DESTINY OF THE PEARL: HOW SRI LANKA’S COLOMBO CONSENSUS TRUMPED BEIJING AND WASHINGTON IN THE INDIAN OCEAN

By Patrick Mendis

Abstract—As Sri Lanka’s Eelam War between government forces and the separatist Tamil Tigers ended with the defeat of the terrorists, the island nation of Sri Lanka entered into another increasingly treacherous but as-yet subtle conflict: that between the United States and China to secure the flow of Persian Gulf energy resources and free trade in the Indian Ocean passageway. A series of Chinese-built ports and airfields across the Indian Ocean comprises a grand “string of pearls” strategy within which Sri Lanka has become a crown jewel. The new forces of global power are geoeconomic, in which every capital in the world—from Washington, Beijing, London, and New Delhi to Karachi, Tehran, and Tokyo—seeks out Colombo, Sri Lanka’s capital, as part of the twenty-first century’s latest “Great Game.” More recently, in a failure of American foreign policy, Sri Lanka drifted toward Beijing as China’s naval strategy gained momentum; however, the challenge for the emergent Colombo Consensus lies in navigating the freedoms and voices of its people—not flaunting the laurels of its combative, defiant, and dictatorial leaders.

Colombo Consensus: Washington vs. Beijing

The Sri Lankan government’s twenty-five year Eelam War against its separatist Tamil Tigers nemesis ended brutally in May 2009. The war-shattered island nation needed foreign assistance to avoid further humanitarian crises, protect war refugees, support post-conflict reconstruction, and guarantee overall economic development for its highly

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literate and industrious people. Sri Lanka’s economic development policy has often been guided by the World Bank and the International Monetary Fund (IMF), both undergirded by the influence of the US foreign policy apparatus. Over the past three decades, this has included the austerity measures and conditionality of the two Bretton Woods institutions meted out through their painful structural adjustment programs. To finance rebuilding efforts, Sri Lanka returned to Washington and borrowed $2.6 billion from the IMF in July 2009. The conditionality of the policy prescriptions—a “standard” set of macroeconomic reforms known as the Washington Consensus—has primarily been influenced by an American-style trade liberalization and economic growth strategy coupled with the promotion of democratic systems of governance, transparency, and accountability.

Meanwhile, the pro-government Sunday Times of Sri Lanka reported that China’s Export-Import Bank provided more than $6.1 billion loans to Colombo in 2009 for post-war development projects, more than the loans provided by traditional donors India, Japan, and the United States combined. Unlike the Bretton Woods institutions, Beijing has few to no conditions attached to their loans: no structural adjustments, policy reforms, competitive biddings, transparency, or accountability. For current Sri Lankan President Mahinda Rajapaksa, there have been plenty of reasons to look for alternatives to conditioned Western aid, and the non-conditionality of the Beijing Consensus was the best option.

Since the Rajapaksa administration (with the Chinese military assistance and diplomatic support) had brought about a brutal end to the Eelam War, Colombo has received heavy criticism from the United Nations, the United Kingdom, and the United States for alleged war crimes, human rights violations, widespread corruption, and nepotism. The current US Ambassador in Colombo, Patricia Butenis, recalled former Sri Lankan President Chandrika Kumaratunga having blamed “Rajapaksa’s abuse of power” for allowing the island’s relations with the Western countries to “[spiral] down reaching a new low in the country’s history.” Kumaratunga had further characterized her one-time protégé and his brothers in the government as “uneducated and uncultured rascals,” the divided country’s corruption as “appallingly bad,” and the political climate as “vindictive and threatening.” As such criticism mounted, the initial assessment of Sri Lanka’s final phase of the Eelam War and associated human rights violations became a top concern for Geneva, London, and Washington.

