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# INDIA-SRI LANKA RELATIONS: EVALUATING THE IMPACT OF GLOBAL POLITICS

**SUSHMITA BHARTI**

India and Sri Lanka have been connected through economic, diplomatic, and cultural linkages. With the coming of the new government in Sri Lanka in 2019 under President Gotabaya Rajapaksa, both countries reached a consensus to improve economic and strategic understanding to enhance the multidimensional ties. Currently, the India-Sri Lanka relationship is connected with the rising strategic competition in the Indian Ocean Region between the USA, China, and other global powers. Sri Lanka is a significant part of the global politics in the Indian Ocean as it links two major policies, the Indo-Pacific of the USA and the Belt and Road Initiative of China.

With the increasing footprint of global power in Sri Lanka, India's outlook towards Sri Lanka has also expanded beyond the ethnic issue to focus on active security and economic cooperation. In this context, the objective of the paper is to analyse the impact of global powers' engagement on India-Sri Lanka relations. The study intends to trace the evolving engagement of the USA, China, and other countries with Sri Lanka. Also, the paper attempts an insight into the challenges

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and opportunities for the Indo-Sri Lanka relationship due to global politics in the region.

### **INDIA AND SRI LANKA RELATIONS: AN OVERVIEW**

Historically, India-Sri Lanka relations have been characterised by different strategic perceptions of each other. For India, Sri Lanka's location as the closest maritime neighbour has been a source of concern. Most of India's security and scientific establishments have been set up in the southern states for its southern frontier has been relatively peaceful.<sup>1</sup> Measures taken by the extra-regional countries to increase influence in Sri Lanka add to India's apprehensions about the future misuse of harbours in Sri Lanka. For Sri Lanka, its geographical proximity and perception of power asymmetry with India have largely contributed to a sense of vulnerability.<sup>2</sup>

These divergent perceptions were heightened by the question over the legal status of people of Tamil ethnicity in Sri Lanka which culminated in a civil war in the 1980s. With the termination of the civil war in 2009, there was an expectation that it would result in ethnic reconciliation and increased cooperation between India and Sri Lanka. However, the process of reconciliation did not materialise under then President Mahinda Rajapaksa. Post-conflict, India-Sri Lanka issues include Sri Lankan efforts for reconciliation, economic roadblocks in relations, fishing disputes in the Gulf of Mannar and Palk Strait, and increasing Chinese influence in Sri Lanka. A new National Unity Government (NUG) was established in Sri Lanka in 2015 under the leadership of President Maithripala Sirisena. Consequently, both India and Sri Lanka began to increase the level of engagement to address these concerns and improve bilateral relations.

In recent years, the two sides have steadily increased their military interaction. The bilateral Annual Defence Dialogue at the Defence Secretary level began in 2012 and was last held in 2019. Along with regular high-level visits, two bilateral military exercises with Sri Lanka—SLINEX and Mitra Shakti—aim to establish positive

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1. P. Sahadevan, "India's Changing Relations with Sri Lanka", *Indian Foreign Affairs Journal*, vol. 14, 2019.
  2. Ibid.

military relations.<sup>3</sup> Recently, the Indian Air Force's An-32 aircraft was formally handed over to the Commander of Sri Lanka Air Force in January 2021. Also, India provided 341 Indra Radar spares for the four Indra MK-11 air surveillance radars.<sup>4</sup> The basic framework for economic cooperation between the two countries—the Indo-Sri Lanka Free Trade Agreement (ISFTA)—entered into force in 2000. In the aftermath of the agreement, there was an approximately sevenfold increase in Indo-Sri Lanka bilateral trade from US\$ 645 million in 2000 to US\$ 4.9 billion in 2019.<sup>5</sup> Besides, India is the third-largest source of FDI in Sri Lanka with 13 per cent of its total FDI receipts in 2019.

