

# Revisiting Sri Lanka's Foreign Policy Balance under the Shadow of the Space Dragon

A. JATHINDRA

## Abstract

Sri Lanka's foreign policy challenges come to the fore as it grapples with the complex dynamics of maintaining neutrality while engaging in economic cooperation with powerful nations, particularly China. Recent events, including the presence of Chinese submarines, the long-term lease of Hambantota Port, and plans for a Chinese radar base on the island, raise concerns about the country's foreign policy rhetoric. This article examines the risks of leveraging debt for strategic gain, the implications for regional stability, and the delicate balance between economic cooperation and safeguarding national interests. Sri Lanka serves as a cautionary tale, highlighting the need for a sustainable and balanced approach that aligns with stated objectives. As the country charts its path forward, careful reassessment of foreign policy rhetoric and actions that protect sovereignty are crucial in navigating evolving global dynamics.

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India and the United States' disengagement policy concerning the Rajapaksa-led war inadvertently opened doors for the expansionist strategy of the Chinese Communist Party (CCP) in Sri Lanka, a nation historically within India's sphere of influence. Although the CCP has maintained diplomatic ties with Sri Lanka since 1957, a significant shift in strategic relations occurred following the failure of the Western-backed peace process in 2005. Regrettably, India's approach has undermined its influence on Sri Lanka, thereby diminishing its display of regional power as the primary force in South Asia during the final stages of the Sri Lankan war.

Some authors propose the hypothesis that the display of "leadership" represents just one among several qualities that a regional power can exhibit.<sup>1</sup> However, India found itself ensnared by domestic preferences. Historical factors, stemming from past failures in conflict management regarding Sri Lanka, significantly deterred India from potential intervention. Conversely, domestic factors, particularly the vested interest of Tamil Nadu in the conflict, consistently exerted pressure on New

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<sup>1</sup> Sandra Destradi, "India and Sri Lanka's Civil War: The Failure of Regional Conflict Management in South Asia," *Asian Survey* 52, no. 3 (May/June 2012), 595–616, <http://www.jstor.org/>.

Delhi to become involved. Additionally, it is worth noting that in 2007, the United Progressive Alliance Government in New Delhi relied on the support of Dravida Munnetra Kazhagam, a regional party centered in Tamil Nadu.<sup>2</sup>

The situation underwent a slight shift when New Delhi intensified pressure on Colombo concerning the treatment of civilians during the escalating violence in Sri Lanka, spurred by growing concerns in Tamil Nadu. An illustrative example is the statement made by the External Affairs Minister Pranab Mukherjee on 6 October 2008, affirming India's commitment to "do all in its power" to ameliorate the humanitarian situation in Sri Lanka and issuing an unambiguous warning.<sup>3</sup> However, despite this politically charged rhetoric, India refrained from exercising its regional prerogative to intervene.

Seizing the opportunity presented by this situation, China stealthily capitalized on the defense vacuum. Coinciding with the year 2007, the United States suspended direct aid to Sri Lanka amid allegations of human rights violations. It was during this period that Beijing devised its strategy to envelop Colombo, offering crucial aid, armaments, and diplomatic support to the Sri Lankan government, free from concerns about Western criticism.

Significantly, one of the notable outcomes resulting from China's active engagement in the war was its successful acquisition of the strategically vital Hambantota Port in Sri Lanka. This acquisition holds immense importance, as the port is strategically positioned to assume a crucial role in Beijing's far-reaching Belt and Road Initiative (BRI). The BRI, a comprehensive infrastructure development program, seeks to enhance connectivity, promote trade, and foster economic cooperation across diverse regions. China's control over the Hambantota Port—gained through debt-trap lending—becomes a focal point in Beijing's broader geopolitical ambitions, underscoring the port's strategic value in facilitating maritime trade routes and solidifying China's presence in the Indo-Pacific region.