But with the release of the new US “re-charting” strategy for Sri Lanka outlined in a 2009 US Senate Foreign Relations Committee Report, the White House, Pentagon, and State Department reset the geopolitical priority button in order to allow the United States to use the island to advance its national security interests in the Indian Ocean. As the report concluded, “We cannot afford to lose Sri Lanka” [emphasis added]. Accordingly, US Secretary of State Hillary Clinton reminded visiting Sri Lankan External Affairs Minister Gamini Lakshman Peiris in May 2010 that, “The United States has long been a friend of Sri Lanka. Our countries share a history of democratic institutions, and we have an active USAID program that has invested more than $1.9 billion in Sri Lanka since 1956.” Yet the current Chinese investment of over $6 billion speaks louder for the Rajapaksa administration, as Beijing does not demand accountability and transparency.
Beijing does not demand accountability and transparency for Chinese funding of development projects—which are directly controlled by President Rajapaksa, his brothers, and other relatives and friends.

In the midst of competition between Washington and Beijing over Colombo, the Sri Lankan Parliament—led by President Rajapaksa’s elder brother and Speaker, Chamal—amended the constitution in September 2010 to remove the presidential term limit and give the executive extraordinary powers and freedoms over legislative, judiciary, and electoral appointments. Democratic partners in Washington and Delhi expressed grave concerns over the power concentration in the dictatorial presidency and the Rajapaksa family. Tisaranee Gunasekara, one of few remaining journalists unafraid of speaking out against the regime, characterized the self-serving strategy by observing, “More freedom for the Rajapaksa[s] [to make appointments in every branch of government] means less freedom for the Sri Lankan people.”

Another Colombo commentator noted that the constitutional amendment had created “an imperial President.” Despite such condemnation, the Speaker proudly reminded the world via his official web page that it is the Rajapaksa family—with nine members in parliament alone—that governs the island of twenty-one million people. Apart from Sri Lankans, the family-led, authoritarian political and economic power structure in Sri Lanka is an especially worrisome development for over sixty million Tamil people in neighboring Tamil Nadu state and the large Hindu population in the rest of India.

Meanwhile, the Indian perception of a Chinese threat in South Asia has grown highly sensitive; however, New Delhi’s influence over Sri Lanka has been limited, stemming from a reluctance to intervene since the 1989 withdrawal of Indian peacekeeping troops from Sri Lanka after a Vietnam-like debacle. For the greater part of the Cold War period, India maintained friendly relations with the former Soviet Union while Sri Lanka aligned more with the United States. These ties in both economic and military affairs were seemingly contradictory: Indian and Sri Lankan political pledges to the Non-Aligned Movement, their roles as protagonists within the UN-endorsed concept of an Indian Ocean Zone of Peace, and nominal membership in the Commonwealth of Nations as former British colonies might have predicted otherwise. But when the British Empire was eclipsed as a dominant world power and the United States gained global supremacy in the post-World War II era, both India and Sri Lanka began to shift allegiances. The signing of the 2008 US-India civil nuclear treaty brought American-Indian relations to new heights even as Sri Lanka developed close ties with China. The complexity of these relationships reached a critical juncture when Sino-Indian relations as well as Sino-Indian affairs began to warm up for geopolitical reasons and geo-economic incentives.

At the same time, given India’s historic and tumultuous relations with its neighbors (like Pakistan, Bangladesh and Nepal), New Delhi is increasingly concerned about Sri Lanka’s new bond with Beijing as China is building the Lotus Tower in Colombo,
an ultra modern telecommunications structure that will be South Asia’s tallest and visible from New Delhi. As a creditor nation to the United States and other countries, China has gained enough economic ascendance to command a new direction in global relations and Indian Ocean affairs. Meanwhile, the United States is burdened with the current state of the national debt as well as the expansive focus of American military involvement in both international maritime security and the global war on terrorism. Geo-strategically important Sri Lanka is not only positioned within the international east-west shipping route in the Indian Ocean, but also at the collision point between the occidental-oriented Washington Consensus and the oriental-emergent Beijing Consensus. How might Sri Lanka capitalize on these circumstances to set the “Pearl of the Indian Ocean” — as Arab traders once called the island — on a new and independent path for the twenty-first century? Would Singapore, a country that plays a brilliant balancing act between the United States and China, be a realistic model?

