

SRI LANKA'S CHINA-BACKED TAX HAVEN CLEARS FINAL HURDLE

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Go ahead: The Port City is the largest single foreign investment in Sri Lanka .AFP

A Chinese-funded tax-free enclave billed as Sri Lanka's answer to Dubai and Singapore cleared the final legal hurdle on Tuesday as the Supreme Court in Colombo ruled it could go ahead with only minor tweaks.

The largest single foreign investment in Sri Lanka is one of several massive Asian infrastructure projects funded by China as Beijing increases its regional footprint.

Sri Lanka's top court rejected 19 petitions challenging the "Colombo Port City Economic Commission" Bill and approved the \$1.4-billion project subject to minor amendments which the government immediately said it accepted. Project officials have said they hope the brand new "Port City", an area of reclaimed land, will attract billions of dollars for trade, banking and offshore services similar to what is available in Dubai and Singapore, two of its potential competitors.

Named the "Colombo Port City" because of its proximity to Colombo's main harbour, the sea reclamation — carried out with considerable Chinese labour — completed in 2019 has doubled the size of Colombo's financial district by adding 269 hectares.

Under the proposed legislation expected to be passed by Parliament, the Port City will be administered by a commission with unprecedented powers to fast track investment approvals. If transactions within the Port City will be denominated in foreign currency and all salaries earned by any worker will be tax-exempt.

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