In March 2007, the Mahinda Rajapaksa government entered into an agreement with China, securing 85-percent funding for the construction of the Hambantota Port. Subsequently, in April, a secret deal was signed between the Colombo and Beijing, involving ammunition and ordnance supplies worth USD 37.6 million, potentially intended for use against the Liberation Tigers of Tamil Eelam. China emerged as the primary supplier of weapons to Sri Lanka in 2008, accounting for more than 80 percent of the total supplies.<sup>4</sup>

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<sup>2</sup> Nitin Anant Gokhale, "How India secretly helped Lanka destroy the LTTE," *Rediff News*, 21 August 2009, <http://news.rediff.com/>.

<sup>3</sup> Destradi, "India and Sri Lanka's Civil War."

<sup>4</sup> Destradi, "India and Sri Lanka's Civil War."

Fast forward to May 2023, China declared its commitment to jointly create an extraordinary chapter and promote the advancement of the Hambantota Port, envisioning it as a new beacon of progress and a driving force in Sri Lanka and the Indian Ocean.<sup>5</sup>

The Hambantota Port now stands as a prominent exemplar of China's utilization of loans and aid to gain global influence. Struggling to repay the loan, the Sirisena–Wickremesinghe government, in 2017, transferred the port to China through a 99-year lease. During the handing-over ceremony, Prime Minister Ranil Wickremesinghe, previously known for his pro-Western stance, remarked that Hambantota would be transformed into a major port in the Indian Ocean.<sup>6</sup>

However, following China's assumption of control over the port, concerns were raised regarding its potential military utilization. Former Indian foreign secretary Shivshankar Menon expressed apprehension, suggesting that the investment in Hambantota could only be justified from a national security perspective, implying the possible involvement of the People's Liberation Army.<sup>7</sup> Echoing New Delhi's concerns, in 2018, US Vice President Mike Pence stated, "Beijing pressured Sri Lanka to deliver the new port directly into Chinese hands. It may soon become a forward military base for China's growing blue-water navy."<sup>8</sup> As anticipated, the Sri Lankan government promptly rejected such concerns, maintaining a contrasting position. Addressing an audience at Oxford University, Wickremesinghe emphasized, "There are no foreign naval bases in Sri Lanka; some people are seeing imaginary Chinese Naval bases."<sup>9</sup> His comments came days after Pence's warning regarding China's strategic use of debt.

In November 2021, the US Department of Defense released a comprehensive report titled *Military and Security Developments Involving the People's Republic of China*, which indicated that Beijing is actively considering and planning for additional military bases and logistics facilities to support its naval, air, and ground forces projection worldwide, including in Sri Lanka.

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<sup>5</sup> "China Merchants Group to build Hambantota Port into major logistics & industrial base," *News First*, 3 May 2023, <https://www.newsfirst.lk/>.

<sup>6</sup> Kiran Stacey, "China signs 99-year lease on Sri Lanka's Hambantota port," *Financial Times*, 11 December 2017, <https://www.ft.com/>.

<sup>7</sup> Maria Abi-Habib, "How China Got Sri Lanka to Cough Up a Port," *New York Times*, 25 June 2018, <https://www.nytimes.com/>.

<sup>8</sup> Mike Pence, "Vice President Mike Pence's Remarks on the Administration's Policy Towards China" (speech transcript, Hudson Institute, Washington, DC, 4 October 2018), <https://www.hudson.org/>.

<sup>9</sup> Press Trust of India, "Sri Lanka rejects US claims, says no Chinese military base at port," *Economic Times*, 11 October 2011, <https://economictimes.indiatimes.com/>.

Reports have emerged confirming China's intention to establish a new jungle radar base in Sri Lanka, as reported by the United Kingdom-based *Daily Express*.<sup>10</sup> This move is seen as an extension of China's ulterior use of loans and aid to expand its global influence. The radar base, set to be built near Dondra Bay in the dense jungles of Ruhuna at Sri Lanka's southernmost tip, aims to enhance China's naval projection into the Indian Ocean. The Aerospace Information Research of the Chinese Academy of Sciences is involved in this project.

