

## International Relations Class 09

19th January, 2024 at 9:00 AM

### INDIA-SRI LANKA (09:13 AM)

- **UNHRC Resolution of September 2023**
- *In the 54th session of UNHRC, India stated that Sri Lanka has progress on its commitment to fulfilling the Tamils' aspirations was inadequate, and urged the island to **work meaningfully**.*
- *India also asked for the implementation of the 13th amendment and conduct provincial elections.*
- *UNHRC has asked for **truth-seeking and reconciliation** and stressed urgent confidence-building steps.*
- *The Sri Lankan government has rejected the resolution and termed the resolutions as **"intrusive and polarizing"**.*
- **UNHRC Resolution of October 2022**
- *It called for accountability for **economic crimes**.*
- *Enhance the Office of the High Commissioner's ability to gather, analyze, and preserve evidence, and formulate strategies for addressing human rights violations in Sri Lanka.*
- *Notably, it marks the first UNHRC resolution on Sri Lanka linking human rights violations to **corruption and economic turmoil**.*
- **Factors behind India's nature of Voting:**
- The nature of India's voting in UNHRC is guided by the following factors:
- Sympathy towards the Sri Lankan Tamil Minority due to strong pressure from the domestic Tamil Population.
- Large probable influx of the Tamil Population if meaningful devolution does not happen and issue regarding human rights violations continues.
- Cancellation of a trilateral agreement between India, Sri Lanka, and Japan for the construction of the east container terminal of Colombo port and giving the contract to a China-based company.
- According to experts, India's stand on the resolution could be seen as an act of reprimanding Sri Lanka regarding the cancellation of contracts.
- Inadequate efforts made by the Sri Lankan government for the implementation of the 13th Amendment.
- **India's stand on UNHRC Resolution of Sri Lanka:**
- As an immediate neighbor and as a country affected by Political and Social crisis in Sri Lanka, India stands for the following agenda within Sri Lanka:
- Meaningful devolution and proper implementation of the **13th Amendment**.
- Holding local and provincial elections regularly.
- India's position is guided by **'two guiding principles'**:
- Support the aspirations of Tamils for **equality, justice, dignity, and peace**.
- To support the unity, **territorial integrity**, and sovereignty of Sri Lanka.
- As far as India is concerned, both these principles are essential and not an either-or choice.
- **Impact:**
- Though resolutions passed by UNHRC are nonbinding in nature, they do carry a huge moral significance.
- Resolutions pointing Sri Lankan government for ineffective protection of the human rights of citizens and that of meaningful power devolution could create a long-standing impact on Sri Lanka.
- The resolutions would tarnish the image of Sri Lanka at the International Level.
- The addition of economic crimes and corruption into the latest resolution against Sri Lanka can affect investment opportunities in Sri Lanka in terms of FDI.
- The idea that there is a lack of accountability regarding the issue of Human rights violations in October 2022 and earlier resolutions might affect the scope of the tourism/tourism industry in Sri Lanka.

### **UPDATE ON SRI LANKA'S ETHNIC ISSUES (10:07 PM)**

- **December 13, 2022:** Presidential Initiative for Reconciliation
- President Wickremesinghe initiated an all-party meeting, pledging to achieve meaningful reconciliation by Sri Lanka's Independence Day (February 4, 2023).
- Proposed a two-track approach: greater devolution of powers and resolution of longstanding issues.
- **December 21, 2022:** Government-TNA Informal Meeting
- An informal meeting between the Sri Lankan government and the Tamil National Alliance (TNA) resulted in the release of 14 Tamil political prisoners and the return of private land in the Northeast.
- **July 2023:** TNA's Rejection and Crisis of Confidence
- TNA rejected President Wickremesinghe's offer to implement the 13th Amendment without police powers.
- TNA leader Sampanthan expressed a "**crisis of confidence**" in a letter to PM Modi ahead of Wickremesinghe's India visit.
- **August 2023:** President's Renewed Offer and Proposal
- President Wickremesinghe reiterated implementing the 13th Amendment without police powers, proposing a "step by step" approach to devolving powers to provinces.
- Shared a comprehensive proposal on truth-seeking, reconciliation, accountability, development, and power devolution.
- **Development Plans and Frustrations**
- Development plans included projects like upgrading Palaly Airport and Kankasanturai Harbour and ferry connectivity between south India and northern Sri Lanka.
- Tamil political parties expressed frustration over delayed resolution, with the 13th Amendment unimplemented for 36 years and provincial councils inactive for about five years.
- **Ongoing Issues and Military Presence**
- Land and police powers refusal keeps the military present in the Tamil-majority north and east, 14 years post-civil war.
- Provincial councils have been defunct for five years, leaving all nine provinces under Governors' rule.

