



China-Sri Lanka Ties Post-Rajapaksa: Major Changes Unlikely

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Mahinda Rajapaksa's loss in the Sri Lankan presidential elections in January 2015, raises a number of questions in the context of China's role and influence in the country. How relevant now are the statements on China that the winner, Maithripala Sirisena, and his supporters made during the election campaign? And what are the implications for Beijing and New Delhi?

Indian Discomfiture

New Delhi's primary difficulty with Mahinda Rajapaksa was his unwillingness to take on board India's concerns on the political reconciliation process with the Tamil minority following his 2009 victory over the Liberation Tigers of Tamil Eelam (LTTE). He then sought to offset Indian pressure by building closer ties with China. Chinese naval vessels began appearing frequently in Sri Lankan ports and the real

rub came, as far as India was concerned when two PLA Navy submarines visited the island nation in September and November last year (*China Daily* 2014). This was of a piece with Rajapaksa's support for Chinese president Xi Jinping's Maritime Silk Road idea, a support that was rather enthusiastic to the great discomfiture of New Delhi.

While domestic politics during the UPA regime complicated India-Sri Lanka ties (Mohan 2015b), the new NDA government seemed to have greater flexibility in its foreign policymaking owing to the BJP's single-party majority in the Lok Sabha. Rajapaksa's invitation to Prime Minister Narendra Modi's swearing-in and reports of his taking help from the BJP's social media team for his election campaign (Haidar 2015) notwithstanding, it was unlikely that the Sri Lankan strongman would have obliged as far as the Tamil question was concerned. As for relations with China,

again despite the NSA, Ajit Doval's complaints to Colombo over the visits of the Chinese submarines (Haidar 2015), there really appeared little that New Delhi could do in terms of dissuading Rajapaksa.

On the Eve of the Election

Maithripala Sirisena, the new President of Sri Lanka has come to power on the back of, among other things, strong criticism of Rajapaksa's dealings with China. Issues of corruption and lack of transparency swirled constantly around these dealings (*The Sunday Times* 2014; Fernando 2014; Sundarji 2015; Barry 2015; Pearson 2015). Rajapaksa's own Minister of Power and Energy, Patali Champika Ranawaka, who later resigned, had written to him complaining about the poor standards and quality of the Chinese funded Lak Wijaya Coal Power (Nathaniel 2015). Similarly, the contract for the Sapugaskanda Oil Refinery Expansion and Modernization (SOREM) Project, Sri Lanka's largest ever, was given to a Chinese company that did not possess the necessary experience of petroleum refinery engineering or designing and despite the more experienced Chinese company the Sinopec Engineering Group being in the running (Kannangara 2014).

The Colombo Port City is still a rather attractive idea

Chinese investments in Sri Lanka are worth some US\$4 billion (*China Daily* 2014a). The 'Colombo Port City' project, designed with malls, hotels and marinas, that seeks to rival Singapore and Dubai, received some US\$1.4 billion dollars from China was a major showpiece of the Rajapaksa regime (*Xinhua* 2014a).

The increase in the number of Chinese construction workers in Sri Lanka has reportedly led to a surge of interest in studying Mandarin among locals (Barry 2015). The demand to study Sinhala language in China is also reportedly increasing rapidly with interest in sending Chinese students to Sri Lanka and receiving Sri Lankan students in China. During President Xi Jinping's visit to Sri Lanka in September 2014, the Beijing Foreign Studies University signed MoUs with the Colombo University to establish a China-Sri Lanka Study Centre as well as a Confucius Institute with plans also for a joint degree program and scholarships. China has also offered to help train Sri Lankan public administration officials in China (Karunanayake 2014).