The location of the radar base raises concerns about China's increased espionage activities against Western naval vessels in the Indian Ocean, as well as the potential for spying on Indian naval bases and US and British military installations in Diego Garcia. Notably, important Indian military facilities such as the Satish Dhawan Space Centre in Sriharikota (SDSC SHAR), located in the Tirupati district of Andhra Pradesh, and the missile test range in Odisha could also fall under Chinese surveillance, posing significant security implications.

China's intensified orbital launch activities over the years, with a significant rise in launch rates and the establishment of ground station support infrastructure, further emphasize its growing role as a space actor. The Chinese Academy of Sciences' Aerospace Information Research has been actively involved in satellite operation, telemetry, tracking, command capabilities, and space situational awareness, which plays a crucial role in modern warfare's information-rich battlespaces.<sup>11</sup>

The confirmed establishment of a radar base in Sri Lanka validates earlier prophecies regarding China's military expansion. The docking of a Chinese submarine at the Colombo port in 2014 and the subsequent presence of a Chinese spy ship at Hambantota Port in 2022 further demonstrate China's strategic intentions.<sup>12</sup> These developments raise serious questions about Sri Lanka's foreign policy rhetoric, which has emphasized neutrality, nonalignment, and an India-first approach.

In March 2023, Sri Lanka successfully secured a USD 3-billion loan agreement with the International Monetary Fund (IMF), opening the door for additional support from multilateral institutions like the World Bank and Asian Development Bank. Notably, China declined to agree on debt restructuring with Sri Lanka and instead proposed a two-year moratorium on its debts while continuing negotiations.

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<sup>10</sup> Marco Giannangeli, "UK military bases face security risk over China's sprawling new jungle radar base," *Daily Express*, 3 April 2023, <https://www.express.co.uk/>.

<sup>11</sup> "How Is China Advancing Its Space Launch Capabilities?," *China Power Project*, 5 November 2019, <https://www.csis.org/>.

<sup>12</sup> Shihar Aneez and Ranga Sirlal, "Chinese submarine docks in Sri Lanka despite Indian concerns," *Reuters*, 2 November 2014, <https://www.reuters.com/>; and Yvette Tan, "Chinese 'spy ship' Yuan Wang 5 docks in Sri Lanka despite Indian concern," *BBC News*, 16 August 2022, <https://www.bbc.com/>.

According to Professor Alessio Patalano of Kings College London, “support Sri Lanka’s debt restructuring proposal may well include the construction of this base as part of the price.” He pointed out that China’s leveraging of debt for strategic gain is not unique to Sri Lanka, citing the Chinese-built Espacio Lejano ground station in Neuquén, Argentina, as another controversial example since 2012. The station, operated by China Satellite Launch and Tracking Control General (CLTC), a sub-entity of the People’s Liberation Army Strategic Support Force, has raised suspicions of Chinese military utilization.<sup>13</sup>

According to Professor Patalano, “China employs various tactics to conceal the military nature of bases like these. However, at its core, this is a form of information warfare, as all shipping generates signals that can be intercepted to provide Beijing with critical intelligence.” He further expressed concern, stating, “What is particularly worrisome is not only China’s ability to exploit debt accumulated through projects under the Belt and Road Initiative, but also the lengths to which national authorities will go to extricate themselves from the challenging realities of economic cooperation with China.”<sup>14</sup>

Over the years, Sri Lankan governments have often expressed their foreign policy positions through rhetoric emphasizing concepts like *nonalignment*, *neutrality*, and *India First*. They have also iterated their intention to avoid interference in the power dynamics of superpowers. Following Gotabaya Rajapaksa’s assumption of power, he emphasized Sri Lanka’s commitment to maintaining friendly relations with all nations while adhering to a neutral stance in order to steer clear of international conflicts.<sup>15</sup> During a November 2019 interview, he reiterated the country’s aversion to aligning with any particular nation or engaging in a delicate balancing act.<sup>16</sup>

He reiterated his stance once again. Speaking at the United National General Assembly in September 2020, he emphasized, “Sri Lanka is committed to following a neutral foreign policy with no affiliations to any particular country or power bloc.”<sup>17</sup> However, it appears that he strategically employed the notion of neutrality primarily in response to US demands for Sri Lanka to reduce its dependence on China.