### **ECONOMIC CRISIS IN SRI LANKA**

- **Primarily 2Cs:**
- **1. COVID-19 Pandemic:** Economic contraction happened as the Sri Lankan economy is primarily service-based (tourism) and decrease in exports.
- Due to social-distancing norms and lockdown, the labor-intensive industry declined.
- A category of "new poor" emerged.

- **2. China's Debt-Trap Policy:**  
**Debt-Trap Policy:**

American statesman John Adams once argued there are two ways to conquer and enslave a country, one by sword and one by debt.

China has chosen the second part of enslaving the country and has thereby emerged as the world's biggest official creditor.

In this regard, Brahma Chellaney has given the term debt-trap diplomacy or cheque-book diplomacy.

- Under this policy, China extended debt to the borrowing country or gave unsustainable loans and later forced them to give strategic leverage or position in the event of non-repayment.
- For Example: China offered a proposal for the construction of **Hambantota Port** in Southern Sri Lanka in 2008 with a loan amount of \$1.3 Billion.
- By 2016, the port started incurring losses and Sri Lanka had to repay now \$ 1.7 billion.
- In the event of non-repayment, China seized Hambantota port under a 99-year lease.
- This policy of China is even called China's **predatory lending policies**.
- Sri Lanka has also fallen into debt under China due to commercially unviable projects under BRI.
- BRI thus could be understood along with Debt-Trap Diplomacy as an ambitious plan of China to ensure its presence worldwide.
- BRI thus can be dubbed as a '**Road to Ruin**' or road to servitude as against China's narrative of the 'Road to Prosperity'.
- In the case of Sri Lanka, there has been a convergence of China's debt-trap diplomacy, BRI projects, and String-of-Pearl Diplomacy where ports like Colombo port or Hambantota could be used by China to counter Indian presence in IOR.
- It is often argued that China's BRI-led, debt trap diplomacy is an economic aspect of China's **Salami Slicing strategy**.

**OTHER ASPECTS (11:00 AM)**

- *Sri Lanka's dependence on imports*
- *Underperforming Tourism Industry (Due to Easter Bombing Incident)*
- *Depreciation of Sri Lanka's Currency.*
- *Stagflation in Sri Lanka*
- *Fall in FDI from \$1.2 Billion (2019) to \$670 Million (2020)*
- *Food shortage due to "Organic Only Approach"*
- **High debt-to-GDP ratio:** *Sri Lanka owes more than \$5 billion in foreign debt of which \$28 billion has to be repaid by 2028.*
- **Russia-Ukraine War:** *Supply chain issue and increase in oil prices.*

## **INDIA'S ASSISTANCE TO SRI LANKA**

- **\$1 Billion Credit Line Extension (May 2023):** India extends the \$1 billion credit line to Sri Lanka by one year, providing crucial support for the crisis-ridden country's essential imports.
- **IMF Assistance Facilitated by India (March 2023):** India plays a role in securing a nearly \$3 billion package from the International Monetary Fund (IMF) for Sri Lanka by issuing necessary guarantees.
- **USD 900 Million Loan (January 2022):** India announces a loan of USD 900 million to Sri Lanka.
- **Credit Line for Fuel Purchases:** An agreement is signed granting Sri Lanka a credit line of USD 500 million specifically for fuel purchases.
- **\$4 Billion Emergency Financial Support (2022):** India extends emergency financial support of about \$4 billion to Sri Lanka during its significant economic crisis.
- **Four-Pillars Initiative:**
- **Lines of credit:** Lines of credit for food, medicines, and fuel purchases granted by India.
- **Currency Swap**
- **Modernization Project:**
- India will develop oil infrastructure in Trincomalee port.
- **Investment:**
- This involves the development of partnerships through the infusion of capital by Indian private sectors in some important sectors of Sri Lanka such as the Hospitality sector.

