

SRI LANKA CABINET CLEARS OIL TANK DEAL

Relevant for: International Relations | Topic: India - Sri Lanka

The oil tank farm at Trincomalee in Sri Lanka. File photo

Sri Lanka's Cabinet has given its nod for a new deal announced by the Energy Minister last week to jointly develop the Trincomalee oil tank farm with India.

According to a press statement issued by the Department on Government Information on decisions taken at the first Cabinet meeting of the year held on Monday, India and Sri Lanka "have reached an agreement to implement a joint development project" through diplomatic talks.

"Accordingly, the Cabinet of Ministers approved a proposal presented by Minister of Power to allocate 24 oil tanks for the business activities of the Ceylon Petroleum Corporation, to allocate 14 tanks of the Lower Oil Tank Complex already in use by Lanka IOC [Indian Oil Corporation] for the company's business activities and to implement a development project by a company named Trinco Petroleum Terminal Pvt. Ltd. of the remaining 61 tanks, 51% to be owned by Ceylon Petroleum Corporation and 49% by Lanka IOC," the statement said, reaffirming Minister Udaya Gammanpila's announcement last week.

The statement did not mention the 50-year lease for the 14 tanks run by Lanka IOC that the Minister earlier spoke of. According to local media reports, the agreement on the project is expected to be signed soon.

Natural harbour

The signing of the agreement will mark a milestone for New Delhi in a long-stalled, controversial project in Sri Lanka's eastern Trincomalee district, which has an enviable natural harbour.

While Indian involvement in a strategic national asset is viewed with suspicion by Sri Lanka's Sinhala nationalist forces, New Delhi has been keen on partnering Sri Lanka in developing storage tanks of the Second World War era, since it was first discussed around the time of the India-Sri Lanka Accord of 1987.

Prime Minister Narendra Modi, during his visit to the island nation in 2015, spoke of developing Trincomalee as a "regional hub".

The Cabinet also cleared two other proposals with Indian involvement.

Ashok Leyland has won the bid for providing 500 new buses to Sri Lanka, while the Sri Lanka Police force will procure 750 jeeps from Mahindra and Mahindra, according to the official release.

[Our code of editorial values](#)

END