



India-China-Sri Lanka Triangle

For Prelims: Rubber-Rice Pact 1952, BIMSTEC, SAARC, SAGAR and the IORA

For Mains: Chinese Foreign Minister Visit to Sri Lanka. China-Sri Lanka Ties

Why in News

Recently, the **Chinese Foreign Minister (CFM) visited Sri Lanka.**

- At a meeting, CFM **proposed a forum for Indian Ocean island nations** and also asserted that **no “third party” should interfere in China-Sri Lanka ties.**
- While the **name of the third party was not revealed**, it was a clear reference to India.



Key Points

- **Highlights of CFM Visit to Sri Lanka**
 - The CFM visit envisaged launching celebrations marking the 70th anniversary of the historic **Rubber-Rice Pact 1952** and the **65th anniversary of the establishment of diplomatic relations between China and Sri Lanka.**
 - Under the **Rubber-Rice Pact**, China needed to import rubber and other supplies and Sri Lanka, for whom rubber was a key export, was facing a rise in the price of rice and a slump in the price of rubber.
 - CFM asserted that the two sides should make good use of **“the two engines”**, referring to the **Colombo Port City in Colombo and the Hambantota Port** (also in Sri Lanka).
 - He urged Sri Lanka to consider the prospects of the **[Regional Comprehensive Economic Partnership \(RCEP\)](#)** and restart talks on a free-trade agreement.
 - A **“forum on the development of Indian Ocean island countries”** to build consensus and synergy and promote common development, was also proposed.

- **About China-Sri Lanka Ties:**
 - **Largest Creditor to Sri Lanka:** China is the largest bilateral creditor to the country.
 - Its loans to the Sri Lankan public sector amount to 15% of the central government's external debt.
 - Sri Lanka heavily relies on Chinese credit to address its foreign debt burden.
 - **Investment in Infrastructure Projects:** China has invested about USD 12 billion in Sri Lanka's infrastructure projects between 2006-19.
 - **Shifting Interests of Smaller Nations:** Sri Lanka's economic crisis may further push it to align its policies with China's interests.
 - **China's Pursuit in the Indian Ocean:** China enjoys friendlier waters in South Asia and the Indian Ocean than it does in Southeast Asia and the Pacific.
 - China faces opposition from Taiwan, territorial disputes in the [South China Sea](#) and East Asia, and myriad frictions with the US and Australia.
- **India's Concerns:**
 - **Opposition to SAGAR Initiative:** The proposed Indian Ocean island countries forum sounded in opposition to Prime Minister of India's [SAGAR \(Security and Growth for All in the Region\) initiative](#).
 - SAGAR is India's strategic vision for the Indian Ocean Region (IOR).
 - **Issues Emanating from Two Engines of Growth:** China has formal control over Sri Lanka's Hambantota port as a part of a **99-year lease**.
 - Sri Lanka has decided to establish a Special Economic Zone around the Colombo port city and a new economic commission, to be funded by China.
 - The Colombo port handles 60% of India's trans-shipment cargo.
 - Leasing of Hambantota and the Colombo Port City project makes it almost certain for the Chinese navy to have a permanent presence in the Indian Ocean which will be worrisome for India's national security.
 - This Chinese strategy to encircle India is referred to as the **Strings of Pearls Strategy**.
 - **Influencing India's Neighbours:** Other South Asian nations like Bangladesh, Nepal and the Maldives have also been turning to China to finance large-scale infrastructure projects.

Way Forward

- **Preserving Strategic Interests:** Nurturing the Neighbourhood First policy with Sri Lanka is important for India to preserve its strategic interests in the Indian Ocean region.
- **Taking Advantage of Regional Platforms:** Platforms like the [BIMSTEC](#), [SAARC](#), [SAGAR](#) and the [IORA](#) could be leveraged to foster cooperation in fields like technology-driven agriculture, marine sector development, IT & communication infrastructure etc.
- **Restraining Chinese Expansion:** India will **need to continue to work on the Kankasanturai port in Jaffna and the oil tank farm project in Trincomalee** to ensure that China does not make any further inroads in Sri Lanka.
 - Both countries can also cooperate on enhancing private sector investments to create economic resilience.
- **Leveraging India's Soft Power:** In the technology sector, India can create job opportunities in Sri Lanka by expanding the presence of its IT companies.
 - These organizations can create thousands of direct and indirect jobs and boost the island nation's service economy.

[Source: TH](#)