Chapter - 4

Sri Lanka and External Powers: Special Reference to China and USA
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The international relations of Sri Lanka serve as an interesting spectrum to look into changing world political scenario especially South Asia, SAARC region and India in the lime-light. The Sri Lankan government’s attempts of initiating Sri Lanka on a similar equation as India worth noticeable with further efforts to guarantee cordial relations with Pakistan and other countries in the region. The same axiom applies to east-Asian regions. The Sri Lanka-China ties have proved to be the keystone factors in determining Sri Lankan undertakings with other countries, not only at present but since its post-independence era, when the Soviet Union bloc nations viewed Sri Lanka as a western ancillary. Since the Rubber-Rice pact, actuated by R.G Sennanayake, Sri Lanka was determined that its customary embankments with other countries should never cause any deterrence in Sri Lankan alliances with China. Sri Lanka upstages its friendship with China while persist its exemplary connections with Japan. Built upon J.R Jayewardhane’s positive approach soon after WW II, Japan has since depicted constant and appreciable obligations towards Sri Lanka. Notwithstanding its affinity with west, Japan was the first nation of the program of assistance connected with 2001 cease fire agreement to identify Sri Lanka worthy of support when LTTE was disrupting the peace mechanism in the country. From the time of Mrs. Bandaranaike’s iconic association with non-aligned movement, Sri Lanka has maintained exquisite relations with Middle East. The equilibrium altered with the surge in oil’s importance as world’s most valuable commodity and increased Sri Lankan dependency on remittances of the migrant workers to the Middle East. Along with these countries Sri Lanka cultivated relations with South Asian nations. Sri Lanka was way ahead of these nations when it got freedom from Britain during 1948. Sri Lankan economy, during rubber boom of the war when Malaysia and Indonesia were under Japanese possession, was recognized as one of the dynamic and vivacious economy in Asia.
4.1 Sri Lankan and Britain

Sri Lanka had intimate and deep seated relations with European countries in the past during its colonization era and strategic importance of Sri Lankan ports in trade for European countries. After the Sri Lankan independence, the Ceylon–British relations reached new heights. Mr. Jayawardhane says “Ceylon will enter into new relationship with other sovereign countries. It will be the end devour of my government to maintain friendly relations with other countries”. Britain’s approach towards Ceylon was driven by her historical imperial legacy and her contribution ‘junior partner’ in establishing anti community policy by USA in Asia. Ceylon’s key significance for Britain lied in its critical role for imperial commonwealth defense system of Britain which was on deterioration due to Indian independence, European exposure era of nuclear weapons and her own post-war economic constraint. Britain’s persistent engagements in the imperial commonwealth defense system, of which Ceylon was a ‘crucial link’ war inherent from a declaration of responsibility and Britain’s interest as Great historical power in east of Suez canal. The second interest of Britain’s envisaged post war diplomacy alters when the British colonies transformed from empire to commonwealth. Ceylon served as one of the best examples of commonwealth transformation from an empire. The third British interest lied in her economic investment in Ceylon as a major foreign investor amounting to investment of € 150,000,000(according to financial times, 1 Nov 1947) in Sri Lanka during its independence.

A major part of this investment was apportioned to tea and rubber plantations and the rest in general insurance, importations and distribution as well as in a few commercial endowments like the agency houses regulating international tea market in Ceylon. “There have been two inter-related manifestations in the development of diplomatic relations between the two countries since the mid-fifties, via, the replacement of the earlier formally aligned relationship by a normal friendly relationship and Britain’s decline as a major problem area, While at the same time remaining a factor of basic significance in Ceylon’s over-all external relationship.

The manifestation, in the main, wave a result of

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A. The commitment of the successive Ceylonese government to the policy of non-alignment.

B. The manner on which Britain accommodated change brought about by the Ceylonese government in the historical relationship between the two countries.

C. The gradual decline of Britain’s east of Suez role”.

Nonetheless, Ceylon entrenched apt diplomatic pathways With Britain and the commonwealth during the cold war era. The advent of Sri Lankan ethnic war since 1980 made the Britain-Sri Lanka political, economic and culture connections more decisive and urgent. The prolonged chronic Sri Lankan internal ethnic conflicts inspired creator Britain embroilments in Sri Lanka in the form of financial assistance in infrastructure development and construction of Victoria Dam. Even British monarch-her majesty Queen Elizabeth II and his Royal highness prince Philip visited the island to monitor progress of Victoria Dam project in Sri Lanka. The internal war between LTTE and Sri Lanka led to penalty of many political, economic and socio-cultural benefits and took a toll of huge number of human lives. Under his Excellency president Mahinda Rajapaksa’s leadership, Britain-Sri Lanka bilateral ties started a chapter. “During the 2009, UK was a second biggest export market for Sri Lanka in cinnamon, tea, rubber, fisheries and textile”.

4.2 Sri Lanka and Soviet Union

The factor which underlay the UNP’s alignment with the west during the cold war period mutates mutandis led it to envisage an adversary relationship with the communist power. “If we try to get too close to Russia Premier D.S. Sennanayake stated in June 1951, we would be embracing the changes, we would be embarking the bear. I think it will be very much better to depend on the people who have not got a sort of madness to upset this world and also who are not anxious to bring about

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revolution, we would rather keep away from the other”.\textsuperscript{4} Again he stated on another occasion “Since it is the freedom of this world, we are concerned with; we will never be with Russia until she gave up her policy”.\textsuperscript{5}

Until mid-50s, South Asia nearly, Ceylon especially which was suspected to be of India by Stalin, was void of Soviet world policy. It was only after the Khrushchev Bulganin’s India visit at the end of 1955 that marked the revolution of Soviet third world policy in the region in its present anatomic form. India, Pakistan and Ceylon were: named as “semi-colonial” states that fought the struggle for real independence, in the eyes of Soviet Union. Any noticeable, diplomatic association between Soviet Union and Ceylon were not made until the electoral defeat of UNP in 1956. Ceylon’s repugnance to diplomatic relations with communist powers was at its zeal during the prime ministerial ship of Sir John. The emergence of Non-alignment combined with Bandaranaike Administrative Strategies and post-Stalin soviet third world policy led to a substitution of antagonist approach by a general harmonious relationship between the two nations. Bandaranaike’s government was of the view of establishing cordial diplomatic relations with all the major world powers irrespective of ideological differences, to ensure maximum benefits for Ceylon’s contemporary ‘new society’. The economic associations included trade and aid as two basic components.

Soviet Union special interest in Ceylon’s oil business in addition to mutual trade benefits, gave a considerable push to Soviet-Ceylon bilateral relations. Further the trade relationships were escorted by parallel advancement of financial aid relationship. The aid given by the Soviet bloc belonged to three categories (as per our focus as study period) government to government loan for financing specific projects, commercial credits and technical assistance for training Ceylonese personals in the medical, engineering and other fields. A few disengagements creped in their relationship during 1965-1970 and became a little uncomfortable in 1970’s. In the post told was era, the Russia-Sri Lanka bilateral ties were mainly in the economic and military areas. Russia helped Sri Lankan by providing battle field tactics education to Sri Lankan Army during its combat with Tamil tigers. The most notable support was


\textsuperscript{5} Ibid, Page-269.
the use of veto by Russia and China in favor of Sri Lanka thus striking down the ceasefire bill against Sri Lankan Army introduced by European Union member in 2009 during the Sri Lankan civil war. Sri Lanka and Russia have recently upheld the cooperation on tea trade expansions. At present approximately 17% of Sri Lankan’s tea exports are done to Russia.

