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China's ambition to further its interests in Sri Lanka has suffered a setback after people elected the common opposition candidate Maithripala Sirisena as President in preference to two-term President Mahinda Rajapaksa in the election held in January 2015.

China is probably familiar with President Sirisena as he had served as a senior minister and close aide of Rajapaksa during the last ten years. He was high in the hierarchy and served as the defence minister when President Rajapaksa was absent from the country during the Eelam War.

However, China's personal equation with Rajapaksa was tailored to cultivate him, taking advantage of his highly personalised style of governance. Rajapaksa and his two brothers controlled the government and managed key ministries e.g., development finance, internal security, defence and urban development immensely benefiting China in furthering its strategic agenda in the Indian Ocean Region (IOR) and South Asia. So China probably has more problems in coming to terms with the Sirisena rule than any other power i.e., India, the US.

In the short term, China's concerns would include recouping its close relations once again with Sri Lanka under President Sirisena lest it loses its strategic gains made in the country and region under the erstwhile Sri Lankan President. On the long term, China would be worried about the Sirisena regime's desire to correct Rajapaksa's tilt towards China to balance Sri Lanka's skewed relationship with India which has

the potential to stall China's strategic security plans in the Indian Ocean Region (IOR) and affecting the smooth implementation of 21st Century Maritime Silk Route (MSR).

Short term concerns

China financed and constructed Rajapaksa's pet mega projects like the Mattala Rajapaksa international airport (cost: \$ 210 million), Hambantota Port Phase-I (\$ 361 million) and the Colombo-Katunayake expressway (\$ 350 million) as well as the Colombo port carrier terminal expansion.

Rajapaksa adopted opaque processes to push through the project proposals in parliament without adequate due diligence. Opposition parties trying to probe allegations of corruption in these projects were intimidated by ruling party goons. This was one of the key issues in the opposition campaign in the run up to the presidential poll. Moreover, these allegations if proven could affect China's brand building during the implementation of its Free Trade Agreement (FTA) signed with Sri Lanka in 2014.

In keeping with its foreign policy style China cosied up with Rajapaksa, ignoring his autocratic rule and aberrations in governance, allegations of corruption and abuse of power. China also did not bother about Rajapaksa sidelining some of the senior leaders like Sirisena which drove them to challenge Rajapaksa's bid for a third term.

These issues relating to China formed the core of the presidential election campaign of Sirisena and his supporters which included the SLFP dissidents led by former President Ms Chandrika Kumaratunga, the United National Party (UNP) and other smaller parties that had quit Rajapaksa's United Peoples Front Alliance (UPFA) coalition.

Soon after his election, President Sirisena has started implementing the 100-day action plan. The Plan aims at improving accountability of the executive president to the parliament and empowering the Prime Minister. Assisted by Prime Minister Wickremesinghe, he plans to achieve this by carrying out structural changes in the constitution and introduce systemic changes to clean up the administration to improve governance. The new government has also started the process of investigating and identifying those involved in corruption and misuse of power during President Rajapaksa's regime.

As a part of the 'cleaning up process,' Chinese-aided mega projects including those under execution have come under scrutiny. These include the biggest of them all - the \$1337 million Colombo Port City Project - now being executed by a Chinese company. This project to reclaim more than 575 acres (233 hectares) of sea off Galle Face Green, Colombo is mired in controversy due to the opaque process adopted in awarding the project as well as environmental concerns. China has been quite peeved with allegations of corruption and sleaze in the project. A Global Times report described reports of its foreign project failures as Western hype.

India has also raised concerns over security threats posed by China gaining ownership of 20 acres of freehold land next to the Colombo port where India is a major user.

However, China took damage control measures and has tried to build bridges with the new regime. Chinese media prominently displayed the Sri Lankan President's affirmation of commitment to ties with China in his Chinese New Year message. A senior Chinese envoy, Assistant Foreign Minister Liu Jianchao, visited Colombo earlier this month to extend President Xi Jinping's invitation to President Sirisena to visit Beijing. In preparation Sri Lanka Foreign Minister Samaraweera is visiting China end February 2015 preparatory to President Sirisena's visit China in March.

However, Sri Lanka has reassured China of its desire to continue with Chinese-aided projects including the Colombo port city project. Prime Minister Wickremesinghe has clarified in a statement in parliament that a decision would be taken on the Colombo port project after a special committee looks into the shortcoming in the environmental assessment report and a cabinet subcommittee under him examines other aspects. Clarifying the government stand he said, "This is a massive project and has the sponsorship of the Chinese Government. We cannot abruptly stop such projects.... We are not taking the stance that this project should be completely stopped."

