

Revival of China's Colombo Port City Project: Implications for India

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Two high profile visits originated out of Sri Lanka in the first week of April: that of the Sri Lankan Chief of Defence Staff (CDS), Air Chief Marshal Kolitha Gunatilleke to India between 03 – 08 April and the Sri Lankan Prime Minister Ranil Wickremesinghe to China between 06-09 April. Arguably, the latter had a greater impact on the diplomatic and maritime ties between India and Sri Lanka. While the agenda of the CDS' visit to India included discussions with the Defence Minister, Service Chiefs and the Flag Officer Commanding-in-Chief, Western Naval Command, the Sri Lankan PM's visit to China was singularly focused on reviving the Colombo Port City Project (CPC), which had been put on hold by the newly elected Wickremesinghe government in March 2015. The revival of this project has also resuscitated India's apprehensions on China's strategic intent in the Indian Ocean Region (IOR) and the increasing inclination of regional countries to gravitate towards Beijing despite nagging questions of intent and outcome.

Approved by the administration of the former President Mahindra Rajapaksa, the CPC is a USD 1.4 billion project, spread over 575 acres, to be executed as a joint venture between the Sri Lankan government and a Chinese state-owned company. The project involved reclaiming land the size of Monaco and its development into a port city astride one of the busiest International Shipping Lanes (ISL) in the region. Since its inception, the project has raised a number of concerns on the issues of strategic interest, sovereignty, environment and alleged corruption. With the original deal stipulating that China would acquire 20 acres of land outright on a freehold basis, serious questions were raised on the perceived violation of sovereignty, especially when the Civil Aviation authority in Sri Lanka warned that China would have exclusive control of the airspace

over those 20 acres of land. Opposition to the project in its entirety formed the basis of Mathripala Sirisena's 2015 election campaign, which eventually led to trouncing of Rajapaksa and the appointment of Sirisena as President. Realising probably the legal intricacies involved in outright scrapping of the project, as promised in the election manifesto, the new government instead chose to put the project on hold, much to the chagrin of China. Slightly over an year later, the commitments made in the run up to the elections have been set aside and the project has received the green signal, with minor alterations to the original contract.

In his statement to the press, PM Wickremesinghe chose to dispel India's apprehensions and said "There is no question of security problem. The Indian security issues have been addressed by us. There will be further discussions with India on this." He further discounted the possibility of maritime jostling in the Indian Ocean between India and China, stating that China's naval presence in the region was mandated by ongoing anti-piracy operations.

Notwithstanding the assurances of the Sri Lankan PM, the recommencement of the CPC would indeed be a setback for Indian diplomatic efforts to counter China's overtures in the region. While the development of Colombo as a Port-driven megapolis is strategically prudent for the Sri Lankan economy, the large Chinese stake in the project coupled with the prospect of it being operated by a Chinese entity, ostensibly under a Sri Lankan regulator, promises to be a major irritant in India-Sri Lanka relations, besides significantly altering the strategic maritime contours in India's immediate neighbourhood.

The Indian government understands well the importance of maritime growth and security to the overall economic well-being of the country. With the launch of Project Sagarmala and the conduct of the maiden Maritime India Summit at Mumbai from 14-16 April 2016, India's maritime vision is slowly translating into tangible actions. Together with developing India's organic maritime capacity, it may also be the right time to evolve a concept of how India could assist in realizing the maritime growth potential of regional countries, in a manner that is mutually beneficial, both from the financial as well as the strategic perspective. Pushing for an India-led development of the Kankesanthurai port in Jaffna – something that India has been involved in earlier – may be the ideal start point. With multiple suitors lined up to gain a strategic foothold in the region, the Indian government would need to closely monitor the manner in which Indian companies complete projects in other countries. Timely delivery with top-class

quality would have to be the basic minimum, to ensure that countries do not look for extra-regional alternatives. Moreover, India's sustained naval engagement with Sri Lanka and other littorals, needs to be progressively and continuously upgraded to provide increasing value to other navies as well as to prevent extra-regional navies from occupying the space that India cannot or will not fill.

While India may not be able to match the scale of funding that China can today afford, certain advantages such as geographical proximity, shared history and ideals as well as a benign, non-aggressive posture could offset the advantage that hard cash in copious amounts may accrue. While the recommencement of the CPC project is undeniably a political setback, it is also an opportunity for India to recalibrate its response to the economic needs of regional countries and to take stock of its ability to prevent the power of hard cash from prevailing over regional security concerns.

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