meter Deep draft basin consisting of three terminals with nine berths was implemented after **a ten year DELAY in 2010**, as the “Colombo Port Expansion Project” where its first, **south terminal** is now operational, **leased** to Colombo International Container Terminal Limited (CICT) on as a PPP/BOT Joint venture **similar to SAGT model** , between SLPA and China Merchants Port Holdings Company, a listed blue chip company in Hong Kong Stock Exchange. **CICT**, in a short time has now surpassed the designed capacity of 2.4 million **TEUs to over 3 million**.
- The **west terminal** is now being developed as PPP/BOT similar to SAGT model with Adani and John Keels. SLPA **east terminal** development is behind schedule.

PLANS TO TURN AROUND our SRI LANKAN ECONOMY

I have also emphasized that SLPA **must** be urgently **restructured** to improve profitability provide a return of 5% on the investment, (now running at 1%), and pay dividends to the GoSL and contribute to reducing the current annual budget deficit running at over Rs 1.5 trillion.

I have published plans needed to expand the Colombo port capacity to 40 million TEU (from 7 million), by 2029, and there by earning US\$ 4 billion annually for Sri Lanka on ISBN 978-624-97686-0-8 of 31st July 2021. In this publication I have also highlighted how to enhance our foreign exchange earnings by a further US \$ 11 billion per annum using the Sea of Sri Lanka.

I also have published the need for a global initiative to obtain a waiver on SL Debt Repayments against the damage caused to our economic resources by carriers using the SL Multi-Billion Ocean Expressway, in order to resolve our current foreign exchange reserve crisis. In this ISBN 978-624-07686-1-1 of 2nd September 2021 a concept has been formulated to obtain a waiver on our annual foreign debt repayment of US \$ 6 billion, and totaling to US \$ 60 billion.

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