

# Sri Lankan president visits India to improve relations

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Sri Lankan President Mahinda Rajapakse visited India for four days last week in a bid to repair relations that were strained last year in the final months of Colombo's war against the separatist Liberation Tigers of Tamil Eelam (LTTE).

Rajapakse was making his first state visit since winning a second term of office in January. He was accompanied by External Affairs Minister G. L. Peiris and met with Indian President Pratibha Patil, Prime Minister Manmohan Singh and ruling Congress Party leader Sonia Gandhi. After signing seven agreements, Rajapakse and Singh issued a 45-point joint declaration.

Tensions between the two countries arose after Rajapakse plunged Sri Lanka back to war in July 2006. Although New Delhi backed Colombo and supplied equipment to the Sri Lankan military, it faced widespread opposition in the southern state of Tamil Nadu, particularly as civilian casualties mounted in the lead up to the LTTE's defeat in May 2009. At the same time, India became increasingly concerned as Colombo turned to China, India's regional rival, for support.

Having consolidated his hold on power, Rajapakse is trying to patch up relations, not only with India, but also the US and EU which are similarly concerned about China's influence. He appointed Peiris, who is known for his sympathies to the West, as foreign minister. Peiris visited Washington last month on a similar mission to ease tensions with the US.

A major motivation is aid and investment. The Sri Lankan economy has been ravaged by a quarter century of war and is heavily indebted, particularly as a result

of Rajapakse's huge military budgets. The global economic crisis hit the island's exports hard, forcing the government to take out a \$2.6 billion International Monetary Fund (IMF) loan last year. India is keen to forge closer economic ties with Sri Lanka to expand its influence and counter China.

At the same time, Rajapakse is seeking to fend off calls by the US and EU for an international inquiry into war crimes by the Sri Lankan military, which killed tens of thousands of civilians in the final months of operations. The EU is threatening to end preferential trade arrangements with Sri Lanka over the government's human rights record.

During the four-day visit, India offered substantial aid to rebuild infrastructure. An agreement to provide an \$800 million concessionary loan was signed to reconstruct railway lines. India's state-owned IRCON company will work on the Madhu-Thalaimannar railway in the island's northwest. Another deal was previously reached for the northern Omanthai-Pallai line toward Jaffna.

The two leaders agreed to resume the ferry services between northern Sri Lanka and southern India, which were halted during the war. India will assist in the rehabilitation of the Palaly airport and Kankesanthurai harbour on the northern Jaffna peninsula. In the meantime, China has funded the construction of a major port and an international airport in the southern town of Hambantota.

India and Sri Lanka will expedite work on a joint venture—a 500 MW coal-fired power plant at Sampur in the island's eastern province. The project, in one of the

first areas seized from the LTTE, was delayed after the Sri Lankan government bowed to chauvinist opposition to India's influence in the country. Rajapakse and Singh plan to finalise discussions within three months and India has offered a \$200 million concessionary loan to build the plant. The two leaders agreed to a feasibility study into the connection of the Indian and Sri Lankan electricity grids.

Despite the significant Indian economic aid, Rajapakse did not discuss a proposed Comprehensive Economic Partnership Agreement (CEPA) between the two countries. The countries already have a Free Trade Agreement, which is limited to trade in goods. India hoped to sign the CEPA, which would cover investment and services, and which it regards as a model for similar agreements with other South Asian countries.

Negotiations over the CEPA began in 2005, but the Sri Lankan government faced opposition at home. While big business is generally supportive, organisations representing professionals and smaller businesses protested against the agreement just before Rajapakse's departure. The opposition Janatha Vimukthi Peramuna (JVP) has openly criticised the CEPA as "not transparent" and declared that the agreement would pave the way for Indian domination of the island's economy.

Rajapakse did support the revival of the "Joint Commission mechanism" set up in 1991 to address economic issues between the two countries. India pushed for the commission to reconvene as a means of boosting its influence in Colombo. However, the Sri Lankan president gave the green light for India to establish two new consulates—in Jaffna and Hambantota. The latter is clearly aimed at keeping an eye on China's activities.

On the other key issue—a settlement to Sri Lanka's civil war—the two leaders did little more than restate their positions. Singh called for a "political solution" based on "a meaningful devolution package, building upon the 13th Amendment". The 13th amendment to the Sri Lankan constitution was part of the Indo-Lanka Accord signed in 1987 as the prelude to India's

dispatch of so-called peace-keeping troops to northern Sri Lanka in a failed bid to end the war.

Singh's push for a limited political devolution on a provincial level to the North and East of Sri Lanka has nothing to do with defending the democratic rights of Tamils. It seeks a power-sharing arrangement between the Tamil and Sinhalese ruling elites on the island. Singh routinely appeals for "a political solution" in order to fend off criticism from his allies in Tamil Nadu. During his visit, a delegation of Tamil Nadu politicians, including from the Dravida Munnethra Kazagam (DMK), went to New Delhi to try to pressure Rajapakse. The DMK heads the state government in Tamil Nadu and is part of Singh's Congress-led national government.

Rajapakse told Singh that he was determined "to evolve a political settlement acceptable to all communities" and "to continue to implement in particular the relevant provisions of the Constitution". He accepted \$250 million in Indian assistance to rebuild 50,000 houses destroyed during the war, but has no intention of making any significant concessions to the Tamil bourgeoisie in Sri Lanka. When he speaks of a solution "acceptable to all communities," Rajapakse means above all to the most chauvinist sections of the Sinhalese elite on which he rests politically.

Despite a significant Indian aid package, Rajapakse kept Singh at arm's length over two key issues—closer economic integration and the resolution of the island's longstanding communal tensions. As the global economic crisis worsens, Sri Lanka's attempts to diplomatically manoeuvre and balance are likely to fall apart as the island is drawn into the sharpening rivalry between the various regional and major powers.



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