Beijing’s Crown Jewel in the String of Pearls

Over eighty-five percent of China’s energy imports from the Middle East and mineral resources from Africa transit through “string of pearls” ports at Hambantota in Sri Lanka, Gwadar in Pakistan, Chittagong in Bangladesh, Coco Island and Sittwe in Burma, Sihanoukville in Cambodia, Marao in the Maldives, and Seychelles. As part of its New Silk Road network, Beijing seeks to protect this trade route as a strategic economic artery anchored all the way from Persian Gulf and African waters to the South China Sea. Colonel Christopher Pehrsen at the US Army War College described this elaborate network as “the manifestation of China’s rising geopolitical influence through efforts to increase access to ports and airfields, develop special diplomatic relationships, and modernize military forces that extend from the South China Sea through the Strait of Malacca, across the Indian Ocean, and on to the Arabian Gulf.”14 To meet increasing demand for oil and other raw materials, as well as to secure its maritime trade routes through the Indian Ocean, China has either built or reportedly planned to construct vital facilities in Bangladesh, Cambodia, Burma (Myanmar), Pakistan, Sri Lanka, and Thailand.15 The strategy in Thailand has partially been developed in response to a lack of progress on the Kra Canal project (similar to the costly and then controversial Panama Canal project), which would directly link the Indian Ocean with the South China Sea.16 In addition to the existing projects, China has also been exploring the expansion and establishment of other facilities at eastern and western maritime choke points in the Indian Ocean — the Gulf of Aden and the Arabian Sea as well as the Strait of Malacca — to address growing piracy issues, especially around Somalia, Indonesia, Malaysia, and the Philippines.17

The construction of the massive seaport at Hambantota, a small fishing village of 21,000 people on the southeastern coast of Sri Lanka, is cause for serious concern in Delhi and Washington. In May 2009, China National News reported that Sri Lanka resorted to generous financial, military, and diplomatic support from China after India and the United States declined to assist Sri Lanka in defeating the Tamil Tigers.18 In exchange, China has now begun to reap the benefits of its strategic investment on the island by using the seaport as a re-fuelling and docking station for the Chinese PLA Navy.
Hambantota is also one of President Rajapaksa’s constituencies and is represented by his twenty-three-year-old son, Namal, in parliament. As such, the Rajapaksa administration is accused of pursuing covert family enrichment under the guise of a national development strategy for Sri Lanka. Besides the port at Hambantota, critics argue that China has financed nearly the entire array of Sri Lanka’s other main infrastructure projects—including an oil-storage facility, a new airport, a coal-fired power plant, and an expressway—and all of these projects are reportedly negotiated and managed by Rajapaksa brothers. In a WikiLeaks cable, then-US Ambassador to Sri Lanka Robert Blake christened the president’s brother, Basil, Minister of Economic Development, with the nickname “Mr. Ten Percent” for demanding a ten percent commission on every project. Citing President Rajapaksa’s chief opinion pollster, Sunimal Fernando, current Ambassador Butenis wrote to Washington that “many voters saw the Rajapaksa family as corrupt (85 percent) and the president himself as corrupt (80 percent).”

Despite the growing infamy of Rajapaksa’s “Brotherly Love,” Beijing continues its investment flow to Sri Lanka as if it were a Chinese island. With cheap commercial credit and imported Chinese labor, Beijing built main roads in war-damaged northern Jaffna and the eastern Trincomalee and Batticaloa regions, and constructed a modern performance arts center in Colombo. China has not only sold diesel railway engines and earth-moving equipment in the name of post-conflict reconstruction, but Chinese companies have also invested in the electronic and garment-making industries for which the government of Sri Lanka established a special free-trade zone exclusively for China.

