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Even as the Prime Minister Dr Manmohan Singh was finding it hard to make up his mind over attending the CHOGM (Commonwealth Heads of Governments Meeting) to be held in Colombo in two weeks from now, China is making the best use of the situation to strengthen its presence in Sri Lanka.

China's intention is obvious: profit from India's discomfiture in Sri Lanka to occupy India's strategic space in the island nation.

On October 24 when the Tamil Nadu Chief Minister Ms Jayalalithaa was moving a resolution asking the Centre to 'totally boycott' the CHOGM "in deference to the overwhelming feeling and sentiments of Tamils," Sri Lanka President Mahinda Rajapaksa was praising China's generosity, while opening of the renovated venue for the Commonwealth Heads of Government Meeting (CHOGM) at the Bandaranaike Memorial International Convention Hall (BMICH). When President Rajapaksa wanted to renovate the BMICH, China chipped in to meet the cost of about \$15.3 million (Sri Lankan Rs 2 billion). In fact China had donated the BMICH, Colombo's prestigious conference centre nearly a decade ago. It now stands as a visible reminder of China's "enduring generosity" to Sri Lanka.

Even as Ms Jayalalithaa castigated the Centre for failing to act upon another "historic resolution" passed by the Tamil Nadu Assembly on July 8, 2011 which sought an economic embargo on Sri Lanka until Tamils were fully resettled and rehabilitated, Sri Lanka was negotiating with China to finalise a Free Trade Agreement (FTA). The government-owned Sunday Observer described the China-Sri Lanka FTA as the biggest development in Sino-Lanka cooperation since the 1952 Rubber-Rice Pact.

Two months ago, Sri Lanka's minister for industry and commerce Rishad Bathiudeen was hopeful of finalising the FTA before the CHOGM in

November 2013. However, the Deputy International Trade Representative of the Commerce Ministry of China, Yu Jianhua who visited Sri Lanka last month was more realistic. He expected “the preparatory process of the FTA to be completed by December this year.” He was keen to see the groundwork on this FTA completed by December this year.

The Chinese representative added “Sri Lanka is a priority country for the Ministry of Commerce, China (MOFCOM). The FTA will not only upgrade trade levels between Sri Lanka and China but will also enhance trade skills of both countries as well. We will work diligently in our joint efforts.” Yu said before visiting Colombo, he had looked carefully at China’s trade links with Sri Lanka on issues like tariffs, market access in China, diversifying Sri Lanka’s exports, and overall enhancement of Sri Lanka’s export potential to China.”

In his view, the FTA was not only for trade “but something beyond, to institutionalise our strategic cooperation partnership as mandated by the leaders of both countries. We encourage Chinese firms to become involved in Sri Lanka’s economic development.”

The Chinese efforts to enhance its trading opportunities on the sidelines of CHOGM are interesting. According to Xinhua, 42 Chinese companies were among the 83 foreign companies participating in the trade exhibition “Reflections of Sri Lanka” being held on the sidelines of the CHOGM. In contrast, despite being Sri Lanka’s largest trading partner, India will be represented by only 21 companies at the exhibition.

Sri Lanka has been wooing Chinese business to invest in Sri Lanka saying it could reap the benefits of the island nation’s FTA with India and Pakistan (and the proposed SAFA –South Asian Free Trade Agreement when it becomes a reality). India has a flourishing FTA with Sri Lanka since 1996. It has helped India-Sri Lanka trade to grow from \$600 million in 2000 to \$5 billion in 2012. As against this, China-Sri Lanka trade even without an FTA has grown from \$658.4 million in 2005 to \$2676.13 million by 2012. Obviously, China-Sri Lanka trade aided by an FTA would retard the growth of India’s trade with Sri Lanka.

Ever since the Eelam War excesses started to haunt Sri Lanka, Tamil Nadu has become the focal point of hate campaign against Sri Lanka in India affecting the excellent relations between the two countries. Of late, a beleaguered Sri Lanka has started using trade as a pressure point to express its concern over India’s “Sri Lanka politics.” The CHOGM which should have been an inconsequential international event turning into a political contest in India is a case in point.

So how should India respond to Sri Lanka-China FTA? In fact, Tamil Nadu should be debating this issue because the state had benefitted most from the FTA with Sri Lanka. But in the polemics of partisan politics, the issue seems to have been wished away. The anachronism is even the few Sri Lankan business and cultural establishments in Chennai are under police protection lest pro-Eelam fringe elements attack them just as they carried out petrol bombs attacks on two post offices in Chennai, in protest against India’s participation in the CHOGM. The pity is it is happening as indecisive national leadership looks on helplessly. At least it seems so.

(The author, a retired MI officer, served as the head of intelligence of the Indian Peace Keeping Force in Sri Lanka from 1987 to 90. He can be contacted at colhari@yahoo.com [1])

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