

Sri Lanka Ties Expanding

Compiled by Ghanbar Naderi

President Mahmoud Ahmadinejad shakes hands with his Sri Lankan counterpart Mahinda Rajapaksa in Tehran in November 2007. (file photo)



Iran and Sri Lanka are expanding bilateral ties in a range of fields amid US pressures and threats.

In line with the new political/economic developments, President Mahmoud Ahmadinejad is to visit Sri Lanka for two days from April 28 in response to an invitation from President Mahinda Rajapaksa who visited Iran last November.

His itinerary will include the inauguration of the construction of the Iranian-funded (\$450 million) Uma Oya hydro-electricity project at Wellaway in the Monaragala district. On completion, the plant is expected to produce 100 megawatts of electricity.

The visit is also expected to result in the finalization of an agreement on Iranian financial and technical assistance to enable the Sapugaskanda oil refinery to refine Iran's light crude. Iranian investment in the project is expected to be one billion dollars.

Sri Lankan media reported that Iran will increase investment in an oil refinery expansion project by up to one billion dollars, Petroleum and Petroleum Resources Development Minister A.H.M. Fowzie said.

According to IRNA, Fowzie said, "Iran's President Mahmoud Ahmadinejad has allocated this amount which would cover 70 percent of the investment for the refinery's expansion, in the form of a 10-year loan, with a five year grace period on the payment of installments."

He added, "Iran had earlier provided the oil we need free of interest for four months."

According to the report, Iran is the largest supplier of crude oil to Sri Lanka.

Managing Director of Ceylon Petroleum Corporation (CPC) Ashantha De Mel has said that the pilot study on increasing production of Sri Lanka's only

refinery from 50,000 to 100,000 barrels per day has been completed by Iranian engineers.

He added, "Iran would undertake a major part of the investment for expanding this oil refinery by providing 70 percent of the costs while the CPC would cover the rest."

Fowzie said that the project would yield noticeable profits for investors.

De Mel, who visited Iran in early April 2008, expects the project's executive phase to begin within the next three to four months.

Iran has also agreed to provide low-interest credit to Sri Lanka to enable it to purchase equipment from Pakistan and China.

Sri Lankan Irrigation and Water Management Minister Chamal Rajapaksa said the Uma Oya multi-purpose project will add 100 megawatts of electricity to the national grid and irrigate 8,000 acres of paddy.

He said a dam will be built at Wellimada, Puhulpola across the Uma Oya while water will be brought to Kirindi Oya in Wellaway through a 22 km long tunnel, to cultivate 5,000 acres of paddy field in Wellassa Handapanagala together with 3,000 acres of paddy lands in Kuda Oya.

The Uma Oya Project will supply water to the proposed Hambantota harbor, the airport at Weerawila and also the new industrial town at Hambantota, in addition to being used in the development of the area, the minister said.

He said compensation will be paid at the present value to those who lose their land and homes while plans have also been made to provide them alternate housing.

Nearly 20,000 acres in the Welimada area will be developed due to the Uma Oya Project which is to be completed by Iran in four years.

News in Brief

Iran, PGCC Mull Free Trade

The Persian Gulf Cooperation Council (PGCC) is expected to begin talks with Tehran soon to set up a joint free trade market.

"Negotiations are aimed at enhancing trade ties and creating investment opportunities with countries such as Iran and Korea," PGCC Secretary General Abdurrahman bin Hamad Al-Atiyyah was quoted as saying by the Saudi Press Agency (SPA).

He said that the council also plans to develop trade ties with Japan, China, Turkey, Australia, New Zealand, India and Pakistan.

The proposal for free trade market was made last year by Iran's Foreign Minister Manouchehr Mottaki in a message to PGCC secretary general.

In his message, Mottaki called for strengthening ties with the council.

Tehran's request was raised at the 104th PGCC foreign ministers' meeting in September 2007.

The PGCC groups six Arab states of Saudi Arabia, Kuwait, The United Arab Emirates (UAE), Bahrain, Qatar and Oman.

