



## **Lotus Tower: Iconic Building Mired in Controversy**

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### **Summary**

*On 16 September 2019, Lotus Tower, currently the tallest self-supported structure in South Asia, was declared open in Colombo. An event which would otherwise have been a milestone was mired in corruption controversies following a shocking speech given by Maithripala Sirisena, President of Sri Lanka.*

### **Lotus Tower**

Lotus Tower, a 350m tall multipurpose iconic telecommunication tower of the Telecommunication Regulatory Commission of Sri Lanka (TRCSL), has been constructed to facilitate the future telecommunication demand of the country: 50 TV channels, 20 telecommunication providers and 35 radio stations. Apart from bringing innumerable located telecommunication transmitting into one single space, it aims to add an iconic symbol to the Colombo skyline, and facilitate tourism and recreation.

Of the total of US\$104.3 million (S\$ 144.5 million), 80 per cent was funded by a loan from the Exim Bank of China with the TRCSL infusing US\$21.9 million (S\$30.35 million) into the project. The construction was commissioned to the China National Electronics Import and Export Corporation (CEIEC) and the Aerospace Long-March International Trading Corporation Limited (ALIT) through a tri-party agreement [signed](#) in January 2012.

The project, commenced during former President Mahinda Rajapaksa, was scheduled to be completed by 2015. As completion got delayed for four years, the opening of the tower became a much awaited moment for the entire country. However, this historic moment was overshadowed by allegations of corruption, which had supposedly taken place at the beginning of the construction.

### **President's Allegations**

Speaking at the opening ceremony, President Sirisena alleged that one of the contractors, namely ALIT, had taken an advanced payment of LKR2 billion [S\$1.5 million] from TRCSL and disappeared. This allegation was made in the presence of the Chinese envoy to Sri Lanka, Cheng Xueyuan, hinting that ALIT and the Rajapaksa regime had committed the fraud together. Sirisena validated his accusation by saying that Dr Karunasena Kodithuwakku, the current Sri Lankan Ambassador to China, tried to track down the company at the given address, yet no such company existed at the location.

Just moments after his speech, officers and politicians from the previous government commenced responded to these allegations. Former Mass Media Ministry Secretary Dr Charith Herath [mentioned](#) on Twitter that the President's statement has many 'untruthful' facts and later posted a copy of the [voucher](#) of the advanced payment made to China National Electronics, the parent company of CEIEC. Refuting the allegations, former Director-General of the TRCSL [denied](#) making any payment to ALIT and confirmed paying a mobilization advance to CEIEC. On 21 September 2019, former President Mahinda Rajapaksa issued an [official statement](#) vehemently refuting the allegations made by his successor. He called President Sirisena's claim a "horrendous insult to China" as the two main companies involved are Chinese state-owned conglomerates. ALIT took steps to clarify the controversies issuing a [statement](#) on 20 September 2019. Confirming its partnership with TRC and CEICE on the Lotus Tower project, it acknowledged that the CEICE was entrusted to 'act solely on its behalf'.

The TRCSL, which is right in the middle of this entire fiasco, [has not made any statement](#) yet. Worsening the embarrassment, Dr Kodituwakku, [stated](#) that the ALIT had relocated.

The entire fiasco is yet another incident in which China and its projects have become the centre of the internal political struggle in Sri Lanka.

## **Controversies**

In 2015, after Sirisena-Wickremesinghe came into power, Shipping and Aviation Minister Arjuna Ranatunga [claimed](#) that the land on which the Lotus Tower was built is owned by the Sri Lanka Ports Authority (SLPA) and it has not been properly acquired by the TRCSL.

That same year, some Indian analysts raised concern that the tower is an [electronic surveillance facility](#) of Beijing which would cover "the gut of the Indian Ocean on the one side, and India on the other". They supported their concern from the fact that these two companies are involved in military and quasi-military business. Even though the Chinese contractors [explained](#) that the fears were unfounded as the proprietor of the project is TRCSL, Indian scholars' claims that Sri Lanka's lack of technological capability to locate such surveillance assets if China planted them, mooted the Chinese explanation.

Further, a report by the Auditor's General Department of Sri Lanka [issued](#) in April 2019 reflected the delays in completing the project as well as discrepancies and irregularities, which have resulted in the inability of the TRCSL obtaining the full loan amount from the Exim Bank of China.

## **Politicization of Infrastructure**

Sri Lanka's Election Commission declared its Presidential election to be held on 16 November 2019, and the Mahinda Rajapaksa-led Sri Lankan Podujana Party (SLPP) has announced his brother Gotabaya Rajapaksa as its Presidential candidate.

The politicization of infrastructure has become a common phenomenon in Sri Lanka during the periods leading up to elections. Election campaigns during the past few years in the country saw the ruling party boasting the building of key infrastructure as a development indicator,

while the opposition accusing them of corruption and embezzling of money through such projects. Interestingly, in the 2014 election campaign, the UNP coalition used China-funded projects as an indicator to discredit Rajapaksa. Hence, President Sirisena's allegations made at the opening ceremony of the Lotus Tower looked like a replay of the election campaign of 2014.

Statements by former officials, the current Ambassador to China, the ALIT and the silence of the TRCSL indicate that the President has made a damaging allegation without paying attention to the validity of facts. Instead it also looks as if he was trying to gain some political mileage by raising the previous corruption allegations against the Rajapaksas closer to the election.

For weeks, Sirisena's SLFP and Rajapaksa's SLPP have been holding discussions over a possible alliance for the upcoming election, but have not succeeded. Against this backdrop, the President's statement, which drew immediate attention could be a stunt by Sirisena to remind the Rajapaksas that he still has the ability to mire their reputation and ruin their dream of coming back into power.

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