Current Chinese investments in Sri Lanka are worth some US\$4 billion

China and the New Regime

Even though Rajapaksa is gone, Sri Lanka will continue to harbor ambitions of becoming a maritime, commercial, knowledge and energy hub linking Europe and Africa with Asia. This ambition is well-supported by the current form and scope of the Chinese Maritime Silk Road strategy. The Colombo Port City project, despite criticism in the course of the election campaign from Sirisena (Haidar 2015) and Ranil Wickremasinghe (Einhorn 2015; Barry 2015), the new Prime Minister, is still a rather attractive idea. Even during the campaign, a spokesman for the United National Party opposed to Rajapaksa stated that a review of all major infrastructure projects to check for irregularities, did not mean that there were 'any misgivings or bad blood with China' but that they considered China 'a good friend' (Barry 2015). In an

interview with the *Hindustan Times* on the eve of the election, Sirisena had pretty much the same thing to say (Sundarji 2015; see also, *The Sunday Leader* 2015a).

As Li Li, an analyst from the Chinese think-tank China Institutes of Contemporary International Relations in Beijing, put it, no one would want to ‘miss the chance to catch the express train of China’s development’ (Pearson 2015). Another prominent Chinese South Asia specialist, Wang Dehua from the Shanghai Institutes for International Studies, said of the port city project, ‘I believe that it brings benefits to Sri Lanka, so why would they cancel it? I think the possibility of cancellation is small’ (Barry 2015). Indeed, a Ceylon Chamber of Commerce statement post the elections says that in order to enhance competitiveness and productivity in the Sri Lankan economy, not only should economic ties with India be deepened beyond the current FTA, but the proposed FTA with China – negotiations were launched during Xi Jinping’s visit – too, should be completed (*The Sunday Leader* 2015b).

The Colombo Port City project could continue or be reshaped into a more financially feasible package for Sri Lanka. Besides, the Port City, while the largest foreign investment in Sri Lanka is not the only major Chinese investment – the Lak Wijaya coal power plant is worth US\$1.3 billion and the Chinese are also financing a US\$1 billion highway (*China Daily* 2014a). It will not be easy for the new Sri Lankan government to put all these at risk, so easily. In early December 2014, SriLankan Airlines launched an air route linking Colombo with Kunming (*Xinhua* 2014e) and Air China will begin operating direct flights between Chengdu and Colombo in February 2015 (*Xinhua* 2014c). According to *Xinhua*, Chinese tourists visiting Sri Lanka have

increased markedly over the past two years with ‘over 100,000 arrivals so far’ (*Xinhua* 2014b). It is also reported that some 70 per cent of Sri Lankan military hardware is Chinese (Mukherjee 2015). Beijing will not be averse to the idea of renegotiations in certain projects just so that it can both give Sirisena a victory of sorts and take the heat off itself in the immediate term.

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Further, Sirisena has talked about building a new image of Sri Lanka in the world through the dissemination of Buddhist principles (Pearson 2015). The level of Chinese soft power exercise or accretion through the use of Buddhism in Sri Lanka is rather understudied compared to the Indian focus on China’s Buddhist overtures through Lumbini, for example, in Nepal. No doubt, Chinese strategists will have picked up on Sirisena’s wish and Beijing will move in with greater attention and funds. In this context, it might be noted that the World Fellowship of Buddhists (WFB), founded by the Sri Lankan Buddhist scholar Gunapala Malalesekare in 1950 with its headquarters originally in Colombo (and now in Bangkok) saw its 27th General Conference hosted in Baoji in Shaanxi Province from 16-18 October 2014. The meet saw an address by the Beijing-backed Panchen Lama and a call for strengthening networks between Buddhist organizations (Seneviratne 2014). Some Chinese soft power is already at play – Sinopec, for instance, distributed school books and stationary to children in a Jaffna village, following the election (*The Sunday Leader* 2015c).

Those predicting turbulence in the relationship, might look at how similarly significant political upheavals in Nepal, Bangladesh and Myanmar over the past decade or so have impacted their relations with China. In Nepal, despite originally supporting the monarchy against the Maoists, China was swiftly in the good books of the latter, following their ascendance to power, such that New Delhi continues to worry about these linkages even with the Maoists no longer in power.