Indian Co. Keen On Power Project

Against the backdrop of demands for stiffer UN sanctions against Iran and Indian rebuff to US interference in Indo-Iranian relations, public sector National Aluminum Company Ltd. (Nalco) has lined up a \$1 billion investment to put up smelters and a power plant in Iran.

According to Fars news agency, the new Nalco overseas project, to be implemented in joint venture with Kerman Development Organization, entails a 155,000-ton smelter in the first phase and another identical capacity smelter in the second phase, along with a 750MW gas based power plant.

Officials in Nalco said that the Indian aluminum major would have majority stake in the project along with management control.

Nalco has called bids to hire an engineering consultant for the project. Companies have until May 20 to submit their intent to participate in the venture, the company said.

Nalco's overseas investments are part of its strategic plan to convert its surplus alumina production into metal in geographies with lower energy costs. It has signed a deal with the Indonesian government to invest \$3.4 billion in setting up a 500,000-ton smelter in two phases and a 1,250 MW power plant. Investments in South Africa are also currently under consideration.

Second Announcement

TWO PHASES INTERNATIONAL COMMON TENDER

(Invitation for pre-qualification)

National Iranian Copper Industries Company intends to invite bidders in order to select an EPC (engineering, procurement and construction) Contractor or Joint EPC Contractors as well experienced and qualified manufacturers (technical, financial and useful experiences) through general invitation call and tendering for the purpose of replacing the existing minimum oil & SF6 circuit breakers with vacuum circuit breakers and decreasing short circuit currents in busbars at substations in Sarcheshmeh Copper Complex, near Rafsanjan, Kerman Province, Islamic Republic of Iran. (Project E8)

1. SUMMARY OF SCOPE OF WORKS

- 1.1 Reduce level of short circuit current (KA) at switchgears' busbar by installing of 6 Isolimiters at 6.9KV, 20KV and 4 reactors in series.
- 1.2 Constructing, installing and commissioning of 24KV GIS SWGR. With 25 cells.
- 1.3 Replacing (Retrofit) 14 unit of existing minimum oil circuit breakers with new VCB type at 36KV.
- 1.4 Replacing (Retrofit) 45 unit of existing minimum oil circuit breakers with new VCB type at 12 KV.
- 1.5 Replacing (Retrofit) 2 unit of existing disconnector load break switches with power boxes in main switchgear at 36KV.

Deputy Strategic Planning and Control for EPC Iranian contractor and Iranian switchgear producer valid for electrical and industrial project.

3. THE PROJECT LOCATION

Sarcheshmeh Copper Complex, 50 km and 100 km away from Rafsanjan, Kerman Province, Iran.

4. TIME PERIOD FOR COMPLETION OF WORK: 20 months

Applicants are requested, to submit at the latest 10 days from the last notice (the second notice) their restrictive submittals for participating in the tender together with the receipt of payment of 1,000,000 Rials to the account of National Iranian Copper Industries Company, No. 47228984 With Tejarat Bank, Park Saiee, Branch Code 358, to the department of legal and contract affairs, of National Iranian Copper Industries Company, located at No. 1091, Near Park Saiee, Valiasr Ave., Tehran, Iran and receive the preevaluation forms. Completed forms shall be submitted, together with the relevant documents to the above address during the period fixed above.

NOTE:

1. The submittals and payments which are received after 10 days from the second notice will not be entertained, furthermore the paid sums are non-rebuild able.
2. The qualified applicants will be invited for participating in the two-phase tender.
3. Presenting offer would not bear any right for the applicants.
4. Moshanir Engineering Consultants, located at No. 37, Opposite of Home Hotel, Shahid Khoddami Street, Vanak Square, Tehran, Iran, distribution department will be the project consultant.
5. In the event of any question, the applicants may call telephone No. 03912883403-8.

Website: www.nicico.com

Public Relations Department National Iranian Copper Industries Company