### ENGAGEMENT OF MAJOR POWERS IN SRI LANKA

The current world order is transforming with rising China and geopolitical competition between China and the USA. In this regard, the Indian Ocean Region has emerged to become a focal point of the competition. The Indian Ocean is extremely significant for the international trade and energy market. The two major chokepoints of the Indian Ocean—the Straits of Hormuz and Malacca—collectively account for 50 per cent of the world's maritime oil supply.<sup>6</sup>

The growing importance of the Indian Ocean in world politics has also increased Sri Lanka's strategic significance as an Indian Ocean littoral and maritime state. Sri Lanka occupies a strategic location astride the Indian Ocean linking the energy-rich West Asia with South East and East Asia. According to Robert Kaplan, Sri Lanka is

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3. PTI, "India, Sri Lanka hold joint military drill to boost counter-terror cooperation", *The Economic Times*, March 27, 2019, at <https://economictimes.indiatimes.com/news/defence/india-sri-lanka-hold-joint-military-drill-to-boost-counter-terror-cooperation/articleshow/68597835.cms?from=mdr>. Accessed on December 17, 2020.
  4. "India gifts Rs. 200 million worth radar spares to Sri Lanka Air Force", *Colombo Page*, January 17, 2021, at [http://www.colombopage.com/archive\\_21A/Jan17\\_1610871798CH.php](http://www.colombopage.com/archive_21A/Jan17_1610871798CH.php). Accessed on January 19, 2021.
  5. Angela Huettemann, Chathuni Pabasara and Nikhita Panwar, "Sri Lanka-India Relations: Opportunities for a New Connectivity Strategy", Lakshman Kadirgamar Institute, Policy Briefs, Colombo, August 21, 2020.
  6. Mohd Aminul Karim, "21st Century Maritime Power-Politics in the Indian Ocean Region with Special Reference to the Bay of Bengal", *Pacific Focus: Inha Journal of International Studies*, vol. XXXII, no. 1, April 2017.

a geostrategic hub and part of the new geography.<sup>7</sup> It has resulted in increased naval competition with the expansion of fleets and joint naval exercises. According to Sri Lankan foreign secretary, Jayanath Colombage, "It is a fact that from 2009 till now, 550 warships from 28 countries have visited Sri Lanka."<sup>8</sup> This explains Sri Lanka's significance in the bilateral and regional policy of countries such as the USA, China, Japan, Australia, and others.

### *United States of America*

Historically, the main objectives of US foreign policy for Sri Lanka focused on upholding Sri Lanka's democracy, upgrading economic development in Sri Lanka, and maintaining human rights during the civil war. A constant matter of discord in the US-Sri Lanka relationship has been allegations of human rights abuses in Sri Lanka. US disappointment with the Rajapaksa government, over excessive use of force, resulted in a reduction in US assistance to Sri Lanka after 2008. This also limited military cooperation with Sri Lanka between 2005 and 2015. Nonetheless, in 2015 when the Rajapaksa regime came to an end, the Chinese foothold in Sri Lanka through a large number of projects raised its concerns.<sup>9</sup> This was reflected in the USA's reversal in policy towards Sri Lanka with an increase in USAID funding.

Currently, American interests are aimed at maintaining the free flow of trade and navigation in the Indian Ocean. Also, the USA aims to contain Chinese control over the global trade and economy. Hence, Sri Lanka is an important part of the USA grand strategy based on the Indo-Pacific region. The two major initiatives of the present US-Sri Lanka relationship are the Acquisition and Cross-Servicing Agreement and Status of Forces Agreement.<sup>10</sup> The Acquisition and Cross-Servicing Agreement (ACSA) between Sri Lanka and the

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7. Robert D. Kaplan, *Monsoon: The Indian Ocean and the Future of American Power* (New York: Random House Inc., 2011).