According to Asian tribune, Sri Lankan president Mahinda Rajapakse met Russian President Omitry Medvedev on 9 February 2010 to arrive at ways for strengthening bilateral relations between the two nations and the Russian economic assistance to Ceylon. The two countries signed a pact of $300 million credit line for procurement of arguments and dual purpose technology for Sri Lankan military. “In the meantime it is learnt that Russia has agreed to start oil and gas exploration in the sea off manner after President Mahinda Rajapaksa visited the Russia has and oil company Gazprom, Moscow”.6

4.3 Sri Lanka and European Union (EU)

The official relations between EU and Sri Lankan can be dated back into 1975 commercial cooperation agreement between the two. EU established a delegation office in Colombo in 1995 which gave effect to broader cooperation agreement for partnerships and developments. The EU-Sri Lankan commission under this agreement has the authority of coordinating two parties. The recent meeting of commission was held in April 2015. At present the EU-Sri Lanka dialog covers a wide range of areas:- political human matters trade, development, cooperation, fisheries, migration, civil aviation and environmental problems. “In mid-2000, after concluding an investigation into Sri Lankan’s failure to effectively implement 3 UN human rights conventions, the EU temporarily withdrew the enhanced systems of trade preferences known as GSP+ from the country. Sri Lankan access to the EU market is currently subject to the “generalized system of preferences (GSP)”. The EU remains Sri Lanka’s main export destination accounting for around 32% of Sri Lanka’s total exports to the world. Trade flows between the two came to € 1.2 billion in Sri Lanka’s favor. “The EU has provided substantial humanitarian and development aid, especially to the areas hit by


the 2004 tsunami and the long civil war. EU assistance over the 2005-2013 periods totaled some € 587 million”.

4.4 China-Ceylon (Sri Lanka):

China and Sri Lanka are intimate neighbors in tradition. The two have a long history of close benevolent relationship with potent and dazzling future prospects. The cordial relationship between China and Sri Lanka started will before latter’s independence. An enduring religious, cultural, commercial and trade conversions laid the historical support perpetual close companionship between China and Sri Lanka. Chinese monks faxian, tour to Sri Lanka in 5th century for leaving Buddhism and Chinese travelers of Ming dynasty, zheng’s visit to Sri Lanka thrice in 15th century marked the historical exchange occurrences between 2 nations. “China–Sri lanka friendly relationships after the independence of Sri Lanka, with the guidance of the five principles of peaceful co-existence, the independent Sri Lanka and the newborn People’s Republic of China worked together to promote sustainable development of the friendly relationship between the two countries, which set up a good example for the big and small countries to deal with their relationship on the basis of equality friendship and mutually beneficial cooperation”.

Ceylon did not offer much patronage to communist ideology after its independence but Ceylon later changed the viewpoint for communist ideology after a down reaching study of economic importance in country’s development. The UNP government bifurcated its approach towards China from its attitude towards Chinese counterpart, Soviet Union. On January 6, 1950, the day on which “the British recognition of the People’s Republic was announced; Ceylon’s ministry of Defense and External affairs Stated that ‘the Government of Ceylon has decided to recognize the new Government of China.”

8 eaas.europa.en/lbo
10 CNN, January 7, 1950.
“On August 2, 1956, premier SWRD Bandaranaike announced that a mission led by Sir Claude Corea, the then high Commissioner for Ceylon in London, would visit first Russia and then China to “explore various possibilities of establishing diplomatic relations in trade, in commerce and to see whether in respect of our industries and agriculture their assistance might be obtained.”

“The politico-economic relations who underlay the disposition of the Bandaranaike Governments towards the establishments of economic links with the socialist powders were composed of two rather in articulated considerations. There was, in the first place, the requirements arising from the ‘conversion’ of the Country’s ‘Colonial society’ into a ‘free society’. Second external diversification necessitated the establishment of made relations with the Communist power so as to free the Country’s international trade from its excessive dependence on the west”.

By mid-1952, in spite of Food ministries ‘desperate attempts’ to buy the necessary requirements from South-Asia sources of Supply the rice quantity in Sri Lanka harassed down to a level which was not enough to fulfill the needs of the country. Sri Lanka encountered a severe “food Crisis” with Serious indications regarding internal stability. Moreover by 1952, rice in place of sterling commodity, became a dollar commodity making the price to soar high which raised the governments demand of dollars for payment of already imported rice from Burma, Thailand and South Vietnam along with further procurement as per needs. In addition Sri Lanka suffered a shortage of dollar reserves due to reduction in its exports of traditional rubber to US. All these factors conjointly eventualised country’s balance of payments crisis in 1951-1953. The unbreakable rising rice imports payoff forced the UNP government to agree upon a rice pact in 1952 to bump off its financial and political stability crisis. The pact made China a leading trading partner of Sri Lanka.

### Table No. –4.1

#### Ceylon’s Trade with China

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Imports</th>
<th>Balance</th>
<th>Trade</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value Rs Mn</td>
<td>% of total</td>
<td>Value Rs. Mn</td>
<td>% of total</td>
<td>Of trade</td>
</tr>
<tr>
<td>1950</td>
<td>0.11</td>
<td>.01</td>
<td>2.8</td>
<td>0.25</td>
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<tr>
<td>1951</td>
<td>36</td>
<td>1.9</td>
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<td>0.3</td>
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</tr>
<tr>
<td>1952</td>
<td>124</td>
<td>8.2</td>
<td>33</td>
<td>1.9</td>
<td>+91</td>
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<tr>
<td>1953</td>
<td>242</td>
<td>15.4</td>
<td>209</td>
<td>11.3</td>
<td>+33</td>
</tr>
<tr>
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<td>222</td>
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<td>158</td>
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<td>+64</td>
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<tr>
<td>1955</td>
<td>121</td>
<td>6.5</td>
<td>80</td>
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<td>+41</td>
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<tr>
<td>1956</td>
<td>182</td>
<td>11.0</td>
<td>134</td>
<td>8.2</td>
<td>+48</td>
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<tr>
<td>1957</td>
<td>167</td>
<td>10.5</td>
<td>84</td>
<td>4.6</td>
<td>+83</td>
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<td>1958</td>
<td>78</td>
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<td>152</td>
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<td>1960</td>
<td>121</td>
<td>6.6</td>
<td>132</td>
<td>6.8</td>
<td>-12</td>
</tr>
<tr>
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<td>133</td>
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<td>-37</td>
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<tr>
<td>1964</td>
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<td>6.6</td>
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<td>10.3</td>
<td>-82</td>
</tr>
<tr>
<td>1965</td>
<td>172</td>
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<tr>
<td>1966</td>
<td>177</td>
<td>10.4</td>
<td>217</td>
<td>10.7</td>
<td>-40</td>
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<tr>
<td>1967</td>
<td>153</td>
<td>9.1</td>
<td>185</td>
<td>10.6</td>
<td>-32</td>
</tr>
<tr>
<td>1968</td>
<td>195</td>
<td>9.6</td>
<td>245</td>
<td>11.3</td>
<td>-50</td>
</tr>
<tr>
<td>1969</td>
<td>240</td>
<td>12.5</td>
<td>282</td>
<td>11.1</td>
<td>-42</td>
</tr>
<tr>
<td>1970</td>
<td>252</td>
<td>12.4</td>
<td>289</td>
<td>12.5</td>
<td>-37</td>
</tr>
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<td>181</td>
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<td>161</td>
<td>8.1</td>
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<tr>
<td>1972</td>
<td>160</td>
<td>8.0</td>
<td>96</td>
<td>4.6</td>
<td>+64</td>
</tr>
<tr>
<td>1973</td>
<td>241</td>
<td>9.2</td>
<td>211</td>
<td>7.8</td>
<td>+34</td>
</tr>
</tbody>
</table>


### 4.4.1 Trade Bilateral Relations:

In 1953, the Sri Lankan government permitted China to established a ‘no diplomatic status’ trade agency in Colombo. Sir John announced, “I have sent a communication to communist china reminding the Chinese Government that they only have a trade agreement and let our relations with each other remain that way. We
have taken nothing from you. We sell you rubber and you sell rice in return. We do not want any other friendship or Dealing with Communists”.

The Philosophy of NAM, adopted in 1956, postulated creation of friendly relations with Communist pores regardless of its differences in ideologies. Premier SWRD Bandaranaike, Contrary to his predecessors, was visibly more inclined towards China. The confluence of their attitude led to evolution of an era of national companionable relationship between China and Sri Lanka during 1956-62. The first political relation was installed in 1956 when “the Claude Corea Mission, which was sent by Mr. Bandaranaike to explore the possibility of establishing diplomatic relations with China and Russia, arrived in Peking on September 8, 1956. This mission and Chinese delegation agreed on (1), the establishment of diplomatic representation at ambassadorial level,(2), a trade and Payment agreement and a technical co-operation agreement.”

Ceylon government established diplomatic relations along with assurance for full compliance with international legitimacy and maintenance of People Republic’s righteousness despite articulation done by Chinese leadership.

