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Issue Brief

Sri Lanka as an Outreach Partner of the G-7: Issues and Concerns

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S*ummary*

To come out from the economic mess and to clear itself from the allegation of human rights violation, Sri Lanka needs support of all the important countries in the West. Except Japan, all the G7 countries have pushed for war crimes probe and they have agreed to cooperate with the Sri Lankan Government only after it agreed to have a hybrid court, with judges from outside, to look into the war crimes cases. However, as Rajapaksa loyalists are trying to mobilise the people as well as the security forces against the government's consent to appoint foreign judges, the government is under pressure to backtrack from its commitment. To avoid any serious fallout, the NUG may now try to make the international community understand its domestic compulsions. Similarly, to withstand the existing economic burden and ease the pressure on account of debt-servicing, the government feels the need to win the confidence of China at the same time. At this crucial juncture, perhaps, Sri Lanka can neither offend China nor the G7 countries.

Through proactive and effective engagement with major countries, and policy initiatives to address the issue of governance and reconciliation process within the country, the National Unity Government (NUG) under the leadership of President Maithripala Sirisena has earned the goodwill and respect of the international community. Foreign policy is one key area which is being handled by the NUG most adroitly in the first year of its tenure. During the post-Rajapaksa period, Sri Lanka has successfully reached out to the United Nations Human Rights Council, the European Union, the United States of America, India, and China. Against this backdrop, Sirisena was invited by Japan as an outreach partner of the G-7 Outreach Summit in May 2016, along with the leaders of Indonesia, Vietnam, Bangladesh, Chad and Papua New Guinea. Addressing the G7 Outreach session on “Growth and Prosperity in Asia”, Sirisena outlined his government’s policy initiative to restore democracy and stability. He sought the assistance of the international community both for his country as well as other Asian countries that are in urgent need of help for the extensive developmental programmes they were undertaking.¹ Sirisena received accolades from Japanese Prime Minister Shinzo Abe for “raising Asia’s voice and explaining the Asian perspective to the western nations.”² Sirisena's visit to Japan to participate in the G7 summit has been considered as the most successful official visit made by a Sri Lankan leader in the recent past.³

While on the one hand there is excitement in Sri Lanka about Sirisena’s meeting with the world’s leaders in Japan during the G7 summit on May 27-29, doubts have also been raised about the motive behind this invitation. It was seen by some as an effort to bring the island nation under the influence of those countries that seek to contain China in the Indian Ocean. In this context, this issue brief analyses Sri Lanka’s participation at the outreach session of the G7 summit.

Rationale for making Sri Lanka an outreach partner

Ensuring growth and stability in Sri Lanka

As the G7 Outreach Summit meeting focused on “stability and prosperity”, Sri Lanka, which is passing through a process of political transition, has been considered as one of the few countries in Asia which require the attention of the elite group. The Sri Lankan economy is currently in dire stress, faced as it is with a huge debt burden and a progressive depletion of foreign reserves. Devastating floods and landslides in May 2016 have further increased the burden on the economy. The country desperately needs investments both for revenue generation to repay the debt and for developmental efforts. In this background, Sri Lanka’s participation at the G7

¹ See the full speech of President Maithripala at the G7 Outreach session on “Growth and Prosperity in Asia” on May 27, 2016 at “Steer econ growth to sustain well-being of Asia – President Sirisena calls on G 7,” *President’s Media Division (PMD) News, President’s Media Division*, May 27, 2016, at <http://www.pmdnews.lk/steer-econ-growth-sustain-well-asia-president-sirisena-calls-g-7/>.

² Samanmali Karunanayake, “Japan extends Yen 38 billion ODA assistance to Sri Lanka,” *PMD News*, May 28, 2016, at <http://www.pmdnews.lk/japan-extends-yen-38-billion-oda-assistance-sri-lanka/>.

³ This was said by Deputy Minister of Foreign Affairs Dr. Harsha de Silva in a press conference at the Department of Government Information on June 2, 2016. “Diplomatic relations prevented Geneva economic sanctions on Sri Lanka - Deputy FM,” *ColomboPage*, June 3, 2016, at http://www.colombopage.com/archive_16B/Jun03_1464933659CH.php.

Outreach Programme is particularly relevant as Japan formally announced that “G7 will explore what is needed to sustain the well-being of Asia to steer economic growth.”⁴

To ensure domestic stability, Sri Lanka is focusing on improving governance by removing corruption, ensuring human rights and trying its best to speed up the reconciliation process. Efforts are also being made to bring about essential constitutional and institutional reforms. However, Sri Lanka is in dire need of critical financial assistance to bring about such ‘revolutionary change’ in the country.