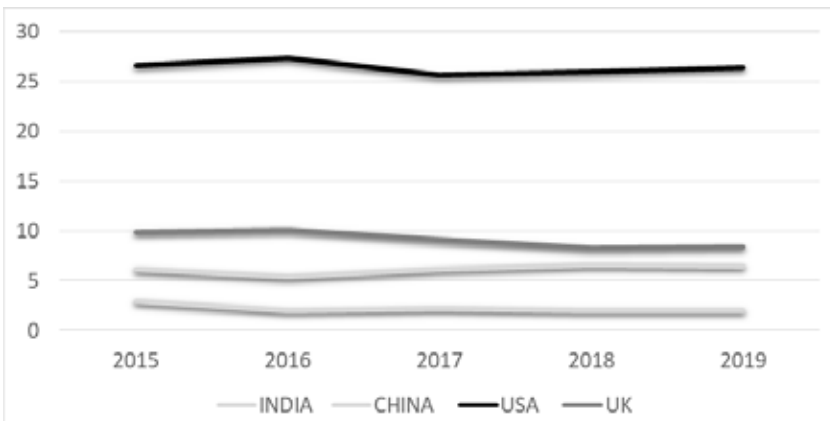
8. Devipura Mitra, "Sri Lanka Worried About Indian Ocean's Securitisation, Impact of Quad Military Alliance", *The Wire*, October 30, 2020, at <https://thewire.in/diplomacy/sri-lanka-worried-about-indian-oceans-securitisation-impact-of-quad-military-alliance>. Accessed on January 13, 2021.

9. Committee on Foreign Relations, United States Senate, "Sri Lanka: Recharting US Strategy after the War", December 7, 2009, at <https://www.foreign.senate.gov/imo/media/doc/SRL.pdf>. Accessed on December 7, 2020.

10. "Sri Lanka", Congress Research Service Report, June 25, 2020.

USA was signed in 2007 for 10 years and was revised in August 2017. It provides for joint military cooperation such as logistics support, supplies and services, and the use of airports and ports in emergencies.<sup>11</sup> The proposed Status of Forces Agreement (SOFA) with the USA is under discussion but it has been criticised in the country as it would violate its sovereignty. Economic relations with the USA are important for Sri Lanka since it has a positive balance of trade with the country (Figure 1). The US accounted for 26.3 per cent of the total exports of Sri Lanka in 2019.<sup>12</sup>

**Figure 1: Sri Lanka's Largest Export Destinations 2015-2019  
(percentage Share of Total Exports)**



Source: Central Bank of Sri Lanka, "Annual Report 2019", Statistical Appendix, at <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2019>. Accessed on November 24, 2020.

### *China*

China and Sri Lanka established diplomatic relations in 1957 but the close economic and strategic association is credited to Mahinda Rajapaksa and his presidency. China strengthened strategic links with Sri Lanka by being one of the only countries to support it in

11. Gulbin Sultana, "India-Sri Lanka Relations: New Issues, Novel Perspective", *Indian Foreign Affairs Journal*, vol. 14, issue 1 (2019), pp. 44-51.

12. Central Bank of Sri Lanka, "Annual Report 2019", at <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2019>. Accessed on November 24, 2020.

the final phase of Eelam War 4 against the Liberation Tigers of Tamil Eelam (LTTE) in 2008-2009. This included a supply of weapons such as six F-7 fighter jets to the Island's Air Force in this last phase.<sup>13</sup> China protected Sri Lanka at the United Nations Security Council where the US had put resolutions against the Rajapaksa administration for human rights violations.<sup>14</sup>

Wade Shepherd has pointed out that, "As the West tried to exert political and economic pressure on Sri Lanka to force the country to atone for alleged humanitarian abuses, what they did was push the country into a closer alliance with China."<sup>15</sup> China is the largest importer of oil in the world, of which 80 per cent is carried through the Strait of Malacca in the Indian Ocean.<sup>16</sup> Since China does not have a direct presence in the Indian Ocean, it has expanded its influence following the strategy of 'String of Pearls' to mitigate this strategic vulnerability of 'Malacca Dilemma'.<sup>17</sup> In this context, China has an important interest in establishing robust relations with Sri Lanka.