During 1958-65, the total trade value turnover fell from `316 million in 1956 to a new low of `286 million in 1965 China consumed about half of the Ceylon’s rubber output which made rubber the second largest export commodity. China emerged as the chief supplier of rice to Ceylon with about half of total imports coming from China. These trade figures depict the importance of trade relations which facilitated the signing of first loan Agreement between two Countries in 1957 which obligated China to provide a loan of `50 million to Sri Lanka in the form of goods supply. The Indo-Sino war of 1962 coupled with UNP coalition government’s ‘anti-China’ attitude in 1965 election campaign led to ridge in China-Sri Lanka relations. The Chinese leadership became approachable after the United Front Governments announcement of Ceylonese left-radical foreign policy in 1970. This germinated the seeds of inter-government mutual political unification between two countries. The new unanimous alliance is followed by significant developments in Sino-Ceylon relation in present decade.

14 The Hindu of December 18, 1953.
In February 1972, China presented five gun boats to Sri Lanka which was equipped with auto-aircraft, anti-submarine and anti-surface weapons. This constituted the first military help from China to Ceylon Reflecting China’s worry about Sri Lanka’s naval dependence on India during urgency, keeping in mind the Indian mediation during JVP insurgency on the island.

The Chinese government nevertheless, “expressed admiration for the active efforts” made by Sri Lanka government “in building the country”, in order to support Ceylon “in developing her national economy” it decided to grant her with “a long – term loan free of interest” The construction work of BMICH (Bandaranaike Memorial International Conference Hall), which was abandoned in 1965-70, recommenced after Union front’s come back which made 400 workers and technicians to indulge in its creation thus, accomplishing the work in April 1973, eight months before the target time. Mrs. Bandaranaike, in the opening ceremony speech to the press, characterized BMICH as ‘a unique symbol of Sri Lanka-China friendship and co-operation” and stated that this sparkling instance of Chinese friendship in crux of Colombo is an affirmation of high compatibility and understanding between two nations since 1950.

4.4.2 20TH - 21ST CENTURY AND SRI LANKA –CHINA RELATION

The present China-Sri Lanka relationship not evolved as a political tradition of never-ending companionship intently associated with the rhythm of changing times. “China-Sri Lanka strategic cooperative partnership is provided the opportunity for in depth development by the evolution of international configuration and regional situation as well as the sufficient realistic dynamics for all-round development by their own national strategies and development needs.”15 At present, Indian Ocean’s decisive prestige is soaring in world geopolitics and global trade. India Ocean has emerged as a hot destination for international politics especially in terms of existent infrequent and unusual security challenges such as piracy, terrorism, coordinated crimes etc. Indian Ocean’s Strategic location as a pathway to link Asia Pacific Region (center of world economic Growth) and the gulf and African region (energy center) has made it crucially significant in world economy trade. Indian Ocean’s

comprehensive sea trade routes, petroleum routes and trade channels serve as lifelines for several countries including China.

Sri Lanka’s decisive caliber is on a rise and will soar further due to exclusive geopolitical location in strategically critical Indian Ocean with major advancement in its domestic parts and infrastructure ensuring sea-line security and rising trade relations in Indian Ocean. China rapid economic development demands huge energy and resources facilities over the past 30 years. The navigation safety in Indian Ocean waters, being a major link for China to import oil and other resource from gulf and Africa, this has become an issue of Chinese national interest thus, attracting a close eye from China regarding contemporary advancements in Indian Ocean politics. Somali, Chinese military presence is zero in Indian Ocean. At bilateral level, there are a lot of dynamic to promote the comprehensive and in depth development of bilateral relationship between China and Sri Lanka.

The exhaustive and inclusive confederation between china and Sri Lanka for establishing 21st century maritime Silk road will encourage bilateral economic and trade cooperation along with enhancing the relationship’s regional and international importance.

(I) China-Sri Lanka Friendly Relationship in 21st Century

The international diplomacy and economic patterns have undergone intellectual adjustments since the advent of new 21st century. The Sino-Sri Lanka bilateral conjunctions have showcased its regional and global significance in this new era. Sri Lanka, geographically located in Indian Ocean on the major sea routes of the ancient times as well as modern trade routes connecting for east and Australia has allured many naval ships since plodders. The ancient and medieval period sailing ships found refuge in the port of Tricomalee (called Gokanna in those days) which was one of the abundant small bays, anchorages and roadsteads available in the island. “From about the second century when Sri Lanka became known to Greek and Arab sailors she becomes a port of call and an emporium of the maritime trade between the west and the east”.16 The roots of Chinese contact can be found in early

periods and the assessments made by Ambassadors to the court of Claudius who mentioned commercial relations between China and Sri Lanka in 1st century. These Chinese travel accounts are one of the numerous foreign accounts of visits and impressions about the island which mention existence of early relations between Sri Lanka and China, so far away east.

The great Chinese monk Fahein visited Sri Lanka in 411 and inhabited on the island for 2 years. He called Sri Lanka as ‘the land of lions’ and claimed persistent China-Sri Lanka relations throughout the early centuries. Four Sri Lankan embassies had gone to China during first half of 5th century. By second quarters of 6th century Sri Lanka had become a sea partner linking east and west. Chinese Ships and vessels from other eastern countries anchor din Sri Lanka ports along with cargoes from west carrying silk and merchandise of the Persian and the Auxmites. The mariners from distant areas as well as Indian merchants exchanged goods with one another and bought Sri Lankan war products from the harbors of Ceylon. “Because of her central position Sri Lanka had developed into a great emporium and was receiving wanes from all the tradingments and in tum distributing them all over the world. Sri Lanka was indeed a mercantile exchange and a busy resort of ship from diverse part of India, Persia, Ethiopia and from China in the distant far east by the middle of the seventh century and Arabians had gained a domination over the ocean routes to the west and handed all that made but the Chinese continued to retain control of the seaborne traffic to the far east Sri Lanka however, lay at an intermediate point in the trade route from the east to the west and trades coming from both directions met in the island and sold and exchanged their wanes and goods. The exchange of Embassies between the Sinhalese and the Chinese continued to take place during the seventh and eight centuries too, between neighboring India and distant China from very early times there had soon extended to Sri Lanka as well.”

The Progressive spread of Buddhism in China and neighboring countries further paved way for establishment of congenial ongoing China–Sri Lanka relationship. The relationship led to arrival of not only religious people from China to Sri Lanka in search of immortal truth but also the arrival of merchants on the island.

17 China-Sri Lanka: Trade and diplomatic relations including the voyages of cheng-no, En.unesco.org/silkroad/sites/silkroad/files/knowledge-e-bank-article/puff.
for seeking worldly benefits. Sri-Lanka-China became more Customary and harmonious from 1433 and indulged in religious cultural and commercial engagements well before 15th century. The relations were more political during the 15th century. The associations between two countries were smooth and accordant based on equal status of both sides. However, the advent of European powers in the Indian Ocean and the east served as a lasting and durable obstruction for the perpetuation of traditional and usual relations between Sri Lanka and China. “episodes like that of the pilgrim monk’s barefoot journey along the ancient silk routes from China to the west through cold mountaineers and hot-desert tracks and to Sri Lanka in the quest for heavy and holy texts of Buddhism despite the great wall enabling cultural cross fertilization became truly a tale of the past”.

(II) Economic Relation between China and Sri Lanka

The end of Sri Lanka’s civil war in 2009, unlock new door of economic growth in the country. The government of Sri Lanka has framed ambitious targets of economic development striving GDP growth rates over 8% and enrooting economic hubs of ports, aviation’s and commercial knowhow and energy resources thus engaging the economic concerns of foreign investors. Nevertheless, Sri Lanka is more liberal to foreign investments, as compared to other Asian countries, due to its open financial system, good infrastructure and competent workforce.

Sri Lanka and China had a history of intimate international diplomatic friendship since Mao Zedong’s power gain in China and Sri Lanka’s independence from 150 years of British rule in 1949. The two countries signed a rubber-rice pact under UNP direction in 1952. Further, the relations were essentially more political and diplomatic during Mrs. Bandaranaike’s period in Sri Lanka.