G-7 Countries have already expressed their intention to assist Sri Lanka at the bilateral level in order to effect institutional reforms and allocate adequate humanitarian aid and assistance. The US and the UK have pledged to assist the Sri Lankan government to reform its military and judiciary. After the United Nations Human Rights Commissioner recommended that Sri Lanka establish a special hybrid court with foreign judges to examine the alleged atrocities during the last phase of the Eelam War, Germany and Canada also expressed their intention to help country conduct a meaningful investigation.

Member countries of the G-7 have also expressed their intention to collectively address major global and political challenges in the Ise-Shima Leader’s Declaration.⁵ In this regard, they have pledged their commitment to work with various countries to deal with the challenges they face in the realms of economy, infrastructure, energy, climate change, health, gender, human rights, terrorism and extremism, refugees, cyber, nuclear, maritime security, etc. As Sri Lanka is seeking international cooperation in all these spheres, it was perfectly placed to be an outreach partner of the G7.

However, the G7’s explicit objection to China’s unilateral large-scale land reclamation activities and building of outposts in the East and South China Sea, as well as the various issues discussed by Abe during his bilateral meeting with Sirisena on the sidelines of the G7 summit, suggest that the group’s assistance to Sri Lanka as well as other outreach countries in the Indo-Pacific theatre is ultimately aimed at weaning them away from Chinese influence.

Reducing Chinese Influence?

The G7 has clearly articulated its concerns about Chinese actions in the East and the South China Sea without mentioning China. In their April 11, 2016 joint statement on Maritime Security, the G7 foreign ministers stated:

“We are concerned about the situation in the East and South China Seas, and emphasise the fundamental importance of peaceful management and settlement of disputes. We express our strong opposition to any intimidating, coercive or provocative unilateral actions that could alter the status quo and increase tensions, and urge all states to refrain from such actions as land reclamations including large scale ones, building of outposts, as well as their

⁴ Full speech of President Maithripala Sirisena at the G7 Outreach session, Note 1.

⁵ “G7 Ise-Shima Leaders’ Declaration,” *G7 Ise-Shima Summit, Ministry of Foreign Affairs, Japan, May 26-27, 2016*, at <http://www.mofa.go.jp/files/000160266.pdf>.

use for military purposes and to act in accordance with international law including the principles of freedoms of navigation and overflight”.⁶

Endorsing the G7 Foreign Minister’s statement on maritime security, the G7 leaders reiterated their concerns about the situation in the East and South China Seas during their summit meeting in Ise-Shima on May 26-27, 2016. They also emphasised upon the fundamental importance of peaceful management and settlement of disputes. The leaders’ declaration stated:

“We reiterate our commitment to maintaining a rules-based maritime order in accordance with the principles of international law as reflected in UNCLOS, to peaceful dispute settlement supported by confidence building measures and including through legal means as well as to sustainable uses of the seas and oceans, and to respecting freedom of navigation and overflight. We reaffirm the importance of states’ making and clarifying their claims based on international law, refraining from unilateral actions which could increase tensions and not using force or coercion in trying to drive their claims, and seeking to settle disputes by peaceful means including through juridical procedures including arbitration.”⁷

Japan and USA also agreed to strengthen their alliance in light of the increasingly severe security environment in the East and South China Sea, when Fumio Kishida, Japanese Minister for Foreign Affairs, and John F. Kerry, Secretary of State of the United States of America, met on the sidelines of the G7 foreign Ministers’ summit on April 11, 2016.⁸

China has not only been assertive in the South China Sea, but also bringing the small countries of the Indian Ocean under its influence by exercising its financial clout. Sri Lanka, one of the most important countries of the Indian Ocean, came under Chinese influence during the presidency of Mahinda Rajapaksa, when it availed large loans to build domestic infrastructure. The Sirisena government initially wanted to reduce its dependence on China, but has not been able to do so due to economic compulsions. It has extended full support for China’s Maritime Silk Route initiative, even as it has sought to repair the relationship with India. In order to assuage Indian concerns about the growing Chinese clout in Sri Lanka, Sirisena did try either to cancel or suitably revise the terms and conditions of the Colombo Port City project which is considered as the flagship project under China’s Maritime Silk Route initiative. However, it had to go ahead with the Colombo Port City project as well as other high value projects with only minor revisions in the contract and with due assurance to the Chinese to compensate them for the losses they have incurred for the delay in project implementation by involving them in other upcoming profitable infrastructure projects.