Evidently, the coastal reclamation project is here to stay because Sri Lanka would continue to need China's goodwill to make further investments in Sri Lanka as it has already committed to invest \$ 2.18 billion between 2012 and 2014. Even otherwise, it is in Sri Lanka's interest as the China-Sri Lanka FTA signed last year is likely to give a big boost to bilateral trade and commerce in the coming years. Chinese tourist numbers are already increasing and there is a good chance of Sri Lanka emerging as China's most favoured tourist destination.

Sri Lanka Minister for External Affairs Mangala Samaraweera visited Beijing on February 27 and 28, 2015 preparatory to President Sirisena's visit to Beijing expected to take place in March, 2015. A Xinhua report despite said despite 'an apparent backtracking in the approval of a China-funded port project in Colombo' the visiting Sri Lankan minister after meeting his counterpart Wang Yi reassured Chinese investors by saying "We will always welcome Chinese investment as one of the emerging superpowers in the world."

He said the re-examination of the projects was not targeted at China, as Sri Lanka does the same with projects funded by other countries, Samaraweera told reporters. "Anything relating to Chinese investment will be shared and discussed with the government of China before we take any final decision," he said.

According to the report, he further added "We hope that with the new reforms in Sri Lanka, more transparency of the government and restoration of rule of law, Chinese investors will find Sri Lanka an even more attractive destination for investment than ever before."

We can expect the issue of the future of Chinese projects in Sri Lanka to figure high on the agenda of President Sirisena's talks with President Xi when he visits Beijing. Sri Lanka can be expected to re-negotiate some aspects of the projects.

However, the Chinese agreeing to renegotiate the agreed terms of loans appears doubtful as indicated by the Chinese foreign ministry spokesperson Hua Chunying on March 2, 2015. In her response she is reported to have said the loans were offered "at the request of the Sri Lankan side.". The loan arrangement serves "the interest of Sri Lanka and its people. It has played a positive role in promoting social and economic development of Sri Lanka. From the Foreign Minister's visit you can see that the Sri Lankan side appreciates China's assistance to his country. We believe that based on fundamental interests of the two countries and two peoples, our practical cooperation will press ahead."

However Sirisena government's main aim of project probes would appear to be to determine the culpability of Rajapaksa, his family members and cronies in the alleged corrupt deals in the mega projects rather than closing the door on Chinese-aid or projects.

Strategic security relations

At the strategic security level, China's concerns with the Sirisena government are two-fold. One relates to the new regime's repeated affirmation that it would correct Rajapaksa's tilt in favour China at the cost of Sri Lanka's close relationship with India. The other relates to China's ambitious power projection in South Asia and Indian Ocean Region (IOR) as part of President Xi Jinping's realisation of the 'Chinese dream.'

Rajapaksa's biggest contribution to China was in helping it gain a firm foothold in the island nation to further its strategic objectives relating to India and the IOR, mid-way astride the Indian Ocean sea lanes. The Chinese-aided port and other infrastructure projects in Sri Lanka have provided a legitimate reason for China's armed forces, particularly the PLA navy, to gain very close access to the seas of peninsular India. These facilities would be handy for China's naval power projection in the coming years challenging India's strategic supremacy in the region.

Already, Chinese naval ships including two submarines have docked in Colombo port for replenishment and presumably for familiarisation with Indian Ocean waters. Traffic of Chinese war ships is likely to increase to protect China's growing interests when it completes the MSR. As both Sri Lanka and Maldives have indicated their readiness to join the MSR project when President Xi made his maiden visit to the two countries in September 2014, the best Sri Lanka can do is probably to fine tune it to further its economic interests in the backdrop of India's security considerations.

During the visit to Colombo, Xi signed a defence cooperation and maritime security deal with Rajapaksa on September 16, 2014. According to their joint statement both sides agreed "strengthen defence cooperation and to cooperate in the areas of defence related science and

technology, exchange of military academics and providing logistic support.”

Thus Sri Lanka is now an important pivot in President Xi Jinping’s strategic initiatives to project China’s economic and military power in South Asia and the IOR. Though PLA Navy may not be able to pose a major threat in the IOR in the near term, its potential to do so has strategic implications not only to India and South Asia but major users of Indian Ocean like the US and its Western and Southeast Asian allies including Japan and Australia.