The Sri Lanka-China relations reached the new zeniths during Mahindra Rajapaka’s presidency in terms of trade and economic aids. China has become one of Sri Lanka’s nearest economic partners since 2000. “The 1952 Rubber-Rice pact laid the foundation for trade between the two countries. First, part was modest mainly because both countries were relatively poor and had not much to offer each other. Sri

Lanka’s main export markets were in the west while the total value of trade was modest there was not much of a gap between the amounts exported and imported.”

“Since the time, three major factors arms imports, China’s growth as an export-powerhouse, and Chinese aid to Sri Lanka have been responsible for the rapid growth of Sri Lanka –China trade. In regard to the first factor, when western countries refused to sell arms for the Sri Lankan military, China stepped into the breach. The second and the more important factor was the emergence of china as a global economic power before Deng-Xiaoping transformed the Chinese economy starting in 1979 from the Maoist socialist model to a free-enterprise market model; china had a relatively weak, small and under-developed economy. That changed in the last thirty years when the Chinese brand of Capitalism transformed the country into the world’s second largest economy surpassing Japan in 2010, and second only to USA.”

“The most visible symbol of Chinese assistance remains the BMICH which is an enduring testimonial to Sri Lanka – China friendship. Prior to the Rajapakse period China has also funded several projects including the supreme court complex, the central mailing Exchange, Ging Ganga hood protection scheme and the redevelopment of the lady Ridgway children’s hospital. In the aftermath of the Tsunami Disaster China helped Sri Lanka to build three Fishery harbors for affected people and extended 300 million USD worth of support”.

China was the biggest donor to Sri Lanka in 2009 with an aid of $1.2billion by way of growth, loans and credits forming 54% of the total $2.2 billion promised by foreign agencies and nations. The second highest contribution to Sri Lanka was made by Asian Development Bank Worth $423 million and next $241 million by World Bank.

Mahindra Chintana policy document incorporates gradual propositions for reforms and boost to positive market FDI with better support system domestic enterprises. The policy emphasizes on equitable distribution of profits among public. The end of terrorism was in 2009 followed by reorganization and reformation of various projects including shipping, aviation, commercial services knowledge hub led

20. Ibid.
to Sri Lanka’s applaudable success in attaining as excellent growth rate of 8.2% in 2011.

Table No.–4.2

Important Pact between China and Sri Lanka after independence of Sri Lanka:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>Sino-Lanka rubber rich pact</td>
</tr>
<tr>
<td>1962</td>
<td>First agreement on economic and technological cooperation</td>
</tr>
<tr>
<td>1963</td>
<td>Maritime agreement between China and Sri Lanka</td>
</tr>
<tr>
<td>1981</td>
<td>Formation of Sri Lanka – China society</td>
</tr>
<tr>
<td>1982</td>
<td>Signing of Sino-Lanka joint trade committee</td>
</tr>
<tr>
<td>1984</td>
<td>Signing of Sino-Sri Lanka economic and trade cooperation committee</td>
</tr>
<tr>
<td>1994</td>
<td>Formation of Lanka-China Business cooperation Council</td>
</tr>
<tr>
<td>2009</td>
<td>Signing of investment facilitation.</td>
</tr>
</tbody>
</table>

Source: Agreement between, the China Develop bank and central bank of Sri Lanka.

(III) China’s big projects in Sri Lanka

“A sizable portion of Chinese ODI has come in the form of large construction projects, mainly in the sectors of agriculture, energy, and transportation. Of the countries examined in this report, China’s 2010 and 2011 annual investments were highest in Sri Lanka, where Chinese firms have completed or are in the process of completing a number of large-scale projects. These projects span multiple sectors, including investments in transportation (MENA Report 2013). Many large projects have been conducted in Hambantota, the home province of President Rajapaksa. These projects include a 35,000 seat cricket stadium, a large convention center, a $209 million international airport, and a $1.5 billion deep seaport located on strategic sea-lanes (Aneez 2013). Most workers and materials for these projects come from China (Devichand 2010)”.

The Hambantota deep sea port has attracted media hypes as well as Indian security analysts concerns about its close proximity to India. However economic and geopolitical worries are not always independent with each other, thus the Hambantota sea port is the reflection of China’s unified economic geopolitical aims. The Hambantota sea port, located on Asian European sea route, will function as a refuel station for commercial as well as military shipments. In addition the dock repair and refuel abilities will substantiate the China’s energy security due to an increase in its logistic capacities to import oil from Iran, Saudi Arabia and Sudan.

The port further furnishes Chinese links with other countries that have probable import capacities from China. It is beneficial for China to increase its imports and trade with not only Sri Lanka, but with other surroundings as well through this port. Other projects undertaken by China, Rajapaksa Cricket stadium and the lotus pond theatre.

---

**Table No.—4.3**

<table>
<thead>
<tr>
<th>Project</th>
<th>Facilitate trade</th>
<th>Facilitate military movement</th>
<th>Income potential for China</th>
<th>Chinese workers or materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hambantota deep seaport</td>
<td>Yes</td>
<td>Yes</td>
<td>High</td>
<td>Yes</td>
</tr>
<tr>
<td>Mahindra Rajapakse international airport</td>
<td>Yes</td>
<td>Potentially</td>
<td>High</td>
<td>Yes</td>
</tr>
<tr>
<td>Norocholai coal power plant</td>
<td>No</td>
<td>No</td>
<td>Medium</td>
<td>Yes</td>
</tr>
<tr>
<td>Matarakatanagama railway project</td>
<td>No</td>
<td>No</td>
<td>High</td>
<td>Yes</td>
</tr>
<tr>
<td>Mahindra Rajapakse international (cricket) stadium</td>
<td>No</td>
<td>No</td>
<td>Low</td>
<td>Yes</td>
</tr>
<tr>
<td>Mahindra Rajapaksa lotus pond theatre</td>
<td>No</td>
<td>No</td>
<td>Low</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: - Emily Brunjes, “China’s increased trade and investment in south Asia (spollen heart: It’s the economy)”, Workshop in international public affairs, spring, Madison, Page no- 30, 2013.
Pond theatre are designed to win over the patronage of Sri Lanka government. These projects have no economic importance for China and constitute the part of China’s diplomacy through aid strategy ventured in other nations a well. Lotus pond theatre was a gift of China to Sri Lanka.

Though China has geopolitical aims behind few projects in the region, but ultimately the great presence and dominant status in world affairs (rather than dis-positioning India) is the main objective of China. The Sri Lanka sea port at Hambantota has undoubtedly made India anxious and worried. Looking broadly the tale of energy and trade sea-lanes for economic profits seems to be more practical than the attempts designed to confront India militarily.

(IV) Maritime Silk Route and China-Sri Lanka

Human beings have from ancient times wandered from place to place and exchanged goods, skills and ideas with their neighbors. All through the history, Eurasia was intertwined with many communication and trade routes which progressively led to a Silk Road route across the whole world. Maritime routes were especially a significant part of trade networks as they facilitated the trade of spices linking east and west by sea thus, eventually named as the spice route. The broad trade networks not only led to an exchange of just merchandise and precise commodities, but also aided movement and mingling of populations causing a thoughtful impact on Eurasian people due to transformation of knowledge ideas, cultures and beliefs through the trade routes. As a part of trade network, maritime trade was of immense significance as it was used for shipment of spices from the Moluccas Island in Indonesia, supplying the world market with cinnamon, pepper, ginger, cloves, nutmes and other wide range of products.

The historical roots of their maritime routes can be found in the links between Arabian Peninsula, Mesopotamia and Indus valley civilization dated thousands of years back. These networks expanded further in the early middle ages after the exploration of new trading routes across the Arabian Sea and Indian Ocean. Actually, the maritime trading route between China and Arabic originated during 8th century
AD. Technological enhancements in navigations sciences and better techniques of ship building made long-distance sea travels more feasible and realistic.

In late 15th century, Portuguese sailor Vasco Degama, navigated round the scope of Good Hope thus for the first time exploring now Maritime link between Europe and South East Asia and encouraging direct European investment in the trade. Their trade routes and the attractive profits had become a severe matter of competition among Portuguese, Dutch and British’s by 16th and 17th centuries. The conquest of a port along the maritime route brought the benefits of wealth and security to the conqueror as the acquisition governance of the maritime passage and monopolies over the exotic high-demanded goods as well as ample taxes levied on the merchant ships. Howbeit, the enduring heritage of these extraordinary networks is apparent in several unique interrelated culture, languages, customs and religions that matured over 1000 years along these routes. The Silk roads became an incentive for development of multifarious societies in Eurasia and far beyond, in 21st century the silk roads again reignited many new commercial connections. China is also indulging in exploration of new maritime Silk Road in conjunction with Sri Lanka therefore further integrating their trade relations.