The strengthening of diplomatic ties has been followed by a spike in trade and development assistance. Chinese imports jumped from 3.5 per cent of the total imports in 2000 to 20.2 per cent in 2019. The last five years' import values of Sri Lanka indicate close competition between India and China to emerge as the largest source for imports (Figure 2). Sri Lanka's integration in the Belt and Road Initiative (BRI) in 2013 laid the foundation of close economic association between the two countries. BRI projects mainly include the Colombo International Financial City with a total investment of US\$ 13 billion, and the Hambantota Port and industrial zone, with an investment of

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13. Hannah Gardner, "China's aid revealed in Sri Lanka's victory parade", *The National News*, June 9, 2009, at <https://www.thenationalnews.com/world/asia/china-s-aid-revealed-in-sri-lanka-s-victory-parade-1.556125>. Accessed on November 29, 2020.

14. Ananth Krishna, "China backs Sri Lanka on UNHRC resolution", *The Hindu*, March 22, 2012, at <https://www.thehindu.com/news/international/china-backs-sri-lanka-on-unhrc-resolution/article3088478.ece>. Accessed on November 25, 2020.

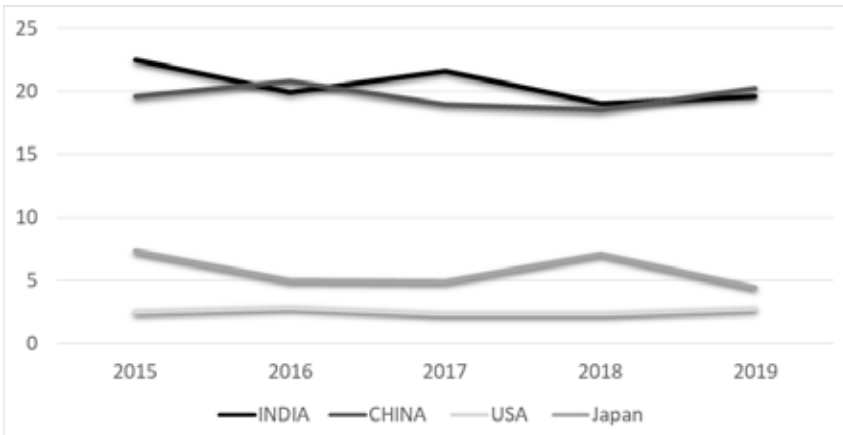
15. Wade Shepard, "China's Jewel in the Heart of the Indian Ocean", *The Diplomat*, May 9, 2016, at <https://thediplomat.com/2016/05/chinas-jewel-in-the-heart-of-the-indian-ocean/>. Accessed on November 25, 2020.

16. "The Malacca Dilemma: A hindrance to Chinese Ambitions in the 21st Century", *Berkeley Political Review*, August 26, 2019, at <https://bpr.berkeley.edu/2019/08/26/the-malacca-dilemma-a-hindrance-to-chinese-ambitions-in-the-21st-century/>. Accessed on January 14, 2021.

17. Ibid.

US\$ 5 billion.<sup>18</sup> Also, Hambantota port was leased to China Merchant Port Holdings Limited (CM Port) for 99 years for US\$ 1.12 billion in 2017. China provides the largest amount of loans to Sri Lanka for infrastructure projects. The major share of Chinese loans such as 25 per cent of 41 per cent went to the development of roads and railways in Sri Lanka from 2008 to 2018.<sup>19</sup>

**Figure 2: Sri Lanka's Largest Import Origins 2015-2019  
(percentage Share of Total Imports)**



Source: Central Bank of Sri Lanka, "Annual Report 2019", Statistical Appendix, at <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2019>. Accessed on November 24, 2020.