Against the backdrop of the changing geopolitical scenario, the increasing Chinese presence in Sri Lanka and other parts of South Asia is being viewed with concern by

⁶ “G7 Foreign Ministers’ Statement on Maritime Security,” *Ministry of Foreign Affairs, Japan*, April 11, 2016, at <http://www.mofa.go.jp/files/000147444.pdf>.

⁷ G7 Ise-Shima Leaders’ Declaration, Note 5.

⁸ “Japan-U.S. Foreign Ministers’ Meeting,” *Ministry of Foreign Affairs, Japan*, April 11, 2016, at http://www.mofa.go.jp/na/na1/us/page4e_000421.html.

India and G7 countries. Convergence of interests in the Indo-Pacific and the Indian Ocean bring India, Japan and USA together to ensure security in this sprawling geopolitical theatre. For the first time, India and the USA have announced a joint Strategic Vision for the Asia-Pacific and Indian Ocean Region on January 25, 2016, where they have agreed to “affirm the importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region, especially in the South China Sea... and build on their partnership to support sustainable, inclusive development, and increased regional connectivity by collaborating with other interested partners.” It was agreed by President Obama and Prime Minister Modi that to turn their vision into reality, they would “strengthen their regional dialogues, invest in making trilateral consultations with third countries in the region more robust, deepen regional integration, strengthen regional forums, explore additional multilateral opportunities for engagement, and pursue areas where they can build capacity in the region that bolster long-term peace and prosperity for all.”⁹

Accordingly, a US-India-Japan Trilateral ministerial meeting was inaugurated on September 29, 2015 to discuss the importance of international law and peaceful settlement of disputes; freedom of navigation and overflight; and unimpeded lawful commerce, including in the South China Sea.¹⁰ Japan joined India and the USA in the Malabar Exercises in 2015. New Delhi and Tokyo have underscored the importance of their close cooperation for maintaining stability and order in the region during Abe’s December 2015 visit to India. A combination of India’s military capability and Japan’s financial and technological skills can be effective in reducing Chinese influence in the region, at least in small countries. In short, India, USA and Japan are working closely towards their common vision for the Asia-Pacific and Indian Ocean Region, and the engagement with Sri Lanka at bilateral and multilateral forums should be considered in this context.

Sri Lanka is strategically important for all these three countries. But all of them lost their leverage in the Island during Rajapaksa’s rule. It should be noted that the policy of only-stick-and-no-carrot of the Western countries made it easier for Rajapaksa to lean on China for strategic assistance. The USA and EU sought to take stern action against the Rajapaksa administration for its disinclination to investigate alleged violations of human rights during the Eelam War. The EU withdrew its GSP (+) scheme and banned the import of Sri Lankan fish products. The USA reduced its aid to Sri Lanka. Even though Japan refrained from making any comment on alleged violations of human rights, Rajapaksa chose China over Japan as the largest development partner. Sri Lanka has no doubt suffered economically due to the deteriorating relations with its major economic partners, but the strategic interest of these countries also got affected in the process. Allowing a Chinese submarine to dock at a Sri Lankan port at a time when the Japanese Prime Minister was on official visit to the country in 2014 demonstrated the importance of China for Sri Lanka over

⁹ See the “U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region,” *The White House, Office of the Press Secretary*, January 25, 2016, at <https://www.whitehouse.gov/the-press-office/2015/01/25/us-india-joint-strategic-vision-asia-pacific-and-indian-ocean-region>.

¹⁰ “Inaugural U.S.-India-Japan Trilateral Ministerial,” *Media Note, Office of the Spokesperson, U.S. Department of State, Washington, DC*, September 29, 2015, at <http://www.state.gov/r/pa/prs/ps/2015/09/247483.htm>.

Japan. The Western powers' repeated call for Eelam War accountability finally resulted in their reduced influence in Sri Lanka.

Therefore, after the change in government in Colombo, Western countries are going soft on the current administration over the issue of human rights. They could also moderate their position because of the NUG's intention to cooperate with them. The EU has already lifted the ban on Sri Lanka, and is about to reintroduce the GSP (+) scheme for Sri Lanka. The US has withdrawn its embargo on military aid. Japan has also expressed its intention to increase its financial assistance to the Island.