The Chinese Ministry of commerce and Foreign affairs, in a combined statement on the vision and action of joint establishment of Silk Road economic belt 21st century silk maritime Silk Road, stated “the silk road spirit” as the foundation of Silk Road project. According to publication, this spirit is one of Peace and co-operation mutual learning and mutual benefit.

The fundamental objective of “one belt, one road” is to geographically expand and connect the industries, people and governments to and through China, in compliances with the principles and purpose of UN charter. The ‘one belt, one Road’ (OBOR) and 21st century Maritime Silk Road aimed at connecting China to Africa and Europe through South and Central Asia by way of an extensive road, rail and sea network.
Linking the ports to mainland through roads and sea through South east and Central Asia with Beijing is presumably the trademark foreign policy of Chinese President XI Ting Ping. China’s relation with her neighbors have got full acknowledgement through the new Silk road which surely reformulates her stand in current global platform. On one hand, the ‘mutual beneficial’ Chinese project reflects a well-articulated dependable and all –encompassing affirmation from all arms of Chinese states, while on the other hand, this project has undoubtedly made China to enter the dark waters in neighboring areas due to shifting foreign policies of Sri Lanka that was evident in the Island’s post-election foreign strategy rebalancing act.

The center of attraction as a port for steeled colonizers, royal ambassadors and merchant capitalists from east and west has historically framed the identity Sri Lanka regarding its Strategic location in Indian Ocean. This same cardinal maritime position of the island possesses indispensable capacities for the maritime Silk Road sphere of 2016. Guiding Sri Lankan welfare and maintaining good relations with her neighbors of east and west while capturing the chances of global connection such as 21st century
maritime Silk Road linking 3 billion people from various economies is the basis of her foreign policy.

Prime minister Wickremasinghe while being tentatively hopeful about large scale cooperation’s,said in the Galle Dialogue at International Maritime Conference November 2015 that, “our future is connected to the ocean around US and with it the concept of scare seas engaging with Stable maritime management is of the almost importance while the Indian ocean region re-emergence in its Prominence in the gaze of global superpower and a Paradigm Shift in the balance of Sea-power currently takes place”. Saman Kelegama, 2014, describes, “Strategically located in Asia Next to the Indian sub-continent and in close proximity to Southeast Asia, coupled with a long history of engagement with the region, Sri Lanka is in an ideal position to Foster strong relations with rising Asia”.

As described by Kelegama “Sri Lanka’s economic development demanded more attention of authorities towards minimal rate of growth in island’s exports as compared to rising imports into the country”. In 2013, Sri Lanka’s proportion of imports to exports to china were at 103% to 16.4%. The huge differences require cautious Strategic Solutions to make the small island capable of capitalizing the Benefits of 21st century Maritime Silk Road. The maritime Silk road is of extreme importance to China due to the legacy of US naval vigilance in the vast water bodies(South China sea to Indian ocean, the Arabian sea and finally Mediterranean Sea),which have always been doubtful about China’s objectives. Thus Chinese government, under this projected, has been indulged in setting harmonious relations with nations along this route to establish port facilities outside the US regime of Influence in the water mass. Sri Lanka is strategically critical for china due to its location exactly in the center of this 21st century maritime Silk Road.

24 Ibid.
(V) Colombo City Project

The Colombo city project is set to reform 233 hectares of Land, across from Galle face green costing approximately 1.34 billion US $ completely financed by China without even a single penny. Expenditure by Sri Lanka itself. Many hotels will be built on the Land creating 100,000 jobs in the country. The Project is estimated to be complete by 2017. The Chinese in exchange have demanded only 108 hectares of land for 99 years of lease. Question to be considered in this project are:-

➢ What is the need of reclaiming 233 hectares when Sri Lanka is not short of land?

➢ Why spend 1.34 billion $ for it? Why not only few $?

➢ Why offer the funds for free to Sri Lanka?

➢ Why demand for small 108 hectares of Land and that too only for 99 years and then return it?

➢ How is this project a good deal for Chinese policy makers?

The Google map below shows the distance between Colombo and Diego Garcia, a US military base. Diego Garcia is strategically crucial for US in the Region as it serves as naval support, airbase and communication and space tracking Centre for US. It is equipped with instant military supplies for US ground forces and supported the launch of B-525, B-15 and B-2 bombs on Iraq and Afghanistan. It is called America’s “un sinkable Aircraft carries”. The J-31 when launched from Tulia (China) can smash Diego Garcia within 5 hours halt in between Colombo.

China has no partners from Pakistan coast to North Korea shores thus; Colombo becomes valuable for China as a port for its Naval Base in the Region. The PLA Navy, however cannot match with US navy, risks overstrains in its efforts for securing Arabian Oil Imports thus, Making Colombo a Decisive Place For China’s submarine fleet. As evident in WW I and WW II, Submarines are the Strategic winning tools for an excellent navy therefore Colombo will offer a supply base as well as political and Physical harbor for China.
Map: 4.2

China's base in Sri Lanka to Counter USA

Source: Google map
Strategic Importance of Colombo base for China:

Limited War, Taiwan

Taiwan’s policy is combat with China is to sustain till US reinforcements to come, While China’s approach is to demolish Taiwan as soon as possible. In case of China war with Taiwan American strengths will be based in Japan, perhaps Japan and South Korea will be the quickest reactors. Nonetheless, the American belongings in Middle East and Indian Ocean can also be utilized in war. In such case, Colombo will work as a threatening or delaying weapon with Diego Garcia being the first strike spot of China and Colombo being the First Strike destination for US.

Limited War, India:-

Chinese Presence in Colombo will enable China to trouble Indian Shipping. In Addition to Colombo, allies with Pakistan will make China aircraft capable of attacking India from 3 sides resulting in divided Indian efforts of response.

Control Over Oil:-

Colombo presence help the PLA navy in Keeping a close Watch on Arabian Gulf to promote its oceanic trades while reducing the ocean supplies by the other nations. China can respond effectively from Colombo in case of US ventures to Cut Chinese Oil supply:-

The more the war with US is postponed the more it will be beneficial for China. USA and Chinese economies are interlinked and a mutual condition between two will reduce rivalries in the modified world climate of 21st century Notwithstanding, China has still displayed its sternness and Combativeness to tussle as a modern power in the world.

4.4.3 Geo Political Significance of Sri Lanka for China

In the South Asian setting, China’s plan arrangement would disentangle as: vigorously guarding the dependability of its edges, looking for after its local cases, making imperative correspondence lines to the edge areas and not rejecting its money related points of interest. The PLA’s repeated intrusions along India’s periphery in Ladakh and extending proximity in Sri Lanka support this. Sri Lanka sits at the heart
of the Indian Ocean, adjacent genuine transporting courses, inside the world's most dynamic region—the Indo-Pacific. Sri Lanka basic for China for such an expansive number of reasons:

- To begin with and old noteworthiness of Sri Lanka's it used as sea transport standard direct in Indian Ocean.
- To counterbalance the competitor of China in South Asia region i.e. India as Elder kin of this region.
- To keep up the position in international Politics.
- To gives better future to Chinese generation through new maritime silk route.
- To maintain economic related improvement through this Channel.
- To keep dominance over Asia Pacific region.

Sri Lanka and China had a foundation set apart by comfortable general vital connection since Mao Zedong's vitality get in China and Sri Lanka's opportunity from 150 years of British lead in 1949. The two countries denoted a versatile rice understanding under UNP course in 1952. The Sri Lanka-China relations accomplished the new summits in the midst of Mahinda Rajapaka's organization to the extent trade and fiscal aides. China has brome one of Sri Lanka's nearest monetary associates since 2000. A sizable piece of Chinese ODI has come as broad improvement wanders, generally in the regions of cultivation, imperativeness, and transportation. Of the countries investigated in this report, China's 2010 and 2011 yearly ventures were most dumbfounding in Sri Lanka, where Chinese firms have completed or are completing different limitless scale wanders. These endeavors cross various sections, consolidating interests in transportation. Disregarding the way that China has geopolitical focuses behind couple of endeavors in the locale, by the day's end the huge closeness and overwhelming status in world issues (rather than disarranging India) is the essential objective of China. The Sri Lanka sea port at Hambantota has in actuality made India tense and focused. Looking extensively the narrative of imperativeness and trade sea ways for money related advantages is in every way more rational than the attempts expected to face India militarily. The 'one
belt, one Road’ (OBOR) and 21st century Maritime Silk Road went for interfacing china to Africa and Europe through South and Central Asia by strategy for a wide road, rail and sea sort out.

