



## Trincomalee Oil Tank Farm Deal: India- Srilanka

**For Prelims:** Trincomalee oil tank farms deal, location of Trincomalee port, Katchatheevu Island Issue, Four-Pillar Initiative, India and Sri Lanka conducted joint Military exercises, Foreign Direct Investment (FDI), Lines of Credit, currency swap agreement.

**For Mains:** India-Sri Lanka Relations, Indo-Lanka Accord 1987, Issues in India-Sri Lanka Relations

### Why in News

In the coming days, India and Sri Lanka are going to sign the long pending deal to jointly develop the **Trincomalee oil tank farms**.

- The signing of **the deal will reflect a positive sign, amidst strained relationship** between the two countries.

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## Key Points

- **About Trincomalee Oil Tank Farms:**
  - The oil tank farm was built by the British during [World War II](#) as a refuelling station,
  - It is located in 'China Bay' in close proximity to the internationally coveted deep **water natural harbour of Trincomalee.**
  - The proposal of this joint development was envisaged 35 years ago, in the [Indo-Lanka Accord 1987.](#)
  - It comprises **99 storage tanks**, with a capacity of 12,000 kilolitres each, spread across Lower Tank farm and Upper Tank Farm.
  - In 2003, **Indian Oil Corporation** set up its Sri Lankan subsidiary called **Lanka IOC, to work on this oil farm.**
  - Currently, Lanka IOC runs 15 tanks. The new agreement is being negotiated for the **remaining tanks.**
- **Significance of the deal:**
  - The Trincomalee Oil Tank Farms have been bestowed with several favourable factors of location. For example,
    - **Easily Accessible:** It is located on a deep water natural harbour of Trincomalee.

- **Strategic Location in the Indian Ocean:** These oil farms are located along some of the world's busiest shipping lanes.
- Thus, a well-developed oil storage facility and refinery adjacent to the Trincomalee Port would have **great economic value for both India and Sri Lanka.**

## Indo-Lanka Accord

- It is popularly referred to as the **Rajiv-Jayewardene Accord**, after its architects Prime Minister of India Rajiv Gandhi and Sri Lankan President J.R. Jayewardene. It was **signed in 1987.**
- It was signed on the pretext of the **Civil War in Sri Lanka** (between Tamils and Sinhala community).
- The accord sought to balance India's **strategic interests**, interest of **people of Indian origin in Sri Lanka** and **Tamil minority rights** in Sri Lanka.
- The accord saw the placement of the **Indian Peace Keeping Force (IPKF)** in Sri Lanka to resolve the Sri Lankan Civil War.
- The accord also resulted in enactment of the **thirteenth Amendment to the Constitution of Sri Lanka** and the **Provincial Councils Act of 1987.**
- **Issues in India-Sri Lanka Relations**
  - **China's Intervention:** China's rapidly **growing economic footprint** (and political clout as a corollary) in Sri Lanka is straining India-Sri Lanka relations.
    - China is already the largest investor in Sri Lanka, accounting for 23.6% of the total **Foreign Direct Investment (FDI)** during 2010-2019 as against 10.4% from India.
    - **China is also one of the largest export destinations for Sri Lankan goods** and holds over 10% of its external debt.
    - **China is also handling Hambantota Port of Sri Lanka**, the port is viewed as a part of China's String of Pearls Strategy.
  - **Katchatheevu Island Issue:** India ceded the uninhabited island to its southern neighbour in 1974 under a conditional accord.
    - However, many times the fisherman issue arises more out of a domestic tussle rather than the India-Sri Lanka view on the issue.
  - **13<sup>th</sup> Amendment of the Sri Lankan Constitution:** Indo-Sri Lankan Accord was signed in 1987 to provide a political solution to Sri Lanka's conflict.
    - It **envisages devolution of necessary powers to the provincial councils** to address the just demand of the Tamil people for equality, justice, peace, and respect within a united Sri Lanka.
    - The provisions of this accord were made in the Sri Lankan constitution, by the Thirteenth Amendment.
    - However, still the provisions are not implemented on ground. Even to this day, a lot of Sri Lankan Tamils who evaded from **Sri Lankan civil war (2009) are seeking refuge in Tamil Nadu.**
  - **Back Tracing of Sri-Lanka:** Recently, Sri Lanka backed out from a tripartite partnership with India and Japan for its **East Container Terminal Project** at the Colombo Port, citing domestic issues.

## India-Sri Lanka Cooperation: Recent Developments

- **Four-Pillar Initiative:** Recently, India and Sri Lanka agreed to a four-pronged approach to discuss initiatives on food and energy security to help mitigate Sri Lanka's economic crisis.
  - **This Four-Pillar Initiative comprises Lines of Credit, currency swap agreement, Modernisation Project (like The Indian Housing Project) and Indian Investments.**
- **Joint Exercises:** India and Sri Lanka conducted joint Military (**Mitra Shakti**) and Naval exercise (**SLINEX**).
- **Participation in Groupings:** Sri Lanka is also a member of regional groupings like **BIMSTEC** (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) and **SAARC** in which India plays a leading role.
- **SAGAR Vision:** Sri Lanka supports India's concern for the security of the Indian ocean with its 'Neighbourhood First' policy and **SAGAR (Security and Growth for all in the Region).**

## Way Forward

- Nurturing the **Neighbourhood First policy** with Sri Lanka is important for India to preserve its strategic interests in the Indian Ocean region.
- Indian foreign policy towards Sri Lanka, as part of its '[Island Diplomacy](#)', will also have to evolve in tune to the emergent realities and threats.
- Both countries can also **cooperate on enhancing private sector investments** to create economic resilience.

[Source: TH](#)

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