Given India’s previous military debacle in Sri Lanka, the subcontinent is not eager to take a more assertive role. New Delhi leaders have long restrained themselves from direct involvement in Sri Lankan affairs, especially after Indian premier Rajiv Gandhi was assassinated by a female Tamil Tiger suicide bomber in May 1991. At the same time, Sri Lankan Buddhist and Sinhalese leaders are sensitive to the fact that the island’s neighboring Tamil Nadu state in India has a historic kinship with their ethnic and religious counterparts in northern Sri Lanka. More importantly, however, a complex disposition of global geopolitics (e.g., the Nobel Laureate Dalai Lama and Buddhist followers of his exile Tibetan parliament reside in Dharamsala, just north of New Delhi) has been a major concern for India as well as for China. As China expands its economic and maritime networks in the South China Sea and the Indian Ocean, India—as the dominant regional power in South Asia—is faced with a glut of complex historical issues and emerging realities such as terrorism and separatism.

Washington’s New Vision for South Asia

Following the victory over the Tamil separatist movement, President Rajapaksa portrayed Sri Lanka’s ethnic conflict as part of the global war on terrorism, facilitated by unconditional military, diplomatic, and economic tutelage by China. Rajapaksa cheerfully pointed out that Sri Lanka is “a model for anti-insurgency military campaigns elsewhere.” When the United States criticized the way that the Sri Lankan government
handled the final military phase of the Eelam War, Rajapaksa pushed back, saying: “They are trying to preach to us about civilians. I tell them to go and see what they are doing in Iraq and Afghanistan.” The United States did restrict its military assistance to Colombo due to growing concerns over human rights abuses in the bloody civil war and the US State Department listed the Tamil Tigers — inventors of the suicide bomber — as a terrorist group in 1997. Consequently, the United States also declined to vote for a $2.6 billion IMF loan to the Rajapaksa government in July 2009.

With the support of UN Secretary General Ban Ki-moon, the Barack Obama administration initially followed the foreign policy of the George W. Bush administration by isolating Sri Lanka on the grounds of human rights violations and alleged war crimes committed by both the military and the Tamil Tigers. While recognizing the overriding US geopolitical interests in Sri Lanka, the Obama White House pushed for human rights and war crimes investigations in Sri Lanka as an illustration of Obama’s political campaign promise to hold human rights violators accountable and bring all responsible parties to justice. In March 2012, the UN Human Rights Council — backed by the United States — successfully called for the Rajapaksa administration to make “credible investigations into widespread accusations of extrajudicial killings and enforced disappearances.”

The UN resolution specifically called on the Colombo government to carry out the recommendations of Sri Lanka’s Lessons Learnt and Reconciliation Commission (LLRC).

Bowing to continued pressure from the United States, the European Union and the UN, the government of Sri Lanka had established the LLRC but with members appointed by President Rajapaksa himself. As the American media publicized Sri Lankan human rights violations alongside graphic images from Afghanistan and Iraq, the Obama administration took a softer view on Sri Lanka. Commenting on Sri Lanka’s civilian casualties and the humanitarian crises of May 2009, President Obama said: “I want to emphasize that these photos [of Sri Lanka] that were requested in this case are not particularly sensational, especially when compared to the painful images that we remember from Abu Ghraib, but they do represent conduct that did not conform with the Army Manual. That’s precisely why they were investigated.”

Follow-up exchanges between Secretary Clinton and her Sri Lankan counterpart suggested movement beyond the human rights issues that had previously captivated the State Department and the White House. After learning about a October 2, 2009 WikiLeaks cable written by Ambassador Butenis in Colombo, President Rajapaksa assumed that the softer tone in Washington was related to the lobbying efforts of Roman Catholic Archbishop Malcolm Ranjith (later Cardinal) of Sri Lanka, who reportedly told the ambassador that “pushing the GSL [Government of Sri Lanka] too hard on the war crimes accountability issue now could destabilize Sri Lankan democracy and would set back the cause of human rights.” (The Buddhist president’s wife is Catholic). According to WikiLeaks, the ambassador further elaborated, “He [the archbishop] reasoned that weakening the Rajapaksa — who despite their public image were relative moderates in the Sri Lankan polity — could backfire. . . . Sri Lanka could suffer revolution from the right or a coup by the military.” The Archbishop’s Office denied the contents of the WikiLeaks cable. Nonetheless, the point seemed to hit home. With the US Senate Foreign Relations Committee’s Kerry-Lugar report, Washington entered a new phase in its longstanding relations with Colombo: a more nuanced policy agenda to
realize American security interests and democratic values including, but not exclusively so, human rights.

