

## Sri Lanka's Maritime Ambitions: Stranded in High Sea



The crisis-ridden Sri Lankan economy has exposed the cost of realizing the maritime ambition of the island-nation of South Asia. The ambition was well-justified because of its geostrategic importance throughout history. The island was positioned at the heart of the ancient Silk Road, harbouring seafarers from different parts of the world like the Indian subcontinent, Europe, China and the Arabian Peninsula. The narratives regarding the rich profile of Sri Lanka as a potential maritime hub also point to the history of colonization by the Portuguese, Dutch and British empires lasting almost four centuries. The potential was later realized by some visionary leaders of Asia like Lee Kuan Yew – the father of Singapore, who expressed a desire to model the maritime development of Singapore City after the Sri Lankan model. Singapore went on to top the maritime hub index for the eighth year in 2021. In contrast, Sri Lanka has become irreversibly indebted in the process of becoming a maritime hub, and consequently, its economy is crumbling down.

So, the puzzle remains – what went wrong? An enduring civil war spanning over two and a half decades was thought to be the major obstacle. Its ending in 2009 with President Mahinda Rajapaksa in power was deemed the new dawn of development in the island-state. A relatively quiet area known as a fishing hub and also happened to be the then President's home town – Hambantota had been selected as the site for a vast port development project. The proposed port was positioned just a few nautical miles away from one of the busiest shipping lanes in the world. However, the flaws in the plan were visible from the outset as the viability of constructing a second major port in a country with a population of 22 million, whereas its thriving main port in the capital had the scope of expansion to contribute to the country's maritime ambitions, was questioned. The pessimistic forecast on economic viability was overshadowed by the lavish political agenda of rebuilding the island's historic potential of becoming a maritime hub. The government needed financial power, and China was already

there with an ambitious funding portfolio. Considering the geostrategic importance of the port, Chinese involvement irked other regional powers, and China was also quick to incorporate the project into its global plan even before the formal announcement of its Belt and Road Initiative (BRI).

The much-hyped port was opened in 2010 with limited operational capability but faced an unfavourable reality. After facing recurring losses, the Sri Lankan government defaulted on its loans, and a majority stake in the port was leased to China for 99 years in 2017. The fault line in fulfilling the nation's maritime ambitions was the lack of good governance and oversight mechanism. This major shortcoming at the national level was supplemented by the poor governance structure of the funding agencies. These two variables combined to produce a result where the political objective at the national level and the geopolitical gain of the external power at the regional level were achieved at the cost of a substantive contribution to the national economy of Sri Lanka. Given the geostrategic advantages, Sri Lanka could have overturned the outcomes had it facilitated a competition over the geopolitical gains among the regional and global powers. In this regard, the core outcome should have been providing a substantive contribution to the national economy. In the absence of this overarching goal, the national politico-economic domain gets entangled with the objectives of external powers. Consequently, the national economy gets heavily dependent on the receipt of foreign assistance, and the current economic crisis also showcases this trend. And through this process, the maritime ambition of a country might metaphorically get stranded in the High Seas – the areas beyond the national jurisdictions. Sri Lankan ambition to become a global maritime hub is indeed stranded in the High Seas, where the agency to overturn the outcomes gets delegated beyond the power of national authority, and the outcomes are shaped mainly by the dynamics of the geopolitical competition among the major regional and global powers.

While the maritime ambitions of Sri Lanka in the twenty-first century have revolved around the Hambantota port, other maritime ventures have the potential to alter the future trajectory. China owns 85% of the partnership in the Colombo International Container Terminals Ltd. (CICT), while discussions are being held over involving India and Japan in the West Container Terminal (WCT) at the port. The Port of Colombo is crucial to the Sri Lankan economy, and its future contribution will be a major catalyst in reversing the current economic hardship. Another mega and more ambitious project – Colombo Port City, is projected to be a 'game changer' to compete with other financial centres like Dubai, Singapore and Hong Kong. The first of its kind in South Asia, the project is also heavily dependent on the Chinese investments in return for a 99 years lease of 43% of the city. Therefore, if this ambitious and lengthy project becomes another white elephant, then the Sri Lankan economy will spiral into another economic crisis.

While there are other reasons behind the current politico-economic turmoil in Sri Lanka, the mismanagement of its maritime ambitions is one of the major factors in this regard. The country has just announced a default on its \$51 billion foreign debts due to its inability to repay them at the moment. Had the maritime projects yielded the projected benefits, Sri Lanka would be better positioned to handle the crisis. The political establishment of the island nation should take valuable lessons from this and reorient the existing maritime projects

towards greater contributions to the national economy. The Sri Lankan case is also an eye-opener for other South Asian countries where the existing maritime infrastructural ambitions have intrinsic linkages with the changing geopolitical dynamics in the Bay of Bengal or, broadly speaking, the Indian Ocean region. Given South Asia's poor regional cooperation and integration record, the national governments should carefully venture through the complex geopolitical avenues.

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