Sri Lanka pushed India out of Colombo terminal project

Why in news?

Sri Lanka decided to overturn tripartite agreement to develop Colombo's East Container Terminal.

What is the importance of this project?

- This project was a key marker for infrastructure investment in the island nation where Chinese projects are most prominent.
- More than two-thirds of trans-shipment at this port is tied to India, making it an important trade and connectivity link.
- Joint venture between India and Japan to invest in the ECT project provides South Asia with viable, transparent and sustainable alternatives for financing and development.

Why this project was overturned?

- This was due to growing pressure from port union groups which opposed any foreign participation in developing the terminal.
- They threatened a work-to-rule agitation if ECT operations were handed to the Adani group, as proposed.
- It is worrying that whether the country will honour the commitments made by the previous government.
- Earlier the county's former PM signed a MoU for developing the Eastern city of Trincomalee through oil and infrastructure projects.
- Also there is suspicion that there is a Chinese hand behind this decision & it is curious that despite Sri Lanka's financial difficulties it took this decision upsetting donors.

How has India responded to this?

- It continues to engage Sri Lanka on the ECT issue but it remains silent on Colombo's alternative offer of developing the West Container Terminal.
- Over the past years, Indian government has invested much time and resources Sri Lanka- new credit line, currency swap agreement, COVID-19 assistance and vaccines.
- NSA Ajit Doval and EAM S. Jaishankar have visited Colombo more than once

and Mr. Modi has hosted President Gotabaya and Prime Minister Mahinda.
- India has also set much store by its partnership with Japan as a counter to China’s BRI & there is much at stake for all three countries to derail the partnership.
- A compromise formula to restore a deal needs to be arrived because this project has far-reaching consequences for the region.

Source: The Hindu

