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**FORMULATING A NATIONAL
SHIPPING POLICY-
CHALLENGE TO AN EMERGING NATION**

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DOCTOR OF PHYLOSOPHY**

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JULY 1999

ABSTRACT

Sri Lanka, an Island nation is hallowed by its contribution to the East-West trade from Roman times as a source of exotic spices, unique gems and pearls, a trade emporia and a wayport for filling bottoms of vessels engaged in international services. Ancient explorers euphorically called her the 'second world' - (antichthones)

Sri Lanka's strategic location enables her to re-invigorate and consolidate the positive advantages in a continuum. Mahatitha (Mantota) was an entrepot in the first millennia, whilst Colombo Port has replicated the tradition as a transshipment hub in global container trade at the threshold of the third millennium. Spice trade of yore held its pristine position until the British phase of Lanka's history when it was substituted by plantation exports also initiated by the British still supplying the base cargo for calling vessels despite the rapid rise of industrial exports. Ironically the British discouraged local shipping both under mercantilist and laissez faire doctrines and the traditional naval skills of the people steadily declined. Lanka attempted to revive national shipping through severe cargo protectionism without success. The message emanating from the thesis is the need to re-activate national shipping being an important link in enhancing the locational advantages. This theory is buttressed by a coherent account of country's history.

Colombo Port however in sustaining the demand for country's locational advantage hitherto has effectively interfaced country's captive trade and global container transshipment activities through timely modernization but national merchant shipping has not been an effective participant in the development process. Ports and shipping have a proven record of pulling the economies to greater heights. A serious effort is now made to optimize the use of all ports as in the past as a platform to develop Lanka as a Shipping Centre (National Shipping Policy Document 1997) in recognizing the role played by the Colombo Port. The thesis in providing a theoretical background in support has brought to the forefront the modern concept of value addition at ports through logistics and 'supply chain activities' which are expected to galvanize the development of trade and national merchant shipping.