

Pathfinder View Point

Indo – Lanka Relations: Building Confidence and Boosting Bilateral Cooperation

A series of high level visits during the course of this year have formed the basis of attempts to re-set Indo-Lanka bilateral relations. There has been an exchange of visits involving President Sirisena, Prime Minister Modi and Foreign Ministers Samaraweera and Swaraj. Prime Minister Wickremesinghe's forthcoming visit will be the first after the Parliamentary Elections, which have completed the transition to a new political dispensation. This visit offers the opportunity to seek concrete outcomes, which promote the declared goal of a bilateral relationship of 'irreversible excellence'. This would entail addressing sources of continuing friction between the two countries as well as strengthening economic and cultural links.

Sources of friction

Three areas, which are major sources of friction, are:

1. Fisheries
2. The ethnic issue and
3. Sri Lanka's relationship with China

On the first two, as a starting point, the Prime Minister may wish to look back at the Joint Statement, which was issued after his discussions with Prime Minister Vajpayee, in October 2003.

On the **fisheries** issue, the two Prime Ministers agreed on a course of action in 2003. The PF is of the view that this is an opportune time for both sides to review the developments since 2003 focusing on contentious issues relating particularly to the Palk Bay, which include illegal crossings of the MMBL by Indian fishermen and engaging in fishing, use of destructive fishing gear and methods and demanding that local fishermen should keep away from Sri Lankan waters on days when they engage in fishing! Given the current mood of the hapless northern fishermen, a MOU on licensing for fishing within Sri Lankan waters would be a politically unwise move for the government. Livelihood of impoverished northern fishermen, the majority of whom are Tamils, should not be sacrificed for improved bilateral relations.

On the **ethnic** issue, India supported a settlement acceptable to all sides of Sri Lankan society within the framework of a united Sri Lanka and consistent with democracy, pluralism and respect for individual rights. The 2003 Joint Statement also recognised that India believed that an enduring solution had to emerge purely through internal domestic processes. The current Sri Lankan government is attaching high priority to reconciliation and the settlement of the ethnic issue. Its efforts can be well supported by the approach enunciated in the previous Joint Statement, which is not overly influenced by internal Tamil Nadu political dynamics.

Building mutual confidence and trust on strategic concerns with India should be the cornerstone of our foreign policy. On India's strategic sensitivities regarding **Sino – Lanka** relations, the Prime Minister should consider operating at two levels. First, he needs to gain an understanding of India's current strategic concerns and explore ways of addressing them, while robustly protecting Sri Lanka's sovereignty and national interests. It need not be emphasized that there would be friction, when India

perceives its national interests are threatened. It is therefore imperative that legitimate concerns of India are recognized and addressed. Consideration could be given to establishing a high level political apparatus as a confidence building mechanism, which creates the capacity for proactively addressing any issues, which have the potential to generate suspicion and trigger hostility. This could be supported by identifying ways of strengthening the existing framework for cooperation between the two countries' defence / strategic establishments.

During the 2003 visit, the Prime Minister discussed the scope for increased training and supplying of equipment to the Sri Lankan Defence Forces. It was also agreed that the two sides would consider a Defence Cooperation Agreement. On this visit, there is a case for the Prime Minister to explore the scope for increasing and deepening defence cooperation. It is quite likely that some elements in India, particularly in the Tamil Nadu, would take exception to such an initiative. However, India has to have the political will to look beyond local interests, if New Delhi is to develop a meaningful and long-term strategic relationship with Sri Lanka.

The Prime Minister can also leverage the government's 360-degree foreign policy as the basis to make the case for Sri Lanka's expanding commercial relations with China. The combination of China's financial muscle and its 'Going Abroad' policy within the framework of the Land and Maritime Silk Routes offers significant potential economic benefits for Sri Lanka. India too is pursuing increased trade and investment with China. During Prime Minister Modi's visit to China in May, 24 agreements worth 10 billion dollars were signed. In addition during Chinese President Xi's visit to India September last year, among the list of agreements signed was one for establishment of a Chinese industrial park in Prime Minister Modi's home state of Gujarat! There should, therefore, be sufficient grounds for balancing Sri Lanka's relations with China and India. The greater transparency, which is now expected in Sri Lanka's dealings with China, will also assist in allaying Indian concerns. Furthermore, it is important to recognize that attracting mutually beneficial Indian private sector investment in to Sri Lanka can contribute to addressing India's strategic concerns in the long term.

The Pathfinder Foundation (PF) has taken the position that the discontinuation of the **Port City Project** will not be in Sri Lanka's interests. While there may be a case for modifying the project on environmental or other legitimate grounds, abandoning a project launched by President Xi and his Sri Lankan counterpart would not only severely damage Sino-Lanka concerns, but also would deal a severe blow to investor confidence. There is no way that cancellation of the project could be in our national interest, particularly as it is an important component of the Western Region Megapolis Project. It has been reported that India has concerns about the strategic implications of this project. The Government would need to explain that there is no Chinese Strategic interest served by the Port City project, and among others, creatively find a way of allaying Indian concerns regarding this project and propose safeguards to address them.

