

# From Ideology to Pragmatism: AKD's foreign policy approach towards India and China

By Shakthi De Silva

Sri Lanka's foreign policy trajectory has garnered significant attention in India and China following the island's Presidential election and Parliamentary elections late in 2024. Anura Kumara Disanayake (AKD) and the National People's Party (NPP) coalition which includes the leftist People's Liberation Front (JVP) party among others, secured significant **victories**, obtaining 42.3 percent of the vote in the presidential race and a supermajority of 159 out of 225 seats in parliament. These electoral outcomes underscore a pivotal moment, not only domestically but also in the context of regional geopolitics, as India and China have to contend with an administration that has never before taken the reins of government.

The NPP victory sparked significant speculation among Indian observers with regard to the foreign policy direction that AKD's administration intends to adopt vis-à-vis India. The JVP's **leftist** ideology, coupled with its **criticism** of India's "hegemonic" foreign policy toward smaller neighbouring nations, raised **apprehension** in New Delhi that an NPP-led government in Sri Lanka might align more closely with Beijing.



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To allay these fears, President Disanayake adhered to the precedent set by recent Sri Lankan heads of state by choosing India for his first foreign visit, following an **invitation** from the Indian President and Prime Minister. In a move to further reassure New Delhi, President Disanayake **reiterated** Sri Lanka's commitment to ensuring that its territory would not be used in a manner adverse to India's security interests.

The **joint statement** issued following his visit underscored the enduring ties between the two neighbours, as Sri Lanka expressed its appreciation for India's critical financial assistance and its co-chairing role in debt restructuring discussions following Sri Lanka's external debt default. Notable outcomes from the visit included initiatives to enhance connectivity, such as the resumption of the ferry service between Rameshwaram (in India) and Talaimannar (in Sri Lanka), and advancing renewable

energy collaboration through the Sampur solar power project. Prime Minister Modi, during his visit to Sri Lanka on April 5 is expected to witness the **commencement of work** on the Sampur project. AKD also agreed to continue negotiations on a bilateral Economic and Technological Cooperation Agreement with India—an initiative he was **vocally opposed** to during his time in the opposition.

The President had also participated in a discussion with leading Indian business representatives, **inviting** them to explore investment opportunities in the island. This move was particularly important for the President to demonstrate to the Sri Lankan public his efforts to attract foreign investment and rebuild the economy.

Despite these efforts, India's Adani Group withdrew from **two proposed wind power projects** in Mannar and Pooneryn after the government **sought to lower the tariff** in the power purchasing agreement in **February this year**. Incidentally, this agreement had been criticised by AKD, during his time in the opposition, for its detrimental terms to Sri Lanka. The US Department of Justice and Securities and Exchange Commission had previously filed charges against the group's chair, alleging that the company attempted to bribe officials.

President Dissanayake's subsequent visit in January 2025 to China, at the invitation of President Xi Jinping, highlighted his government's attempt at balancing ties with both Asian nations. The two sides **agreed** to deepen bilateral exchanges between their

legislative bodies and for their political parties to "learn from each other's governance and development experience." Interestingly, the **joint statement** released after the meeting also included an affirmation of Sri Lanka's support to China's stance on Xinjiang. Additionally, the moratorium on foreign research vessels arriving in Sri Lanka—which Beijing **argued** was initiated due to criticism from New Delhi and Washington over Chinese research vessels arriving to Sri Lanka—was allowed to lapse late last year. This decision suggests Colombo's attempt to minimise the risk of upsetting Beijing, although allowing Chinese research vessels to enter Sri Lankan waters might continue to worry India and the US.

Energy politics had featured prominently in both visits. The Trinco Petroleum Terminal (Pvt) Ltd—a joint venture of Sri Lanka's *Ceylon Petroleum Corporation* (CPC) and India's *Lanka Indian Oil Company* (LIOC) under the previous regime—was allowed to **continue** uninterrupted, despite significant **criticism** from the JVP and AKD prior to the elections. The Trincomalee Oil Tank Farm, located in Sri Lanka's eastern port city of Trincomalee, holds significant strategic value due to its proximity to vital international shipping lanes in the Indian Ocean and its potential as a major petroleum storage and distribution hub in the region. Constructed by the British during World War II, the facility now comprises of **ninety-nine storage tanks**, each with a capacity of approximately 12,000 metric tonnes of fuel, spread over an

area of approximately 850 acres. In January 2022, Sri Lanka and India signed an agreement to jointly redevelop the Trincomalee Oil Tank Complex. Under this **deal**, eighty-five of the ninety-nine tanks would be under Sri Lankan control, while the remaining tanks would be managed jointly. During his visit to China, AKD also signed an agreement with China's Sinopec for an oil refinery in Hambantota through an **investment** of US\$ 3.7 billion. The oil refinery project has an earmarked landmass of 500 acres and is expected to primarily serve foreign markets. The Sri Lankan foreign minister **added** that efforts are being made to secure a similar oil refinery with India in Trincomalee as well as a **petroleum pipeline** linking the two nations.

Prior to the visit to China, Sri Lanka also entered into agreements with Chinese media institutions for **capacity building** projects targeting local media outlets. Chinese state and private enterprises **organised** an investment forum, allowing the President to extend an invitation to Chinese investors to explore investment opportunities in the island—as he had done previously in India. The declining tourist numbers from China were also a concern for the President, as reflected in his **interview** with *China Global Television Network*. In 2024, only a little over 130,000 Chinese tourists visited the island, compared to approximately 275,000 in 2018. In contrast, tourist arrivals from India saw only a slight decrease, from approximately 424,000 to 416,000 during the same period.

In sum, the decision to prioritise India for the President's inaugural foreign visit and reaffirm Sri Lanka's commitments regarding India's security concerns signals a calculated effort to mitigate New Delhi's apprehensions about the JVP's leftist roots. Although the Adani group withdrew from the wind power projects in Northern Sri Lanka, it is unlikely to result in a downturn in bilateral relations, given the efforts the President has already made to maintain robust ties with India. The President's subsequent visit to China, the signing of the Hambantota oil refinery project, and his engagement with business communities from both nations highlight Colombo's recognition of Beijing's and New Delhi's critical role in rebuilding the Sri Lankan economy. However, the long-term effectiveness of this approach will depend on Colombo's ability to ensure transparency, negotiate equitable terms, and align external engagements with domestic economic needs.

Whether the President is able to enhance trade ties with both nations—given that trade accounts for only 43 percent of Sri Lanka's GDP—and maintain this delicate **tightrope balance** remains to be seen, especially if relations between the two Asian nations sour in the near future. Finally, tapping into the markets of both nations and attracting foreign direct investment requires Sri Lanka to understand complementarities with these Asian economies and leverage them strategically. South India, in particular, with a GDP

growth rate of 6.3 percent—compared to 5 percent in the rest of India, represents an untapped opportunity that the island should capitalise on.

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