4.4.4 Outlook of China–Sri Lanka Partnership: At Glance

China-Sri Lanka relations future can be anticipated on the basis of cautious realistic analysis of their historic and contemporary relations. Though Sri Lanka does not a physically attached boundary with China still, it is a significant part of China’s neighbor policy.

China and Sri Lanka amalgamate their interest and empower their mutual relationship with enhanced strategic coactions and economic exchanges. Economically, the two nations enter into a bilateral FTA agreement immediately to facilitate large Scale economic and trade Cooperation, alteration in the Structural trade imbalances and magnify China’s direct investments in Sri Lanka.

Moreover, the two sides need to materialize a commonsensical conjecture in the field of defense and security and give support assurance to each other in fights against terrorism and three forces i.e. Taiwan, India & GS.

Additionally, strong regional and international bilateral cooperation through unified partnership is the need for China and Sri Lanka’s enhanced worth.

4.5 Sri Lanka and USA:

“The United states enjoys cordial relation with Sri Lanka that is based, in large part, on shared democratic madinons. US policy towards Sri Lanka is characterized by respect for its independence, sovereignty and moderate nonaligned foreign policy, support for the country’s unity, territorial integrity and democratic institutions and encouragement of its social and economic development”. 25

Sri Lanka notably maintained friendly relationships with US such as during 1st Gulf war. The commercial contacts were initiated in 1787 when mariners from New England for the first time anchored in Sri Lanka’s ports for trade. Sri Lanka’s peculiar geographical location at the Centre of maritime silk trade route makes it an important

25http://www.globalsecurity.org/miltare/world/sri lanka/25
link for connecting Europe and Middle East with China and rest of Africa. It is on the nexus of so called “old world” which accounted for half of the world’s container ships that transported through Indian Ocean. The strategically importance of Sri Lanka for US geopolitical dynamics is termed as the new “Great Game” to be looked out for. The main areas of American interest in the island are easy acquiring of energy resources from gulf and sustain free trade flows in Indian Ocean.

There had been a basic consistency in “the United States policy towards Ceylon until the Nixon –Kissinger balance of power realpolink, was put into effect. Ceylon’s policy towards the United States, on the other side, tended to fluctuate. Depending on the political composition, as well as alternating economic policies of the successive Ceylonese Governments”.26

After Ceylon’s independence, British power and Authority became a medium for Sri Lanka connections with west. British correspondence passed on its legacies in Ceylon’s defense and foreign policies. However, USA, after its political independence, emerged as a superior power in post –world war scenario as well as in western alliance’s materializing its importance in UNP’s world outlook. “In this World today said Mr. J.R Jayewardenene, “there are real two powerful factor, the united states of America and the USSR. We have to follow either the one or the other. We have decided and we intend as we are in power to follow the United States of America and its democratic principles”.27 The perception of a close political Solidarity between the two countries found its concrete manifestation in the UNP’s policy towards US, Cold War Propaganda.

According to an agreement signed between the two countries in May, 1951, the state department undertook to install three short-wave Broadcasting Transmitter, studio and recording facilities at its own expense.

The pact signed by the two countries in May 1951 entrusted the responsibility on the US state department for installing short-wave broadcasting transmitters studio and recording facilities in the island in exchange of Ceylonese government’s assurance for broadcasting “voice of America” over Radio Ceylon. Besides these


27 Ibid, Page no-190.
political accord, the Ceylonese leaders preserved economic hookups between the two Nations. During 1947-50, while sterling economies were short of dollars, Sri Lanka had 18% of its total exports being done to US thus, making US the second largest importers of Ceylon produce during this period. The bright prospects of financial assistance from US were the major area of Ceylonese allurement. On the other hand, US also had important and adjacent interests in Ceylon since latter parts of 1940s and infect US supported Ceylon during whole investigation period it as a minor.

Washington saw the Indian over shadow over Ceylon in South Asia pertaining to Indian dominance in maintain political balance across the region. Ceylon was, well theoretically, a part of US foreign policy throughout the post–war and cold war era. US foreign policy towards Sri Lanka was based on the presumption of Ceylon being a part of “free world” in terms of freedom from communist’s threats therefore, refrain US counteracting against such threats. In November 1950, despite the non-commitments for technical assistance in South Asia, US entered into a technical assistance pact with Ceylon for showcasing its concern in the region and importance of latter in US foreign policy. The actual materiality of US long term commitments to Ceylon was based upon former’s strategy to shape her global policy into a world phenomenon ,this time, by the way of recognized Strategy of confinement. Anyhow, the execution of this strategy followed the “rate of communist advance”.28

“Containment strategy, as it ultimately emerged under the Truman and Eisenhower Administrations, considered from the vantage point of view of US-Ceylon relations, contained two significant aspects.”29 First, “the line of containment of communism” did not envisage Ceylon as a country Threatened by the danger of elute national communism. This constituted the fundamental basis of the low-profile stance of US attitude towards Ceylon until the sixties. Second, this Strategy was fundamentally a military Strategy designed to confront a threat of a military nature from the Soviet Union.

“So far as US-Ceylon relations were concerned, the main significance of this was that the United States, particularly during the Dulles era, acted as if the only

political significance of the new nations was as potential military allies in the cold war.”

Later, the Korean War boosted Sri Lanka’s rubber exports but soon the conditions ram shackled within months. In December 1950 the general services administration, official procuring agency made by US, was the role importer of Country’s natural rubber. “As far as Ceylon rubber was concern, this had two consequences prices fell steadily in Singapore and Colombo markets and the physical volume of the US purchase of Ceylon rubber was drastically reduced by 80 percent in the second half of 1951 from the amount she bought in the second half of 1950.”

This brought severe changes in US-Lanka relations. Subsequently, Ceylon government framed “Sir Oliver Mission” to conclude on the matter rubber sales at equitable prices. “However, as the ministry of Defense and External Affairs communiqué stated, the mission “failed to achieve anything”. Concerning the question of rice supplies, “the US Government agreed to assist in buying requirements in the open market of the USA, although the US government had repeatedly declined to agree to the same principle for purchasing Ceylon rubber. On the question of rubber, while not being willing to tie up the question of economic aid to Ceylon with the conclusion of a rubber agreement, the US no doubt made it clear that the satisfactory settlement of these matters would be expected to lead to a Stoppage of rubber exports to China.”

The collapse of Oliver Mission paved the way towards Peking (name of Chinese capital in those times) and Dudly Senanayke declared a mission to China in July 30. Afterwards, Mr. Phillipcrowe’s appointment as US ambassador to Ceylon in September 1953 signaled a change in US outlook. The new ambassador, when reached Colombo, anticipated better trade relations between US and Sri Lanka and assured about America’s mutual efforts in building better connections between them.
The UNP’s electoral loss in 1956 was broadcasted in America as “another slap in the face of the west at a time and in a place where it hurts”.

The relationship between the two countries during the concerned period were characterized by the occurrence of New orientation in US’s world policy and adoption of non-alignment policy by Mr. Bandaranaike in Ceylon. The denial of western bloc membership by UEP government led a set back to the intimate relationships between two nations that had existed before 1956.

Firstly, the Ceylon’s anti-communist concern in external affairs come to an end and secondly the vital unity between Ceylon and west also came to a halt. Mr. Bandaranaike was strictly against the approaches of cold war alliances system. He stated to press, “Which are military directed against a certain group of powers, the position is pregnant with danger”. Bandaranaike’s outlook towards US war governed by two aspects, via, the dismissal of US’s left theories of imperialism that were supported by Ceylonese premier’s radical nationalists and Marxist supporters and second, the clear idea of confluence between their foreign policy and US’s new orientation towards world policy. “In July 1957, secretary dealer, the leading American opponent of the policies of non-alignment observed that the US had “the best of relations with Ceylon and that it were important that they be maintained.”