Boosting economic cooperation

The new government has so far been cautious in its attitude towards the **Comprehensive Economic Partnership Agreement** (CEPA). The Indians, for their part, do not seem to be pressing for its finalisation allowing the Sri Lankan side time to work out its position. The PF has consistently advocated the signing of the CEPA. However, considerable suspicion persists in many quarters, much of it based on misconception. Often due account is not taken of the principle of non-reciprocity, which

India has adopted in its negotiations with Sri Lanka; nor of the way in which negative lists and safeguards can be used to address large asymmetries in the economies of potential partner countries. The Prime Minister's visit offers an opportunity to press Mr. Modi on his promise to move expeditiously to address various barriers, which continue to reduce the effectiveness of the Indo – Lanka FTA. De-linking a Mutual Recognition Agreement (MRA) from the CEPA negotiations and fast tracking its signing would boost Sri Lankan exports and serve as a significant confidence building measure, as would addressing other NTB's, which are undermining the benefits of the FTA. At the same time, Mr. Wickremesinghe can initiate early action to give guidance to the Sri Lankan negotiators on the government's priorities for finalising the agreement.

Indian **investment** can play a major role in taking forward the government's plan to establish a series of industrial zones around the country. The unutilized potential for developing Trincomalee is one option in this regard. India can play a role in developing the Trincomalee/Sampur area. It is disappointing that the Oil Tank Farm has not been developed even 13 years after the original agreement with India. It is important that decisive action is taken to demonstrate that India has the capacity to deliver on large projects. At present, there is scepticism in Sri Lanka regarding this. In this regard, implementation of the coal fired Sampur power project in the Trincomalee District should be accelerated. If there are issues connected with the location and other modalities relating to execution of this project, a clear, time bound implementation programme should be agreed upon at the highest political level. The delays so far have led to frustration on both sides.

Ways of plugging into supply chains created by Mr. Modi's 'Make in India' strategy can also be explored.

With constrained headroom for commercial borrowing and ineligibility for foreign aid (ODA), priority should also be attached to increasing Indian **lines of credit** for infrastructure projects. These should catalyse private flows for infrastructure development, such as railways.

India is the largest source of **tourists** visiting Sri Lanka. However, there is scope to improve both the quality (spend per day) and quantity of Indian tourists. In this context, the MOU signed between the State of Gujarat and the Sri Lankan Tourism Authority in February 2009 during Mr. Modi's tenure as the Chief Minister of the State, provides a good template, which can be scaled up to the national level. There is considerable scope to use the Ramayana and Buddhist trails to boost tourism in both directions. This is also aligned to Mr. Modi's keen interest in the common Hindu – Buddhist philosophy.

Strengthening **education, training and skills development** is arguably the most important challenge for Sri Lanka. The Prime Minister's visit offers an opportunity for high-level lobbying for Indian assistance in this area. For instance, there would be merit in seeking to establish a branch/affiliate of an IIT and/or IIM in Sri Lanka.

Connectivity

SriLankan Airlines had the highest number of landings in India of any foreign carrier some years back. Priority should be attached to expanding **air links** as a means of supporting both increased business activity and tourism. Improved connectivity would boost Sri Lanka's prospects of taking advantage of its

proximity to the fastest growing large economy in the world – a market of 1.2 billion with an increasing middle class.

In 2003, Mr. Wickremesinghe proposed the commencement of a **ferry service** linking Colombo with Kochin (Kerala). This would strengthen connectivity as would the reopening of the Talaimannar/Rameswaram ferry and direct air links between Palali and some Indian destinations. In this connection, India should play an important role in developing Palali airport and Kankasanthurai port. However, speedy decision-making and follow up implementation is important. In addition, the Joint Statement between the two prime ministers in December 2001 both sides agreed to work on commissioning a feasibility study on a land bridge between the two countries keeping in mind the spirit of the closest of historical, cultural and social ties between the two countries. Such connectivity would serve to boost economic prospects in the conflict-affected areas as well as contribute to addressing some of India's security concerns. However, it is to be noted that there has been considerable debate on the pros and cons of the proposal in the recent past, which points out to the necessity for further discussion and study on the proposal.

India has proposed the launch of a SAARC Satellite. Prime Minister Modi has taken a personal interest in this project. India will finance the launch of the satellite as a gift to the SAARC region. Individual member countries would meet the local infrastructure and operational costs. The Satellite is intended to be used for remote sensing, weather forecasting / disaster management and broadcasting.

There is no denying the fact that in the field of human rights situation in the country, India has recently made commendable course correction. There will be a yet another resolution before the United Nations Human Rights Council this month on the situation in Sri Lanka. In the context of warming relations between the two countries, it is natural for Sri Lanka to expect close support of India in the drafting of the resolution by the West, with reconciliation as the main focus.

Paving the way forward

Prime Minister Wickremesinghe's visit to India is timely. He has several decades of foreign policy experience and in-depth knowledge of Indo-Lanka relations. There has been a re-setting of the bilateral relationship since January 2015, which should facilitate India to play a pro-active role in development of Sri Lanka. However, there remain areas, which require confidence-building to allay underlying frictions. In addition, the visit provides an opportunity to give further impetus to translate the positive rhetoric on both sides into concrete actions that yield benefits for the people of Sri Lanka. PF hopes the visit would result in a well-crafted Joint Statement, contents of which would be put in to action jointly by the two countries.

***This is a View Point of the Pathfinder Foundation. Readers' comments are welcome at
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