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<sup>13</sup> Giannangeli, “UK military bases face security risk.”

<sup>14</sup> Giannangeli, “UK military bases face security risk.”

<sup>15</sup> President Gotabaya Rajapaksa, interview with Nitin A. Gokhale, Colombo, 28 November 2019, <https://www.news.lk/>.

<sup>16</sup> “Would remain neutral in matters among global powers: Sri Lanka President,” *Business Standard*, 18 November 2019, <https://www.business-standard.com/>.

<sup>17</sup> Pascal Lottaz and Asanka Prabodani Jayathilake, “Sri Lanka Discovers Neutrality: Strategy or Excuse?,” *The Diplomat*, 19 March 2021, <https://thediplomat.com/>.

In his initial interview after assuming office, he expressed his intention to renegotiate the 99-year lease agreement for the Hambantota Port, deeming it a “mistake.”<sup>18</sup> However, his actions told a different story. Gotabaya Rajapaksa backed out of the deal with India and Japan to develop the Colombo Port Eastern Container Terminal (ECT). Back in May 2019, during President Maithripala Sirisena’s tenure, a memorandum of cooperation was signed, outlining the joint development of this deep-sea container terminal by India and Japan. At the time, there was no opposition to the project. The ECT is situated adjacent to the Colombo International Container Terminal, which is 85-percent owned by China. In 2014, unannounced visits by Chinese submarines to this Chinese-owned terminal raised suspicions that Chinese agencies were providing financial support for protests against the ECT deal.<sup>19</sup>

Now, President Ranil Wickremesinghe, who assumed office following a popular uprising that led to the Rajapaksa’s resignation, strongly emphasized that Sri Lanka, as an island nation, has the potential to attain a higher standing in the international arena by adopting a nonaligned foreign policy. This approach aims to avoid reliance on or alignment with any powerful country or group of countries. However, the recent revelation of China’s plans to establish a radar base has raised significant concerns regarding the consistency of Sri Lanka’s foreign policy rhetoric.

## **Conclusion**

In conclusion, the evolving dynamics between China and Sri Lanka have raised important questions about Sri Lanka’s foreign policy objectives and its ability to maintain a neutral and nonaligned stance. Despite Sri Lanka’s rhetoric of nonalignment and independence from powerful countries, the presence of Chinese submarines, the long-term lease of the Hambantota Port, and the proposed establishment of a radar base highlight Beijing’s growing influence in the region.

The case of Sri Lanka serves as a reminder that national authorities, faced with the complexities of economic cooperation and debt restructuring, may find themselves compromising their principles to secure financial assistance. China’s strategic leveraging of debt and its efforts to disguise the military nature of its projects highlight the broader issue of information warfare and the vital intelligence gained through intercepting signals.

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<sup>18</sup> “President Rajapaksa says leasing H’tota Port was a ‘mistake’, calls for renegotiation with China,” *Financial Times*, 26 November 2019, <https://www.ft.lk/>.

<sup>19</sup> “Chinese hand behind scuttling of ECT port deal?,” *South Asia Monitor*, 2 February 2021, <https://www.southasiamonitor.org/>.

As Sri Lanka moves forward, it will be crucial for the government to reassess its foreign policy rhetoric and ensure that its actions align with its stated objectives. Maintaining a balanced approach and safeguarding national sovereignty should be at the forefront of decision making. Additionally, Sri Lanka must carefully navigate its relationships with powerful nations while safeguarding its own interests and ensuring long-term stability in the region.

Ultimately, the developments in Sri Lanka serve as a microcosm of the broader challenges faced by nations in balancing economic cooperation, strategic partnerships, and maintaining their autonomy on the global stage. The choices made by Sri Lanka will shape its future trajectory and have implications not only for the country itself but also for the wider geopolitical landscape in South Asia and the Indo-Pacific writ large. 🌐

#### **A. Jathindra**

Mr. Jathindra is a Sri Lanka-based independent political analyst and head of the Centre for Strategic Studies–Trincomalee (CSST) think tank. He is an IVLP alumni.

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