Efforts are being made to reduce China's influence in Sri Lanka through positive engagement and cooperation. The US has encouraged Sri Lanka to participate in its Indo-Pacific Economic Corridor initiative to increase economic connectivity among South Asian countries and with Southeast Asia during the first annual US-Sri Lanka Partnership Dialogue held on February 26, 2016.¹¹ The US and India have already agreed to promote this corridor in their Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region. The joint vision states: "To support regional economic integration, we will promote accelerated infrastructure connectivity and economic development in a manner that links South, Southeast and Central Asia, including by enhancing energy transmission and encouraging free trade and greater people-to-people linkages."¹²

As Japan committed itself to enhance ties with Sri Lanka, special attention has been given to maritime security cooperation. The two maritime countries have already held a dialogue on maritime security, safety and oceanic issues in January 2016 in Colombo, where they "reconfirmed the importance of maintaining the freedom of the high seas and maritime order based on the rule of law."¹³ To improve maritime safety capability, Abe announced the supply of two patrol vessels during his meeting with Sirisena on May 28, 2016 on the sidelines of the G7 summit. Abe also expressed his intention to send survey missions to study the needs and the logistics for hub development of the north port of Colombo and its surrounding areas, as well as the development of the port of Trincomalee.¹⁴

Some Sri Lankan experts have, however, expressed concerns about their country becoming a satellite of India, USA and Japan.¹⁵ They argue that joint statements

¹¹ "Joint Statement From the U.S. Department of State and the Ministry of Foreign Affairs of Sri Lanka on the Inaugural U.S. - Sri Lanka Partnership Dialogue," *Media Note, Office of the Spokesperson, US Department of State, Washington, DC*, February 29, 2016, at <http://www.state.gov/r/pa/prs/ps/2016/02/253775.htm>.

¹² U.S.-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region, Note 9.

¹³ Media statement on Japan-Sri Lanka Summit Meeting, Ministry of Foreign Affairs, Japan, May 28, 2016, at <http://www.mofa.go.jp/files/000160708.pdf>.

¹⁴ Media Statement on Japan-Sri Lanka Summit Meeting, Ministry of Foreign Affairs, Government of Japan, May 28, 2016, at <http://www.mofa.go.jp/files/000160708.pdf>.

¹⁵ Bandu de Silva, former ambassador, in his article "Will China Sea issue move from diplomacy to military confrontation?" Published in *The Island* on June 10, 2016 says that "Foreign Minister Mangala Samaraweera is becoming more and more subservient to the Western bloc and India." http://island.lk/index.php?page_cat=article-details&page=article-details&code_title=146682. Nanda Wickremesinghe writes "The fact that Sirisena was invited is an indication of just how rapidly his government has integrated Sri Lanka into the geo-political agenda of US imperialism." See, "Sri Lankan president attends G7 "outreach meeting"," *World Socialist Website*, June 3, 2016, at <https://www.wsws.org/en/articles/2016/06/03/sril-j03.html>.

issued by the current government in Colombo with Japan or USA on the South China Sea might not be in the long-term interests of Sri Lanka.¹⁶

Sri Lanka's commitment to a balanced foreign policy

The Government of Sri Lanka has, nevertheless, clearly stated that its growing relationship with the G7 countries—particularly with the US and Japan—is not at the expense of its friendship with China. Perhaps, to remove any possible misunderstanding about Japan-Sri Lanka maritime cooperation, Sirisena accepted Chinese President Xi Jinping's invitation to visit China immediately after his visit to Japan. Undoubtedly, the invitation demonstrated China's concerns about Sri Lanka joining hands with Japan, USA and India. Sirisena's acceptance of a second visit to Beijing, within less than two years, that too on Chinese insistence, shows his desperate efforts to clear doubts from the minds of the Chinese leadership regarding his government's diplomatic outreach.¹⁷ It is quite possible that the Ministry of Port and Shipping's emphasis, at this juncture, on transferring the Galle naval base to Hambantota was possibly meant to placate the Chinese and convince them of Sri Lanka's goodwill towards China.¹⁸

Sri Lanka's strategic location and its willingness to work with all the stakeholders in the Indian Ocean to ensure maritime security have made it a desired partner for maritime cooperation.¹⁹ As it is strategically situated along the major trading routes between the East and the West, all trading nations are trying to have friendly relations with Sri Lanka both to enhance their influence in the island nation and limit countervailing influence by others.

