

## **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**