### *Other Engagements: Japan and Australia*

Sri Lanka has emerged as the centre of interest in the Indian Ocean Region (IOR) with a tripolar interaction between China, India, and the US. Along with these three countries, some other actors have also tried to exert influence in Sri Lanka. Japan has shared a long-standing development relationship with Sri Lanka. From 2015 to 2019, Japan's aid contributions were 14 per cent of total aid flows to Sri Lanka.<sup>20</sup> Currently, the Japan-Sri Lanka relationship has been largely focusing on maritime cooperation. This was demonstrated by

18. G. Wignaraja, D. Panditaratne, P. Kannangara and D. Hundlani, "Chinese Investment and the BRI in Sri Lanka", Chatham House, March 2020.

19. Nilanthi Samaranyake, "China's Engagement with Smaller South Asian Countries", United States Institute of Peace, April 2019.

20. Central Bank of Sri Lanka, n. 12.



the visit of Japanese Defence Minister Itsunori Onodera to Sri Lanka in 2018 to promote a free and open Indo-Pacific (FOIP) strategy for IOR. This was followed by the visit of Japan's biggest warship, the Kaga helicopter carrier to the Colombo port, and joint naval exercise of the Japanese Maritime Self-Defence Force and Sri Lankan Navy.<sup>21</sup>

Australia and Sri Lanka celebrated the 70th anniversary of their diplomatic ties in 2017 which was marked by several high-level exchanges.<sup>22</sup> According to Australia's Defence White Paper in 2016, "Sri Lanka's location on a vital maritime corridor in the Indian Ocean has seen Australia gradually increase defence cooperation, including establishing a resident Defence Advisor in Colombo." In 2019, Australia expanded defence engagement with Sri Lanka through Indo-Pacific Endeavor (IPE) 2019 Exercises.<sup>23</sup> Other actors such as the United Kingdom and European Union are important trade partners of Sri Lanka. A majority share of Sri Lanka's export market is occupied by western countries of which 29.8 per cent of total exports in 2019 was accounted for by the European Union and another 26 per cent and 9 per cent belonged to the USA and UK respectively.<sup>24</sup>

### **GLOBAL POWER COMPETITION AND SRI LANKA'S POSITION**

As a small littoral state, Sri Lanka is vulnerable to power politics in the Indian Ocean, including its militarisation in any form. Leaders of Sri Lanka are aware that the rival powers aim to not only protect the sea lines of communication but also to offset each other's influence in the region.<sup>25</sup> The goal of Sri Lanka's foreign policy towards external actors in the Indian Ocean is to ensure its economic growth in the stable Indian Ocean.<sup>26</sup> To

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21. Chulanee Attanayake and Roshni Kapur, "Sri Lanka and Japan: Emerging Partnership", *ISAS Working Paper*, February, 26, 2019, at <https://www.isas.nus.edu.sg/wp-content/uploads/2019/02/ISAS-Working-Papers-No.-316-Sri-Lanka-and-Japan-Emerging-Partnership.pdf>. Accessed on January 6, 2021.

22. Department of Foreign Affairs and Trade, Australian Government, "Sri Lanka Country Brief", at <https://www.dfat.gov.au/geo/sri-lanka/Pages/sri-lanka-country-brief>. Accessed on December 23, 2020.

23. Roshni Kapur and C. Raja Mohan, "Australia and Sri Lanka Deepen Naval Cooperation", *ISAS Brief*, April 5, 2019, at <https://www.isas.nus.edu.sg/wp-content/uploads/2019/04/ISAS-Briefs-645.pdf>. Accessed on January 6, 2021.

24. Central Bank of Sri Lanka, n. 12.

25. Sahadevan, n. 1.

26. Barana Waidyatilake, "A New Role for Sri Lanka in Asia's Changing Geopolitics?", Working Paper, German Institute of International and Security Affairs, October 2018.

pursue its goal, the key objectives of Sri Lanka's foreign relations since 2015 include: (1) active economic diplomacy, (2) diplomatic neutrality, and (3) to establish rule-based order in the Indian Ocean.