There is, definitely, a competition going on among the big powers to win over Sri Lanka at the moment. On the one hand, China considers Sri Lanka as an important partner of its 'belt and road' initiative, while on the other, India, Japan and the USA are trying to reduce China's influence in the Indo-Pacific maritime domain. There was a time when India did not want any external powers to have any kind of influence in its immediate neighbourhood. But in the changing geopolitical scenario, India

¹⁶ Dilrook Kannangara, "Did Sirisena Fall in the Japanese Death Trap?," *Lankaweb*, June 1, 2016, at <http://www.lankaweb.com/news/items/2016/06/01/did-sirisena-fall-in-the-japanese-death-trap/>.

¹⁷ Sirisena first visited China in March 2015.

¹⁸ P.K. Balachandran, "Sri Lanka To Build Naval Base At Hambantota," *The New Indian Express*, July 23, 2015, at <http://www.newindianexpress.com/world/Sri-Lanka-To-Build-Naval-Base-At-Hambantota/2015/07/23/article2936420.ece>. "Move to develop Galle Harbor as a leisure port, shift Navy base to Hambantota," *ColomboPage*, June 4, 2016, at http://www.colombopage.com/archive_16B/Jun04_1465049874CH.php.

¹⁹ On the sidelines of the G-7 Summit, Sirisena had bilateral dialogues with the Prime Minister of Vietnam Ngyuyn Xuan Phuc, President of the Republic of Indonesia Joko Widodo, Prime Minister of Bangladesh Sheikh Hasina, and Prime Minister of Japan Shinzo Abe. One of the main themes of these discussions was investment opportunities in Sri Lanka for these countries and cooperation in the maritime domain. The Indonesian President urged Sri Lanka to cooperate in the activities of Indian Ocean Rim Association, the Chairmanship of which body Indonesia is going to obtain. Applauding Sri Lanka's contribution for security of sea lanes, the Vietnamese Prime Minister expressed interest in working closely with the Island country to ensure the safety and security of sea lanes under the United Nations Convention on the Law of the Seas. Sirisena also held discussions with the Prime Minister of Bangladesh and discussed issues relating to bilateral trade.

seems to be open to the idea of cooperating with the USA and Japan in the Indian Ocean to curtail Chinese influence.

To reap benefits from this big power competition for influence, Sri Lanka is trying to be tactful. It needs to be remembered, however, that to come out from the economic mess and to clear itself from the allegation of human rights violation, Sri Lanka needs support of all the important countries in the West. Except Japan, all the G7 countries have pushed for war crimes probe and they have agreed to cooperate with the Sri Lankan Government only after it agreed to have a hybrid court, with judges from outside, to look into the war crimes cases. However, as Rajapaksa loyalists are trying to mobilise the people as well as the security forces against the government's consent to appoint foreign judges, the government is under pressure to backtrack from its commitment. To avoid any serious fallout, the NUG may now try to make the international community understand its domestic compulsions. Similarly, to withstand the existing economic burden and ease the pressure on account of debt-servicing, the government feels the need to win the confidence of China at the same time. At this crucial juncture, perhaps, Sri Lanka can neither offend China nor the G7 countries. In other words, Sri Lanka needs to be truly non-aligned to extract maximum benefit from both sets of countries. Only time will tell how successfully Sri Lanka is able to manage this situation.

Sirisena, in his policy statement at the inaugural session of the 8th Parliament on September 1, 2015, stated that the NUG would “follow an Asia centric middle-path foreign policy.”²⁰ However, it appears that in order to earn the trust of China and the G7 countries, Sri Lanka has de-emphasised its relationship with India for the time being. India needs to be mindful that in the current power game for strategic space in Sri Lanka it is not being valued as much as it should be as a strategic partner. Therefore, India needs to intensify its economic and maritime engagement with Sri Lanka by utilising its unique leverages, focusing on its delivery efficiency and through imaginative interlocking of interests to secure its influence and strategic interests in the island nation and the wider south Asian region.

²⁰ Policy Statement delivered by President Maithripala Sirisena addressing the 8th Parliament of Sri Lanka on September 1, 2015, *The official website of the President of the Democratic Socialist Republic of Sri Lanka*, at <http://www.president.gov.lk/news/policy-statement-delivered-by-president-maithripala-sirisena-addressing-the-8th-parliament-of-sri-lanka-on-september-1-2015/>.

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