



CHRISTCHURCH, New Zealand: In this photograph taken on June 16, 2013, visitors stand next to a high altitude WiFi internet hub, a Google Project Loon balloon, on display at the Airforce Museum in New Zealand's city of Christchurch. —AFP

CHINA SILK ROAD PROJECT IN SRI LANKA DELAYED

BEIJING SAYS PORT DEAL RELIES ON PROGRESS ON SEPARATE PROJECT

COLOMBO: China will delay a planned \$1.1 billion investment in a port on its modern-day "Silk Road" until Sri Lanka clears legal and political obstacles to a related project, sources familiar with the talks said, piling more pressure on the island nation. Heavily indebted Sri Lanka needs the money, but payment for China's interests in Hambantota port could be held up by several weeks or months, the sources added.

After signing an agreement last December, state-run China Merchants Port Holdings had been expected to buy an 80 percent stake in the southern port before an initial target date of Jan. 7.

Beijing also has a separate understanding with Colombo to develop a 15,000-acre industrial zone in the same area, a deal that Sri Lanka was hoping to finalize later. But Colombo's plans to sell the stake and acquire land for the industrial zone have run into stiff domestic opposition, backed by trade unions and former President Mahinda Rajapaksa.

A legislator close to Rajapaksa is also challenging the government's plans in court. Now Beijing has linked the signing of the port deal with an agreement to develop the industrial zone, saying it would hold off on both until Colombo resolved domestic issues, officials on both sides of the talks said.

"China has said that when they start the port, they want the land also," Sri Lankan Finance Minister Ravi Karunanayake said, although he added that China had not made it a precondition.

Yi Xianliang, Chinese ambassador to Sri Lanka, said the two deals were related. "If we just have the port and no industrial zone, what is the use of the

port? So you must have the port and you must have the industrial zone," he said. A source familiar with China's thinking said it may wait until May, when Sri Lankan Prime Minister Ranil Wickremesinghe visits Beijing, to sign both deals.

Chinese Foreign Ministry spokesman Geng Shuang said the Hambantota project was important for both countries. "As far as we understand, at present the project is still progressing steadily," he told reporters in Beijing.

The previously unreported setback for Sri Lanka suggests Beijing is digging in its heels as it negotiates its global "One Belt, One Road" initiative to open up new land and sea routes for Chinese goods.

Speed bumps, mounting debts

President Maithripala Sirisena is struggling to contain popular opposition to land acquisition for the huge Chinese industrial zone, including from Rajapaksa, who remains an influential opposition legislator.

The deal for the port development and industrial zone has also been challenged in court, which means it is stuck at least until the next hearing on March 3.

Asked whether the agreement would be delayed until the court had ruled, Yi, the Chinese ambassador, said: "Oh yes. We will follow the rule of law. We have the patience to wait." Rajapaksa's role, the court case and violent protests by people afraid they could be evicted from their land underlined how Beijing does not always get its own way even in countries that badly need investment.

Sri Lanka wants Chinese money to

help alleviate its debt burden; the government had expected to have the proceeds from the stake sale within six months of signing the agreement before Jan. 7.

Sri Lanka has been under pressure from the International Monetary Fund to cut its deficit, shore up foreign exchange reserves and increase tax revenues as part of a \$1.5 billion loan agreement struck in 2016. At least part of the money from the port deal would have gone toward paying down some of the more expensive loans on the government's books, some of which are from China, a senior Sri Lankan government official said.

Hambantota port and a nearby airport were built from 2008 by the Rajapaksa government with the help of \$1.7 billion in Chinese loans. When Sirisena unseated Rajapaksa in an upset victory in 2015, he froze all Chinese investments, alleging unfair dealings by his predecessor.

Sirisena eventually negotiated a new deal with the Chinese government that involved the stake sale and further plans for the Chinese to develop an industrial zone.

The Chinese government expects to invest about \$5 billion to develop the area within 3-5 years. Sirisena also agreed to give land to the Chinese on a 99-year lease. The terms did not go down well with port trade unions, which have asked the government to reduce the Chinese stake to 65 percent and lease period to 50 years. Hundreds of protesters clashed with police in January when a demonstration against the planned industrial zone turned violent. —Reuters

GOOGLE INTERNET BALLOON PLAN SNAGGED IN SRI LANKA

COLOMBO: Google's venture to beam the internet to remote areas of the world via balloon has hit a legal snag in Sri Lanka that could see the project abandoned on the island, a minister said yesterday.

"Project Loon" uses roaming balloons to beam internet coverage and planned to connect Sri Lanka's 21 million people to the web, even those in remote connectivity black spots. But just a year after testing began in Sri Lanka regulators have been unable to allocate Google a radio frequency for the airborne venture without breaching international regulations. Communications minister Harin Fernando said the Geneva-based International Telecommunications Union (ITU) was opposed to Google using the same frequency as Sri Lanka's public broadcasters to provide its internet.

"It boils down to a legal issue," Fernando told reporters in Colombo.

"The government as well as Google are lobbying the ITU, but if we fail there's a risk Google will go to another country that is not bound by these rules." Google's giant helium-filled balloons act as floating mobile base stations, beaming high-speed internet to areas beyond the reach of ground-based telecommunication towers. The first of three balloons—which roam the stratosphere at twice the altitude of commercial aircraft—entered Sri Lankan air space a year ago after being going airborne in South America.

The government and Google planned a joint venture where Colombo would receive a 25 percent stake, without any capital investment, for sharing its cellular spectrum with the project.

One of the balloons was found in a Sri Lankan tea plantation after its maiden test flight last year, although authorities described it as a controlled landing. About one-third of Sri Lankans have regular access to the internet, a figure expected to swell through the Loon project.

Sri Lanka was the first country in South Asia to introduce mobile phones in 1989, and also the regional frontrunner when it unveiled a 4G network three years ago. —AP

PAKISTAN RAIDS HIDEOUT OF MILITANTS; SIX DEAD

LAHORE: Pakistani counter-terrorism police raided a militant hideout and killed six suspected members of a Taliban faction that has launched a new campaign of violence against the government, police said yesterday.

Since Monday, several bomb attacks across the country have shattered a period of improving security, underscoring how militant groups still pose a threat in the nuclear-armed country of 180 million people. The Counter Terrorism Department in Punjab province said its officers surrounded a hideout of the Pakistani Taliban's Jamaat-ur-Ahrar faction in the city of Multan late on Wednesday and ordered the suspects inside to surrender.

"But the terrorists started firing at the raiding party and threw explosives," a spokesman for the department, who the unit does not identify for security reasons, said in a statement.

Six militants were killed while three or four escaped under cover of darkness, the department added. Two hand grenades, two automatic rifles and two pistols were recovered. Police acted after getting information that the militants were planning to launch attacks on "vital installations" and the government in the area. The militant faction claimed responsibility for a suicide bomb attack near the Punjab provincial assembly in the city of Lahore on Monday that killed 13 people and wounded more than 80. The Jamaat-ur-Ahrar said the attack was the beginning of a new campaign of violence against the government, security forces, the judiciary and secular political parties.

Since then, militants have killed two bomb-disposal officers in the western city of Quetta and a suicide bomber blew himself up outside a government office near the northwestern city of Peshawar on Wednesday, killing five people.

Also on Wednesday, a suicide bomber on a motor bike attacked a group of judges in a van in Peshawar, killing their driver. The attacks have underlined the threat militants pose to the government of Prime Minister Nawaz Sharif despite an army offensive launched in 2014 to push them out of their strongholds near the Afghan border. —Reuters