

Maldives and China sign free trade agreement

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Maldives President Abdul Yameen made his first state visit to China early this month to sign a Free Trade Agreement (FTA), underscoring the growing partnership between the two countries. Yameen praised China, declaring it to be his country's "closest development and commercial partner."

The Maldives is strategically located in the Indian Ocean, close to the southwestern tip of India, and astride important sea-lanes from the Middle East and Africa to South East Asia and East Asia. It has become a focal point of geo-political rivalry between the US and India on one side and China on the other.

During Yameen's visit, the Maldives minister of economic development, Mohamed Saeed, signed a deal to participate in Beijing's One Belt, One Road (OBOR) initiative. The huge OBOR project is to establish ports, roads and rail lines connecting China with Europe and now involves 60 countries and covers 70 percent of the world's population.

Chinese President Xi Jinping declared that Beijing regarded the Maldives as an "important partner in the construction of the 21st Century Maritime Silk Road." The OBOR initiative is to counter Washington's efforts to encircle China and undermine its economic and strategic interests in Asia and around the world.

The Maldives is the second South Asian country, after Pakistan, to sign an FTA with China. Under the agreement both countries will waive tariffs on each other's imports, which will benefit fish exporters in the Maldives. Under conditions where fish exports have declined since 2014, this is crucial for the tiny nation's economy. China is also currently the country's biggest source of tourist income with around 240,000 visitors arriving in the first nine months of this year.

Yameen also hopes that the FTA will help enhance the country's finance sector. Speaking at a Business Leaders' Forum in Beijing, he appealed to Chinese businessmen to invest in the Maldives, saying that the

Maldives welcomes foreign direct investments, particularly in its Special Economic Zones.

In 2013, the European Union (EU), used the excuse that Maldives failed to comply with international conventions on freedom of religion to drop the country from its list of Least Developed Countries and scrap its tariff concessions. Maldives Minister of Fisheries and Agriculture Mohamed Shinee said that a 40 percent reduction in fish exports to the EU zone forced the country to look to China.

Citing human rights, the reintroduction of the death penalty and an alleged increase in Maldivians joining Islamic extremist groups, a European Parliament resolution on October 5 also called on its member states to impose sanctions on Maldives. The real reason for these measures is the Yameen government's close relations with China, which cuts across the EU's strategic interests and ambitions in the region.

The International Monetary Fund has also defined Maldives as a "fragile state," putting increased pressure on the Yameen regime. According to the finance ministry, the estimated public debt by the end of 2018 will be around 60 percent of GDP. International financial institutions have predicted that this will climb to 121 percent of GDP by 2020.

India's ruling elite has voiced its concerns over the Maldives-China free trade agreement. A December 6 editorial in the *Hindu* declared: "While New Delhi has made no public statement, it has reportedly made its displeasure known, particularly on the speed and stealth with which the negotiations were completed."

The next day India's external affairs ministry spokesman Raveesh Kumar told his weekly press conference: "It is our expectation that as a close and friendly neighbour, Maldives will be sensitive to our concerns in keeping with its 'India First' policy." In other words, all countries in the region must accept Indian dominance and adhere to its dictates.

Kumar went on to criticise Sri Lanka's recent agreement with a Chinese company to lease the Hambantota Port. India, he declared, continues "to take up with Sri Lanka issues related to the security concerns in the region."

On December 8, Japan's *Nikkei Asian Review* commented: "China's latest inroads into the Maldives expand on a foundation it has laid through loans, grants and foreign direct investment—all aimed at gaining a foothold at a strategic point in the Indian Ocean at India's expense." Tokyo has close military strategic relationships with the US, and also India to counter China's rising economic power.

Former president and current opposition leader Maldivian Democratic Party leader Mohamed Nasheed denounced the FTA, claiming that it subjugated the country to China. He told the *Times of India* on December 3 that the deal would "deepen the debt trap to China" and said Beijing has "huge leverage over us, undermining Maldivian sovereignty and independence."

Nasheed, who wants to oust Yameen with the help of the US, India and other Western powers, openly supports Washington and New Delhi's geo-strategic manoeuvres against China.

In fact, almost all political parties in the Maldives, including Nasheed's Maldives Democratic Party, the Jumhooree Party and a section of the ruling Progressive Party, oppose Yameen's pro-China tilt, and have formed an alliance. Yameen has responded with police-state methods to suppress the pro-Western opposition.

Twelve opposition members, including Mohamed Waheed Ibrahim, Mohamed Aameeth, and Saud Hussein, are currently facing obstruction charges—for allegedly breaking through police ranks and entering parliament grounds on July 24. If convicted they could be jailed for between four months and one year.

Washington is determined to bring the Maldives under its control. In early November, Atul Keshap, the US ambassador to Sri Lanka and Maldives, held talks with Indian Foreign Secretary S. Jaishankar regarding its concerns over China's influence on Maldives and Sri Lanka as well.

As US war escalates its war threats against North Korea and intensifies its military preparations against China, Washington and New Delhi will escalate their moves against Yameen's government and to bring

Maldives under their influence.



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