## **RECENT CONTEXT REGARDING SRI LANKA'S ECONOMIC CRISIS**

- **Presidential Visit to India (July 2023):** Sri Lankan President Ranil Wickremesinghe visits India as part of his international engagements, having previously visited the UK, Philippines, Egypt, Singapore, and Japan.
- **Call for Dialogue at Nikkei Conference (May 2023):** While attending the Nikkei Future of Asia conference in Tokyo, President Wickremesinghe advocates for open dialogue among Japan, China, India, and ASEAN nations.
- **Top Foreign Lenders (General Context):** China, India, and Japan are prominent among Sri Lanka's major foreign lenders.
- **Indian Foreign Minister's Statement (Recent):** Indian Foreign Minister S. Jaishankar asserts that India's assistance to Sri Lanka surpasses that of the IMF, emphasizing the tangible impact on the island nation.
- **IMF Approval for Sri Lanka (March 2023):** The IMF Executive Board approves a US\$3 billion package under the new Extended Fund Facility (EFF) Arrangement for Sri Lanka.

## **POLITICAL CRISIS IN SRI LANKA**

- **Semi-Presidential System:** Sri Lanka operates under a semi-presidential system of government.
- *April to July 2022 Political Dynamics:*
- **April 3, 2022:** The Gotabaya cabinet, excluding Prime Minister Rajapaksa, resigns collectively.
- **July 9, 2022:** President Gotabaya and PM Wickremesinghe agree to resign, with G. Rajapaksa leaving for the Maldives, appointing Wickremesinghe as Acting President.
- **July 15, 2022:** Ranil Wickremesinghe is sworn in as the Acting President.
- **July 22, 2022:** Wickremesinghe appoints Dinesh Gunawardena as the new Prime Minister.
- **Challenges of Economic Crisis in Sri Lanka vis-a-vis India:**
- It could open the door for a greater footprint of China in Sri Lanka.
- It could increase the possibility of an influx of Sri Lankan Tamil on our Tamil Nadu Coast.
- It could lead to a decrease in India's exports to Sri Lanka for example: Automotive firms like Tata Motors have reduced the exports of vehicle kits to Sri Lanka due to reduced forex reserve.
- **Opportunities for India:**
- It will provide India an opportunity to manifest the neighborhood-first policy and turn out to be a generous big brother by offering 4 four-pillar Development plans to Sri Lanka.
- It will provide India an opportunity to balance its ties with Sri Lanka which has witnessed a recent low in the context of the dilution of the Trilateral agreement for the construction of the East Container terminal of Colombo Port and also due to rising proximity with China.
- Helping Sri Lanka in this time can also play a crucial role in not only creating trust but also in keeping Sri Lanka from China's ambitious String of Pearl Diplomacy.
- Through development partnerships, India can help in creating its sphere of influence or strategic clout in Sri Lanka and nearby IOR.
- India can plug the supply gaps due to the sudden decline of tea supply.
- In this regard, new outreach centers could be in Iran, Iraq, and Turkey.
- India can also emerge as an important apparel market player in the absence of Sri Lanka's presence in this sector.
- Many orders from the UK and EU have been diverted to textile companies in Tirupur which is a hub of the textile industry in Tamil Nadu.

**Question:** The economic emergency in Sri Lanka has emerged as a challenge as well as an opportunity for India to improve bilateral relations with the island nation. Comment. (250 words/15 Marks)

## **AREAS OF COOPERATION BETWEEN INDIA AND SRI LANKA (12:02 PM)**

- **I. Political Cooperation:**

- Visit of Sri Lankan President Ranil Wickremesinghe to India.
- Celebrating 75 years of diplomatic relations.
- MoUs/Agreements in Animal Husbandry, Renewable Energy, Economic Development, and UPI Application.
- Economic Partnership Vision Document with five pillars.
- Emphasis on maritime, air, energy, trade, and people-to-people connectivity.

- **II. Economic Cooperation:**

- Members of SAARC, South Asia Cooperative Environment Programme, South Asian Economic Union, and BIMSTEC.
- India is Sri Lanka's third-largest export destination.
- India-Sri Lanka Free Trade Agreement (ISFTA) in effect since March 2000
- CEPA agreement pending.

- **III. Defence and Security Cooperation:**

- Joint Military and Naval exercises.
- Trilateral maritime security cooperation with the Maldives.
- Agreement on countering drug and human trafficking.
- Indian assistance acknowledged after Easter bombings.
- Tabletop exercise under Colombo Security Conclave in March 2023.

**The topic for Next Class: Challenges in India-Sri Lanka Relations, India-Maldives**