In 1956, after the new government’s formation in Sri Lanka, the US ambassador and Ceylonese premier exchanged letters related to expected aid programmers. The two countries entered into the first of a series of public law 480 agreement concerning exchange of rice and flow for Sri Lanka’s domestic currency in June 1958. In January 1961, the two nations agreed upon another pact whereby US promised to advance a loan of 3.2 million $ from the development loan fund to foster finance for foreign exchange costs incurred in new international airport at Katunayake.

During the period 1965-70, “the policy of the united states towards South Asia tended to be more and more low-profile in Character” Partly due to the impact of

33 US news and world report, Page no- 95, April 13, 1956, Page -95.
34 The Hindu, July.11.1957
the emergence of China as an independent Centre of power, her detente relationship with the Soviet Union as it affected South Asia, and partly due to her increasingly undemanding and Peripheral in character. She responded positively to external economic needs, anticipated by the UNP Icd coalition government, but no attempt was made either to bring Ceylon to an alliance structure or to transform her broadly non-aligned international posture”. 36

“By the mid-sixties, the Ceylonese economic policy-maker had anticipated three ‘principle requirement’ relent for the country’s need for external aid”. 37

The first focus was to ensure that the magnitude of aid was sufficient to cover the country’s balance of payments issues. The second was to obtain the aid in a form apt for Ceylon’s needs of the time. And the third was the attainment of funds at agreeable conditions to facilitate ease out debt repayment in future.

In latter half of 1965, on the request of Ceylon government US and Britain “asked the WB to organize an aid group” 38 to pave way for support to Ceylon.

The bank framed an aid council called ‘Ceylon aid group’ consisting US and Britain along with several other nations which had indicated their interest in helping Ceylon’s exchange shortage and their individual participation in the assistance efforts. All the help provided by Aid group during 1960-70 were either in the forms of loans or grants and belonged to the class of “commodity” or “programmers” aid.

Taken together, the general relationship develop after 1971, was based on common enduring and long-lasting friendship. In July 1973, Mrs. Bandaranaike said that she was confident that the cordial and friendly relations that we have with US will be further strengthened in the years to come.

“In May 1973, president-Nixon welcomed the improvement in the US relations with Ceylon, and stated Sri Lanka has strengthened its internal Stability and we hope to maintain and expand our cooperation and to assist Sri Lanka’s progress”. 39

36 Ibid.
Table No.–4.4

Aid group assistance: amount of commitments

(A comparative table is here, which show about aid given to Ceylon during 1965-1970 in $ dollar by different countries and total aid and loan given by them in US dollar millions).

U.S. dollar million

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<td>TOTAL</td>
<td>G</td>
<td>42.2</td>
<td>54.1</td>
<td>40.7</td>
<td>50.3</td>
<td>60.3</td>
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4.5.1 US and Sri Lanka after 1970

The US framework towards Sri Lanka’s ‘National issue’ has recently influenced by a several factors like- 1. Sinhalese dominance in Sri Lankan politics 2.Reduced prestige of Jaffna since independence in educational commercial trade and

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state sector employments. 3. The rebirth of Sinhalese nationalism since 1956. 4. The race turmoil in 1977 and 1983. 5. The evolution of Prabhakaran Tamil Tigers in the Island. The ‘Minority Tamil’ and LTTE differences have widened the distance between Sri Lanka and Development progressions. US later sold arms and ammunition to Sri Lanka Foreign Service officers (FSO) - who directly look after the Sri Lankan security issues. A “FSOs team was of the opinion that the 12% population of Tamil had endorsed a separate state - even though the 1977 parliamentary election returns in the Northern and Eastern province, viewed in terms of Popular voter, give a different picture. The Statistics anyway showed that the share the Tamils had enjoyed at the times of the Country’s independence (1948) had dynastically declined by the 1970s. This is what alerted and perturbed the western diplomats.”

Many Sri Lankan scholars and press possess a general anti-US bias with reference to their large-scale motivation from Marxism with a considerable impact of Soviet Union’s anti-US dominance policies against ‘hegemony’ and “world empire”. Meantime, Sri Lanka’s English as well as vernacular press are flooded with Anti-US annotations comprising disapproval of US policy on Iraq and Interventions in the terrorism piracy and interstate conflicts have enticed the US interests in Indian clean. Recently there was a new news about piracy in atoll islands near Sri Lanka US agency for International development (USA1D) has contributed towards Sri Lankan’s economic growth through unemployment reduction projects, improved housing facilities and development of Colombo stock exchange. US promised an aid of 4 million (including 40.4 million & funds forms USA1D) at Tokyo Donor’s Conference in 2003. The tsunami disaster made US to offer an relief aid of 135 million & along with rebuilding assistance in the Country US presented 51.4 million & for human assistance in 2009. US offered a lending hand for more than 280,000 USAIDS in terms of food relations water and sanitation facilities, temporary shelters, medical treatments and mobility aid for disabled.

Historically, USA and Sri Lankan have friendly military defense relation although the recent times have witnessed a comparatively reduced US security assistance to Sri Lanka. Sri Lanka still continues to allow blanket over flight landing

permission to US military aircrafts and permit US vessels to enter the parts regularly. The US military support have bestowed Sri Lanka with basic infantry supplies, maritime vigilance and inter directional equipment’s for navy and communication and mobility techniques to improve Army’s human approach and UN’s peace keeping missions as per the congressional Research service. USA and Sri Lanka signed an Acquisition and Cross-services agreement which expanded the synergic military works between the two countries.

The Sri Lankan military in the light of US relation, work as disciplined and competent organization for combating terror threats, including suicide bombing attacks and use of human shields by LTTE.

For many years Sri Lankan army is considered to be based on Professional model but after 2009, the Ceylonese military operations have been convicted with charges of Human rights violations that include anti-human implications of the crimes against humanity and the widespread genocide of Tamil People.

4.5.2 Geopolitical Significance of Sri Lanka for US

Historically, Dutch, Portuguese and British colonizers exploited the geopolitical momentous of Sri Lankan in Indian Ocean (IOC).

The island served as the South Asian headquarters of supreme Allied commander during WW II moreover, US senate report views Sri Lanka ‘Strategically located at the nexus of maritime trading routes connecting Europe and the Middle East to China and rest of Asia’. The country is located at the heart of ‘old world’ which accounted for half of worlds contain ships transit in Indian Ocean. The geopolitical importance of this island becomes Crucial for US, when China starts making a Prominent Presence in the region. The changing concerning of US visible in its naval alternation and changes in marine core outlook during 2007 and 2008, which declared the substitution of Atlantic and Pacific Ocean by Indian Ocean as the most decisive Ocean for US Strategies. However ,these geopolitical references remained tranquiller for quite some time pertaining to Sri Lanka’s debarment from being used as a Strategic international naval refuge due to island’s widespread domestic armed warfare . Possibly in the light of US-Sri Lanka historical alliance US was of the view
that endowing command over Sri Lanka would be easier after the latter is done with its Civil war through an end to the armed rebellion.

As such, Sri Lanka-US relations need to be viewed in terms of power politics. The monetary toll that the Conflict had on Sri Lanka was immense. Whether dependent on the World Bank or IMF, that are Principally under the control of the US alents that include Nike and Victoria decret, whether it was the ambiguous private entities coveting Sri Lanka’s phosphate mines, or whether it was Military intelligence or technical support, Sri Lanka required to go out of its way to Maintain Friendly relations with the US”.

In 2005 when Mahindra Rajapaksa was sworne in as Sri Lanka’s president, many rumors originated announcing rejection or refusal of requests and conditions that emulated from Washington.

“These political affiliations were coupled with unchecked rhetoric and tests against the US when pressure was exerted on Sri Lanka during his presidency. This was in contrast to the diplomatic nuance that the country had practiced towards the west previously. For example in 2009, when military forces were occupied in battle, the US had requested that forces be pulled out and seize fire be established president Rajapakse is reported to have reflected that, ‘they are trying to preach to about civilians. I tell them to go and see what they are doing in Iraq and Afghanistan.’