A New Colombo Consensus

As bilateral relations between the United States and India only intensified following the signing of the 2008 nuclear treaty, Sri Lanka’s mighty neighbor to the north faced a delicate balancing act with Colombo. Beijing is effectively circling India with a “string of pearls” in Bangladesh, Burma, the Maldives, Pakistan, and Sri Lanka—the “crown jewel.” Sri Lanka’s new diamond-like status has in turn given rise to the Colombo Consensus that is strategically designed to benefit Sri Lanka and its ruling family. During his administration, President Rajapaksa visited China five times (three times before even assuming office) and Sri Lanka recently gained significant security and diplomatic progress when both countries signed as many as six major military and trade agreements. Nevertheless, Rajapaksa dismissed the Chinese naval strategy by saying, “Sri Lanka is no pearl on China’s string” and characterized China’s presence in Sri Lanka as “strictly business, and not political.” Indeed, the business community in Sri Lanka concurs with this narrative as they could hardly compete for government projects without the personal approval by Rajapaksa and his two brothers: Basil, the Minister of Economic Development and Gotabhaya, the Secretary of Defense and Urban Development.

Referring to the concentration of political and economic power in Rajapaksa’s extended family, the London-based Sunday Times calculates that “with dozens more relatives in prominent positions, the net result is that the Rajapaksas control an estimated 70 percent of the national budget.” After citing the many ill-gained positions afforded to Rajapaksa family and friends, the Times reports, “There’s always been corruption, but businessmen in Colombo now complain it’s got to the point where you have to know a Rajapaksa to get something done. That’s unprecedented.” This characterization of the island’s leadership is now synonymous with the Colombo Consensus, and tarnishes Sri Lanka’s international image, jeopardizing democratic freedom and transparency.

Destiny through Freedom

With the idea of a Colombo Consensus intertwined with the Rajapaksa Family Inc., Sri Lanka has departed from its long-cherished trademark of Western-style parliamentary democracy into a family-serving strategy balancing between Beijing and Washington. At the same time, the Rajapaksa administration recognizes that India’s economic liberalization grounded in an individualistic brand of open-market capitalism might be more robust and effective in the long run over China’s state-owned enterprise system of national development. The Singaporean model of Confucian governance under legendary Premier Lee Kuan Yew, however, might provide Sri Lanka a hybrid
form of commanding economic development in the context of limited democratic freedoms. Yet the Rajapaksa family pretends to pursue a unique development strategy within a complex environment of global geopolitical realities, domestic economic needs, and Buddhist nationalistic aspirations. As a consequence, the family-run Colombo regime neither resembles a type of Singaporean meritocratic system of pluralistic governance nor adheres to that employed by their stability-minded patron, Beijing. Ultimately, the success of the Colombo Consensus will be defined by the degree of freedoms that the Rajapaksa administration allows for its people—not the absolute freedom enjoyed by his family and friends, who govern the country in the name of national interest but in reality for personal aggrandizement. If their professed faith in Buddhism works, the doctrine of karma shall self-correct the journey—both personally and nationally—for a more peaceful, authentic Buddhist island in the Indian Ocean. The source of such karmic inspiration may be generated—with a random act like the origin of the Arab Spring in Tunisia—from either internal or external forces, but the eventual destiny of the crown pearl lies within the presence of human freedom. 

—Mark Redmond served as Lead Editor for this article.

NOTES

6 Ibid.
8 See The Sunday Leader, October 16, 2011.


23 See *The Economist*, July 8, 2010 above.


33 Ibid.


38 Ibid.


40 Ibid.