President Sirisena in his Independence Day speech said “In considering the past, we make a clear commitment towards following a foreign policy of the middle path, in friendship with all nations,” clearly alluding to the China tilt in the past. So it is not surprising that China has been concerned about President Sirisena’s China policy particularly when he has made mending relations with India as his first priority.

In his first foreign visit after coming to office, President Sirisena has been warmly received in New Delhi. Four pacts have been signed with India including civil nuclear cooperation agreement. Read in the context of the new regime’s review of all Chinese-aided mega deals for corruption, China’s uncertainty about the new regime is understandable.

This was not helped when the visiting Sri Lankan foreign minister Samaraweera had told the reporters in Beijing that the new government would have a ‘different approach’ than the previous Rajapaksa administration allowing a Chinese submarine to dock in Colombo in mid-September 2014. He further added “I really don’t know under which sort of circumstances that led to some submarines to the port of Colombo on the very day the Japanese Prime Minister was visiting Sri Lanka. But we will ensure that such incidents, from whatever quarter, do not happen during our tenure.”

But Chinese foreign ministry spokesperson showed China was in no mood to accept the Sri Lankan view. Replying a question on the subject during the media briefing on March 2, 2015 the Chinese submarine “was on its way to the Gulf of Aden and Somalia via the Sri Lankan port to resupply.” These were “normal and transparent activities and it also followed international practices,” she said. She further added that China had Sri Lanka’s consent in advance and “it is my knowledge that it is the policy of the Sri Lankan side to support global anti-piracy campaign and it welcomes docking of submarines from friendly nations.”

China’s strategic concerns over the Sri Lanka regime change have also probably been aggravated by the US’ readiness to reciprocate Sri Lanka’s efforts to mend their fractured relationship. Better relations with the US is important for Sri Lanka not only to improve trade and investment but also to balance its strategic relations with China, particularly after India-US relations have warmed up after President Obama’s recent visit to New Delhi. The US support is also essential for Sri Lanka to find a face saving solution to its three-year standoff with the UNHRC over an international investigation into allegations of Sri Lanka’s war crimes and human rights aberrations during the Eelam War. Minister Samaraweera visited Washington in February 2015 and met with the US Secretary of State John Kerry. At the press meet in Washington at the end of the trip, Samaraweera spoke of Sri Lanka’s keen desire “to build upon the manifest goodwill” he found during the

talks to deepen and expand the partnership between the two countries.

This comes at a time when China is already concerned at President Obama administration's stress on the importance of "collective action" over unilateral ones in defending U.S. core interests expressed in the second and final strategic security policy unveiled in February 2015.

Sri Lanka's overtures to Washington in tandem with India could contribute to strengthen the US' strategic clout in IOR particularly after the extension of the India-US strategic partnership agreement for five more years during President Obama's high profile visit to New Delhi. However, China has tried to wish away this development by focusing on China's desire to build upon the positive aspects of Modi-Xi equation during the Chinese President's New Delhi visit after Modi's proposed visit to China in May 2015.

Developing triangular relations

China appears to be keen to make the best out of its existing relationship in Sri Lanka by turning President Sirisena's desire to rebalance Sri Lanka's relations with India as an opportunity for evolving a China-India-Sri Lanka triangular relationship. This was evident from the Chinese foreign ministry spokesperson's comment on Sirisena's New Delhi visit: "We are happy to see close and friendly development of India-Sri Lanka relations." She said China believed "sound relations among three countries are conducive" to them and the whole region. "Therefore we are happy to see development of relations between Sri Lanka and India."

Such a relationship looks attractive as all the three countries could build upon their synergies to focus on a win-win situation. For China it gives the advantage of furthering its strategic objectives in IOR and South Asia as well as turn MSR into a successful proposition. However, in the world of real politics, it would mean India formalising China's entry into its strategic space at the cost of losing its dominant role in IOR and Sri Lanka. Moreover, there are serious kinks in the bilateral relations between India and China including the illegal occupation of Indian territory, claims to the whole of Arunachal Pradesh and the unresolved border dispute.

However, a clearer picture would probably emerge in the coming months after a series of visits - President Sirisena's visits Beijing in March 2015 after Prime Minister Modi's maiden visit to Colombo in the same month followed by the Indian Prime Minister's proposed visit to China in May 2015. The political situation in Sri Lanka would also be clearer by then with the completion of parliamentary elections in the last week of April 2015.

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