The major area of worry was Rajapaka’s inclination towards Chinese by virtue of their condition free loans and readiness to invest in Sri Lankan infrastructure and development initiatives which were a part of his political vision. A mounting Chinese impact on Sri Lanka was a signal of dissociating the country from US reliance. A US congress report in 2009 write, China in seeking to gain influence with the Sri Lankan as part of a ‘string of pearls’ naval strategy to develop port access in the northern reaches of the Indian ocean. Within a period of one year, China succeeded in establishing one port harbor and started second venture in capital of Sri Lanka, as a return, offered exclusive privileges and unique investment zone at a short distance from its capital. According to US congressional Research service, Chinese activity in

41 Ibid
42 Ibid.
the region appears to be seeking friends like Sri Lanka to secure its sea lines of communication from the Straits of Hormuz and the western reaches of the Indian Ocean region to the Strait of Malacca to facilitate trade and secure China’s energy imports.

The US-Sri Lanka relations have markedly been remodeled since the formation of (UNP) liberal party government in January 2015. In February 2015, the office of high Commissioner for human rights, which had the responsibility of giving reports to Human rights council after US 2012 resolution, announced that its plan to postpone the examination of Sri Lanka for a never before seen ‘one Time’ deferral within HRC for a period of Six Months.

The intensified relations between US and Sri Lanka since 2009, precisely 2005 marks Sri Lanka as yet another instance of US geopolitical victory inters of human rights protection and reinstallation of democracy in the island. Now, all the Sri Lankan developments are anticipated to be in the suitability of these occurrences for the country itself. Like other US will also capitalize the chance to the fullest but the repercussions of US full authority and policy measure endeavored over Sri Lanka would only be visible later when these effects would have become irreversible.

4.5.3 US-Sri Lanka Relation at Glance:

US-Sri Lanka relations are based on the foundation of common interest and joint obligations to democratic ideals of governance. The US is a capable Sustained of Island’s social and economic development and has provided financial assistance of more than $2 billion to Sri Lanka since its independence in 1948. US goods exports in 2015 were $327 million, UP 4.7 percent from the previous year. “US exports consisted primarily of industrial machinery, medical instruments. Aircrafts parts, lentils, paper, specialized fabrics and textiles for US in the garment industry, fruits and Pharmaceutical. Sri Lanka is currently the 115th largest export market for US goods and Corresponding US imports from Lanka were $ 2.88 billion, UP 7.8 percent.”

“The US and Sri Lanka held the sixth bilateral council meeting under the US-Sri Lanka trade and investment Framework agreement(TIFA) in May 2008. At the

meeting the United States stressed the importance of reducing Sri Lanka’s high tariffs on agriculture biotechnology products, providing more certainty and transparency in Sri Lankan’s government procurement, and integrating US technical assistance into the Government of Sri Lanka’s overall IPR enforcement plan.\textsuperscript{44}

Since the 2008 meeting, Sri Lanka has loosened the restrictions on poultry imports from Arkansas, Virginia, and Idaho. US officials visited Sri Lanka in 2008 and 2009 to materialize high profile negotiations for improving market accessibility and elimination of trade barriers for US companies.

“Sri Lanka is currently our 72\textsuperscript{nd} largest goods trading partner with $2.88 billion in total (two way) good trade during 2013. Goods exports totaled $314 million; goods imports totaled $2.5 billion.”\textsuperscript{45} US goods exports to Sri Lanka in 2013 were $314 million the top export categories in 2013 were: cereals (wheat) ($54 million), machinery ($28 million), food waste (Soybean residues) ($21 million), and electrical Machinery ($17 million). US goods imports from Sri Lanka totaled $2.5 billion in 2013, an 8.6% increase from 2012. The five largest import categories in 2013 were woven Apparel ($818 million), Knit Apparel ($876 million), Rubber ($287 million), precious Stone ($111 million) and spices, coffee and tea ($50 million).”\textsuperscript{46}

4.6 “Why Sri Lanka Important for America and China”

Recently, the Indian Ocean’s strategic location is on a rise in the world politics and global trade as a hot topic all around mainly, due to the non-conventional security issue like piracy, terrorism, planned crimes etc. Indian Ocean functions as an energy and trade channel connecting the center of world growth, Asia-pacific region, and the hub of energy resources, the gulf and African region, had made it a subject of significance for world economy. Indian Ocean functions as an energy and trade channel connecting the center of world growth, Asia-pacific region, and the hub of energy resources, the gulf and African region, had made it a subject of significance for world economy. Indian Ocean is hosted to some of the most busy seas routes &trade channels which of the world which serve as critical lifelines for many countries. As the strategic worth of Indian Ocean is rising, the traditional post-cold

\textsuperscript{44} Ibid
\textsuperscript{45} Ibid
\textsuperscript{46} Ibid
war global and regional predominance of US is on a decline due to its modest strategic investments and intervention in the region. The significance of Middle East for US has been shrinking due to shale for explorations dependence on oil resources causing reduced. Meanwhile, the consistent foreign policy rebalancing efforts in Asia-Pacific region and America’s contracting naval forces worldwide have caused a descent in Indian Ocean’s position in American global strategy. The importance of Sri Lanka, as a nation with solitary geopolitical location, will automatically rise with a rise in the value of Indian Ocean.

The Sri Lanka’s worth sea-lane security and trade relations in Indian ocean will grow further with the advancements in its ports and other infrastructures china’s rapid economic development since last 30 years requires continuous supply of energy resources thus, navigation security in Indian ocean as an import channel of oil from Gulf and Africa is a matter of grave national concern for china. Thus despite the china will surely devote more attention towards Indian Ocean dynamic in the light of its economic concerns. Howbeit, the presence of Chinese military except anti-piracy campaigns near Somali is almost zero in Indian Ocean. The needs of the hour in the mutual cooperation between china and other important stakeholders to assure concord and stability in the busiest water mass of world.

The prevailing predominant essentiality of balanced relationships with all China, US, Russia and Britain, have become a matter of concern for Sri Lanka’s foreign policy. This issue, which is the base of Country’s external relation management since mid-fifties, came up due to the Changes in Structural Stimulators of Sri Lanka’s foreign policy. The British intimacy in the Sri Lankan foreign policy through alignment was prevalent in the first decade after independence but later the policy was discarded by the centrist political elite who dominated country’s politics since mid-fifties. The non-Alignment strategy depicted the unavoidable impact of bipolar world power balance that affected the foreign policies of various nations as well as world politics. Until the early sixties the non-acceptance of alignment with west led to relations he need of establishing relations with the power which guided country’s foreign policy.

The present Sri Lankan relationship Structure, that evolved in mid of present decade, with concerned nations has two central aspects:-first Ceylonese efforts to
maintain gap from soviet union and second, fastening the country’s relations with
China and west, especially US. The efforts of institutionalizing good relations with
west, mainly for financial aids, started in mid-sixties. The early anti-underwent a
mutation and Deteriorated with the Changing times. The baffling socio-political
emergency in Sri Lanka caused due to JVP insurgency and suspended conventional
power balance in South Asian region served as a Stimulus for Intensifying country’s
relations with west and US in seventies.

While looking classically at the advancements in Ceylon’s external relations,
two aspects, related to Asia power balance arrangements are Significant:- first the tri-
polar symmetry between America, Russia and China and Secondly the India
dominance in South Asian regional equilibrium. The two aspects are intertwined with
the Sino-US suspicion about probable Soviet dominance in Asia and the Indo-Soviet
shared worry about the adverse effects of workable full cooperation between Peking
(Beijing) and Washington for their common interests. These two apprehensions are
the undeniable basis balancing foreign relations matrix in Asia in the Present
decade. Ceylon has now started focus more on economic relations for ensuring enhanced
inflow of external aid to cope up with its continuous deteriorating tare patterns. The
diminishing international trade forced the country to associate with many third world
countries in an Attempt for Captivating international trading system. However, these
attempts have not nullified the country’s chances to get foreign aid. Thus, till the
Ceylonese economy was not short of Foreign exchange it had maintained a fair
distance with these forces by maintaining an advanced welfare System.

The leading political powers as always uphold their general concord as per the
feasibility and Vitality in the Present Socio system but, their dominance in Country’s
governance within Parliamentary democracy Structure confides on Their Competence
to Cope with present crisis that has Deteriorated to uncontrolled levels of losses.