Sri Lanka aspires to develop as a trade and maritime hub of the Indian Ocean Region by capitalising on its physical location and its natural harbours. While Colombo is the country's international transshipment centre, Trincomalee with the natural harbour, the fifth largest in the world, is its strategic hub.<sup>27</sup> Protectionist policy during the civil war hindered Sri Lanka's economic progress.<sup>28</sup> Hence, Sri Lanka adopted a strategy of 'hedging', that is, accepting economic cooperation with all interested partners. The renewed approach has allowed Sri Lanka to maximise the economic and development gains and minimise the risks of geopolitical tensions. President Sirisena, who came to power in 2015, laid out his foreign policy as 'Asia-centric balanced', intending to refrain from any military or political rivalry. Diplomatic neutrality is reflected in the foreign policy of Sri Lanka not just to maximise investments but also because a major share of its export market is with the western countries while its major import partners are India and China.<sup>29</sup> As the country's economic growth is heavily dependent on its trade it keeps the interest of other countries intact.

Besides, Sri Lanka wants to reclaim the role of regional normative leader by leading the dialogue on freedom of navigation.<sup>30</sup> On this subject, the Prime Minister of Sri Lanka had expressed interest in building an Indian Ocean Order with certain rules and agreements to guide interactions between states and ensure freedom of navigation in the Indian Ocean.<sup>31</sup> Since Sri Lanka lacks the military or economic

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27. Sahadevan, n. 1.

28. Wickremesinghe, "Speech delivered at the 3rd Indian Ocean Conference". Delivered at Hanoi, Vietnam, August 2018, at <https://www.news.lk/fetures/item/22082-ior-architecture-mustrecognize-intrinsic-role-of-littoral-states-pm>. Accessed on December 24, 2020.

29. Gamini Keerawalla, "The Indian Ocean Space in Sri Lanka's Foreign Policy: Evolving Strategic Perceptions since Independence", Regional Centre for Strategic Studies, Colombo, at <https://rcss.org/wp-content/uploads/2020/01/The-Indian-Ocean-Space-in-Sri-Lanka-Foreign-Policy-Prof.-Gamini-Keerawalla.pdf>. Accessed on January 18, 2021.

30. Asanga Abeyagoonasekera, *Sri Lanka at Crossroads: Geopolitical Challenges and National Interests* (World Scientific, 2019).

31. H. de Silva, "Sri Lanka's Role in the Indian Ocean and Changing Global Dynamics", in Jivanta Schöttli (ed.), *Maritime Governance and South Asia* (Singapore: Institute of South Asian Studies, NUS, 2018), pp. 13-22.

capacity to unilaterally implement its interests against great power rivalry, it approaches the situation with the proposal to follow rules-based order in the Indian Ocean.<sup>32</sup> To this end, Sri Lanka brought all the key stakeholders in IOR for the Indian Ocean Track 1.5 Conference in 2018.

### **CHALLENGES IN INDIA AND SRI LANKA'S RELATIONS**

The ongoing geo-economic and geostrategic competition in IOR has not only influenced Sri Lanka but also its relationship with India. Given the present engagement of global powers in Sri Lanka, bilateral relations face certain limitations.

#### *Lack of Consistent Momentum in India's Sri Lanka Policy*

For long, the ethnic conflict of Sri Lanka and its implications were the most defining aspect of India-Sri Lanka relations. The withdrawal of Indian Peace Keeping Forces (IPKF) and LTTE retaliation against India by assassinating Rajiv Gandhi in 1991 resulted in a change in India's policy towards Sri Lanka. India developed a cautious approach to Tamil issues, and even during the final phase of the civil war, India supported the Sri Lankan government without direct involvement.<sup>33</sup>

This developed an undesirable gap in India's Sri Lanka policy. It strengthened the common perception in Sri Lanka that Indian interest in bilateral ties was restricted to Tamil ethnic issues. It further created a void that was filled by China and subsequently by other powers like Japan, the EU, and the US. This was a period when China and Sri Lanka emerged as close strategic and diplomatic partners. With the change in the government of Sri Lanka, the Indian administration has tried to reform its approach to meet this challenge.<sup>34</sup>

#### *China's Deepening Engagement*

Given Sri Lanka's geographical proximity, India has been cautious about increasing Chinese activity in the island country. In 2014, the

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32. Waidyatilake, n. 26.

