# Sri Lankan president performs delicate balancing act in Beijing

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Sri Lankan President Maithripala Sirisena paid a five-day state visit to China, starting on March 25, at President Xi Jinping's invitation, in a bid to patch up relations and secure continuing Chinese investment and aid.

In a thinly disguised, US-backed regime change operation, Sirisena won the presidential election in January and ousted President Mahinda Rajapakse, who established close economic and strategic ties with Beijing. Sirisena's government has rapidly moved to shift foreign policy toward the US, and also India, through high-level visits and exchanges.

Tensions with China have already emerged. Prime Minister Ranil Wickremesinghe announced a review of Chinese investment in Sri Lanka, including the huge $US1.4 billion Colombo Port City project, which is now on hold. During the election campaign, Sirisena blamed Chinese investment for the alleged corruption of Rajapakse's government.

However, confronting a growing economic crisis and mounting debt at home, Sirisena cannot afford a complete break with Beijing. During his trip to China, he was accompanied by senior ministers, including Foreign Minister Mangala Samaraweera and Finance Minister Ravi Karunanayake.

Sirisena met with Xi, Prime Minister Li Keqiang and other top Chinese officials and signed agreements on public health, trade and commerce, agriculture and human resource development. China pledged more than $1 billion in additional grants to fund projects, including a hospital and other health facilities.

For its part, the Chinese government is keen to preserve its relations with Sri Lanka. Beijing wants to counter the US "pivot to Asia" that seeks to undermine Chinese influence and justify a military build-up throughout the region. Xi declared that Sirisena was "an old friend of the Chinese people" who had visited many times. He stressed that China considered Sri Lanka a strategic partner and wanted to "promote and elevate the China-Sri Lanka relationship to that level."

Sri Lanka's suspension of the Colombo Port City project was clearly a source of friction. Xi called on Sri Lanka to ensure the "legitimate rights and interests of Chinese enterprises," suggesting that Beijing could take legal action if contracts were broken. He emphasised the need for joint efforts to build China's major initiative—the 21st Century Maritime Silk Road—to encourage economic and commercial linkages throughout the region.

China's Assistant Foreign Minister Liu Jianchao said Sirisena indicated that the problems surrounding the project were "rather temporary" and expressed the hope that it would continue "after things are sorted out." Sirisena reportedly said that "Sri Lanka welcomes more Chinese enterprises" and pledged to "offer favorable investment for investors."

At Xi's invitation, Sirisena extended a scheduled three-day trip by two days to participate in the Boao Forum—an annual gathering of major political and business figures that is billed as the Asian equivalent of the Davos summit in Switzerland.

Sirisena's visit highlights the dilemma faced by his government and the Colombo ruling elite as a whole. While it has shifted its foreign policy toward the US and India, Sri Lanka badly needs foreign investment and loans to sustain its economy.

Though economic growth was around 7 percent in recent years, much of it depended on foreign loans, often at high interest rates. Foreign debt now amounts to 88 percent of gross domestic product, raising the danger of a balance of payments crisis. China is Sri Lanka's biggest investor, a major trading partner and

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the greatest lender, having provided $US5.3 billion in loans for infrastructure projects.

Despite Sri Lanka's foreign policy shift, the International Monetary Fund recently rejected a government request for a $4 billion loan to restructure debt repayments on Chinese loans. On the eve of Sirisena's visit to China, Reuters asked Sri Lankan Finance Minister Karunanayake if the government would try to renegotiate the loans. "That's what we are asking China. Please help us," he declared.

Sri Lanka has already agreed to become a founding member of the China-led Asian Infrastructure Investment Bank, through which Beijing has promised billions of dollars in investment throughout the region.

Washington is closely watching Sri Lanka's moves. Significantly, on the day that Sirisena and Xi held talks, US Assistant Secretary of State for South and Central Asian Affairs Nisha Biswal told the US House Foreign Affairs Committee that Sri Lanka represented "another dramatic opening." This was a reference to Burma's sudden turn to Washington in 2011. She declared that Sirisena was "pivoting the country away from the harmful policies of his predecessor."

For five years, the Obama administration sought to pressure the Rajapakse government by threatening to take action over its human rights atrocities during the communal war against the separatist Liberation Tigers of Tamil Eelam. Once Sirisena took office, the US gave the green light to delay the release of an international report into Sri Lankan "human rights." If Sirisena steps out of line, Washington will not hesitate to use threats of possible war crimes prosecutions against his government, as it did against Rajapakse's.

The *Indian Express* commented in an editorial last week that Sirisena was engaged in a "delicate balancing act." Under the Rajapakse government, it stated, Sri Lanka "drifted close to China in ways that made it seem unconcerned about India's sensitivities." The newspaper added: "While China will continue to loom large in Sri Lanka, India's real challenge is to rapidly consolidate its own strategic and economic partnership with Colombo."

Indian Prime Minister Narendra Modi's right-wing government, backed by Washington, is aggressively seeking to undermine Chinese influence in South Asia and the Indian Ocean region. Modi visited Sri Lanka in February during a tour of four Indian Ocean island countries—the first visit by an Indian prime minister in 28 years. New Delhi is seeking to invest more in Sri Lanka and seal a Comprehensive Economic Partnership Agreement with Colombo.

Sirisena's installation has resolved none of these geo-strategic conflicts. It has only ensured that Sri Lanka will be drawn ever more directly into the growing storm of tensions being generated by Washington's reckless "pivot to Asia" and its preparations for war against China. At the same time, Colombo is facing a worsening economic crisis and has few options but to turn to Beijing for much-needed financial assistance.

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