India needs to be seen as honest and considerate of the Sri Lankan people's interests

In Bangladesh, too despite the Awami League's closeness to India, its top leaders have been actively courted by Beijing and make frequent visits to China. In Myanmar, despite the military junta making way for an elected government and greater openness to the West and the rest of Southeast Asia, China looms as a large presence in the country's economy and in Naypyidaw's political calculations. Beijing too made its adjustments of course, by tasking its enterprises involved in Myanmar to show greater attention to local concerns and to reach out to the non-governmental sector (Mohan 2015a). And to take an example from further afield, in Zambia, Michael Sata in Zambia took office in 2011 following a campaign in which he heavily criticized Chinese (and Indian) investors. Beijing – the biggest buyer of Zambia's copper – even threatened to end ties with Zambia but Sata eventually was to moderate his words and actions during his presidency (Bariyo 2014). As Wang Dehua of SIIS stated confidently in an interview to *The New York Times*, 'Many politicians say one thing before elections and do another thing after they are elected' (Barry 2015).

Implications for India

Sirisena might attempt to keep his promise of maintaining a balance between Beijing and New Delhi, but it must be underlined that this is only a *balance*, not giving *priority* to one or the other, despite his intention of making India his first foreign visit after taking office (Srinivasan 2015; Chaudhury 2015). Sirisena's New Democratic Front manifesto, in fact, stated, that it hoped to 'strengthen cordial relations' with 'India, China, Pakistan and Japan', and would have with India 'closer relations with an attitude that would be neither anti-Indian nor dependent'. In substance, it might not be much different from the rhetoric of the previous administration (*Xinhua* 2015d) and if India plays its cards right, it might not end up merely being rhetorical.

New Delhi should not expect special treatment if it cannot also provide special treatment – a department where China's vast financial and diplomatic resources ensure competition with India, if not giving China an advantage, in parts of South Asia. As the Chinese MOFA spokesperson noted while congratulating Sirisena on his win, cooperation between the two countries 'has been deepening... Our friendship runs deep, and successive governments of Sri Lanka have had a friendship policy towards China... We have a good momentum there' (Cited in Krishnan 2015; see also *The Sunday Leader* 2015d).

Indeed, as far as the corruption involving China is concerned, the major targets for Sirisena might be Rajapaksa himself and members of his family. The new administration is unlikely to have the wherewithal to go after Chinese companies by blacklisting them or withdrawing their contracts given the magnitude of the infrastructure projects that the Chinese have

undertaken and their potential economic benefits, even if there are complaints that Chinese money has in fact led to jobless growth in Sri Lanka.

New Delhi will score, not by trying to undermine or harangue Sri Lanka over its ties with China – these can only grow – but by showing greater purpose in its own dealings with not just the Sri Lankan government but also with other political, ethnic and religious constituencies that supported Mahinda Rajapaksa in his defiance of Indian interests and which will continue to keep Sirisena under pressure over the Tamil question and on ties with India. New Delhi will have to avoid such miscalculations or indifference as those which led to China gaining a foothold in Hambantota and quicken and improve the implementation of its promised projects in Sri Lanka. Competition with the Chinese is not only a question of matching it dollar for dollar in terms of investments or trade creation, but also of being seen as honest and considerate of the Sri Lankan people's democratic interests and rights. China will have learned its lessons from Rajapaksa's defeat.

India tried to be innovative during the UPA regime and offset the hostility of the Rajapaksa government by inviting the Japanese to help develop a huge thermal power plant in Trincomalee with a promise to provide better, cheaper power project than the one developed by the Chinese in Norachchola. It was also suggested that India and Japan could develop jointly the oil terminals in Trincomalee (Bagchi 2014). The Modi government will have to continue this creative approach – keeping Sri Lanka in the fold vis-à-vis China is likely to get only harder, not easier. ■

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