33. N. Manoharan, "Perceptions and Policies: The State of India-Sri Lanka Relations", in Amit Ranjan (ed.), *India in South Asia Challenges and Management* (Singapore: Springer, 2019).

34. Brian Orland, "India's Sri Lanka Policy Towards Economic Engagement", *IPCS Research Paper*, April 2008, at [http://www.ipcs.org/issue\\_briefs/issue\\_brief\\_pdf/1445888596RP16-Brian-SriLanka.pdf](http://www.ipcs.org/issue_briefs/issue_brief_pdf/1445888596RP16-Brian-SriLanka.pdf). Accessed on December 24, 2020.

Sri Lankan government permitted two Chinese submarines to dock in Sri Lanka. This was the first port visit by a Chinese submarine in IOR. China's aggressive policy in the South China Sea and along the India-China border has fuelled concerns that the rising economic cooperation with Sri Lanka might be converted to military relations. These fears were further strengthened after the Hambantota port was leased to China in 2017. According to Kaplan, Sri Lanka is vital for China as "It's part of China's plan to construct a string of pearls—ports that they don't own, but which they can use for their warships all across the Indian Ocean". He further explained that the investment in Hambantota has given China a broader presence in the IOR, thus meeting its requirement.<sup>35</sup>

### *Increasing Security Threats*

The Easter Sunday bomb blasts on April 29, 2019 gave prominence to the issue of terrorism in Sri Lanka. After the attack, Sri Lanka called for international assistance for investigation from several countries, including India, Australia, China, and the USA. China committed to provide Sri Lankan Rs 2.6 billion along with 100 jeeps for police forces.<sup>36</sup> The US sent teams from the Federal Bureau of Investigation (FBI) and the US Navy's Indo-Pacific Command to aid the investigation.<sup>37</sup> The emerging situation has presented new challenges in India-Sri Lanka relations. With the increase in cooperation with other countries, Indian predominance in capacity building, intelligence sharing and counterterrorism initiatives in the region are likely to reduce.<sup>38</sup>

### *Constraints in the International Financial System*

The USA Vice President, Mike Pence chiefly propounded the narrative of 'debt diplomacy' against China in 2018 in his speech in 2018. He argued that China was using the tactic of over-lending to get access to strategic maritime assets in various parts of the

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35. Kaplan, n. 7.

36. Sultana, n. 11.

37. Asoka Bandarage, "The Easter Attacks and Geopolitical Conflict in Sri Lanka", *Critical Asian Studies*, May 16, 2019, at <https://criticalasianstudies.org/commentary/2019/5/16/201912-asoka-bandarage-the-easter-attacks-and-geopolitical-conflict-in-sri-lanka>. Accessed on February 20, 2021.

38. Sultana, n. 11.

world. The project which stirred this debate is the Hambantota port development project. Apart from the fact that China has exploitative terms for the loans, the Hambantota case highlights the challenges for countries transitioning to middle-income status. Sri Lanka, which transitioned to a middle-income country in 2017, became ineligible to receive concessional financing and faced accelerated repayment for loans from Asian Development Bank (ADB) and World Bank.

This progress of low-income countries to middle-income results in a 'middle-income trap' where a developing country is often caught between the need for further growth and a lack of international development assistance.<sup>39</sup> In Sri Lanka's case, this affected its cash flow with low export revenue insufficient to repay loans.<sup>40</sup> Against this challenge, the Sri Lankan government leased the port to a Chinese joint venture in 2017 for 99 years in exchange for roughly US\$ 1 billion in FDI. International development funding has certain structural drawbacks that not only hinder Sri Lanka's cooperation with the western established funding system but also compel it to look for alternative sources of funding such as China.

