

Chinese Investments and Its Impacts on Politics in Sri Lanka

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Abstract

China's expansive Belt and Road Initiative (BRI) has led to greater Chinese outbound investment in Asia, especially recent increasement of Chinese investment in Sri Lanka due to intensifying geopolitical rivalries in the Indian Ocean as well as Sri Lanka's prime location and ports in the region. The signing of the Rubber – Rice pact in 1952 was a land mark in the bilateral ties between China and Sri Lanka. Diplomatic relations between China and Sri Lanka were established in 1957. China's first infrastructure investments in Sri Lanka took place in the 1970s in the form of outright grants. In the early 2000s, grant – based relations were upgraded to a commercial model that utilized interest bearing loans and infrastructure related Foreign Direct Investment (FDI). Chinese government had gained large projects in Sri Lanka. This increased Chinese investment in Sri Lanka is an issue to sovereignty of the country and it is a defence issue to India. The Sri Lankan government has attempted to withstand Chinese demands and Chinese government tries to enter the home rule of the country. The aim of the study is to find out the reasons for Chinese investments on Sri Lanka's developments and its impact of dominance on politics in Sri Lanka. The qualitative research methodology was used to the study, Primary data were gathered from interviews and secondary data were collected from relevant books, articles, and magazines. The thematic data analysis used to the study. The study puts an important finding on Sri Lankan experience of Chinese demands on government activities. It is because of hike Chinese infrastructure investments in the country. It offers useful lessons for other developing countries which receive Chinese investments.

Keywords: China; Investment; Loans; Politics; Sri Lanka

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