## **OPPORTUNITIES FOR INDIA-SRI LANKA RELATIONS**

India and Sri Lanka's future relationship has been intrinsically linked to the Indian Ocean which is likely to remain complex for some time. To this end, India's Sri Lanka Policy needs to focus on the strengths, and explore the opportunities unleashed by the great power contest in the Indian Ocean Region.

### ***Strategic Maritime Cooperation***

Common security challenges and joint action to ensure peace and security in shared space provide an opportunity to enhance bilateral defence ties. The SAGAR vision of India—Security and Growth for All in the Region—established collective maritime security cooperation in 2015 between India, Sri Lanka, the Maldives, Seychelles and Mauritius. India's subregional approach to security is illustrated

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39. Shamindra Kulamannage, "Steering Away from Middle Income Trap", *Echelon*, November 27, 2019, at <https://www.echelon.lk/steering-away-from-the-middle-income-trap/>. Accessed on December 24, 2020.

40. Samaranayake, n. 19.

through the India-Sri Lanka-Maldives trilateral dialogue held in 2020. This reflects the strategic thinking of India with its desire to play a leading role in the region.<sup>41</sup>

### *Increased Economic Cooperation*

Increased economic engagement is required for both India and Sri Lanka to counter the increasing presence of major powers in South Asia.<sup>42</sup> Owing to increased competition from China and other countries in the neighbourhood, India has transformed its Sri Lanka strategy with a greater focus on ensuring its economic primacy in the region. Compared to India, Sri Lanka has a greater scope for improvement as India's trading partner. Sri Lanka's share in imports from 2000 to 2019 was just 0.2 per cent of total imports, while exports to Sri Lanka were 1.6 per cent of total exports, referring to a major gap in the economic ties.<sup>43</sup>

### *Cultural and Education Cooperation*

Discussing India's strength in the relationship with Sri Lanka, there is an opportunity to build on people-to-people relations through robust cultural linkages that include Buddhism, Education, Ayurveda, and Yoga. Additionally, there is scope to boost technical cooperation in the areas of agriculture, science & technology, healthcare and skill development to leverage the advantage of the demographic dividend in both countries. Historically, one of the strong indicators of India's soft power was the fact that it was the main education destination for students from the South Asian region, including Sri Lanka. However, in the last six years, this trend has slowed down. Today, of the total foreign students coming to India for education, a mere 3 per cent are from Sri Lanka, which presents scope for further development in the education sector.<sup>44</sup>

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41. Abeyagoonasekera, n. 30.

42. Huettemann, n. 5.

43. International Monetary Fund, "Export, FOB to Partner Countries", at <https://data.imf.org/regular.aspx?key=61013712>. Accessed on January 1, 2021.

44. Constantino Xavier, Aakshi Chaba and Geetika Dang, "Is India still the neighbourhood's education hub?", Brookings, March 10, 2020, at <https://www.brookings.edu/research/is-india-still-the-neighbourhoods-education-hub/>. Accessed on January 4, 2021.

*Consensus on Rule-based Order in the Indian Ocean*

For both India and Sri Lanka, a major aim in the Indian Ocean is to ensure a continuous and free flow of trade and commerce in the open seas. The region today involves the interests of global powers like the USA, China, Japan, and Australia. Within this context, the USA tends to view India's rise as a positive development to moderate China's more extreme international behaviour. The US National Security Strategy (NSS) states that "we welcome India's emergence as a leading global power and stronger strategic and defence partner."<sup>45</sup> The need to unite for dialogue among different countries is vital as, unlike other regions, the Indian Ocean Region is not integrated and a collective approach will help reduce strategic suspicion. Therefore, at the regional level, the present dynamics provide a possibility for India's partnership with countries with whom it shares a vision for regional stability.

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45. The White House, "National Security Strategy of the United States", December 2017.