

BACKGROUND

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Sri Lanka: A Test Case for the Free and Open Indo–Pacific Strategy

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Abstract

Sri Lanka, an island nation straddling the Indian Ocean’s crucial trading routes, witnessed a substantial expansion of Chinese influence during the tenure of President Rajapaksa from 2005 to 2015. Several multibillion-dollar Chinese investments in critical infrastructure resulted in the rapid accumulation of debt, “white elephant” projects, and widespread corruption, offering a model case study for the risks associated with China’s Belt and Road Initiative (BRI). Since Rajapaksa lost his re-election bid in 2015, Sri Lanka–U.S. relations have flourished, and Sri Lanka has become an important partner in the Trump Administration’s vision for a Free and Open Indo–Pacific. In late 2018, the country’s politics were thrown into turmoil when President Sirisena attempted to install Rajapaksa as prime minister via a soft coup. The unconstitutional effort failed, yet political forecasters are predicting the return to power by the influential Rajapaksa family in forthcoming elections. If mishandled, a return of the Rajapaksas could jeopardize recent gains in Sri Lanka–U.S. relations, offer Beijing another foothold in the Indian Ocean, escalate the rivalry between China and India, and pose a setback for the Trump Administration’s regional strategy. Moving forward, the U.S. must: (1) hold any future Sri Lanka government accountable to basic democratic and humanitarian standards, (2) prioritize diplomatic and military engagements with Sri Lanka, and (3) leverage regional alliances and new development finance tools to provide Sri Lanka with alternatives to the BRI that value sovereignty, sustainability, transparency, and democratic governance.

Over the past three years, Sri Lanka has been a bright spot for U.S. foreign policy in the Indo–Pacific. The coalition govern-

KEY POINTS

- Sri Lanka–U.S. ties have flourished since President Mahinda Rajapaksa was ousted in 2015. Sri Lanka has become a new logistics hub for the U.S. Navy in the Indian Ocean.
- During the Rajapaksa era, Sri Lanka was saddled with Chinese debt and “white elephant” infrastructure projects. The current government has tried to improve governance and renegotiate the terms of engagement with China.
- After a failed attempt at a soft coup in late 2018, Rajapaksa is threatening a comeback in 2019. Washington must ensure that the democratic process is respected in forthcoming elections.
- Rajapaksa and various family members were accused of human rights abuses, political repression, and autocratic tendencies, but they remain genuinely popular in Sri Lanka.
- U.S. strategy must deepen diplomatic and military engagement with Sri Lanka, draw contrasts between the U.S. and Chinese development models, and improve coordination with regional partners.

This paper, in its entirety, can be found at <http://report.heritage.org/bg3393>

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MAP 1

Sri Lanka Overview

- Population: 21.4 million
- 25,332 square miles (similarly sized to West Virginia)
- 2019 Index of Economic Freedom Score: 56.4 (Mostly Unfree), ranked 115 out of 180 nations
- GDP (PPP): \$274.7 billion
- GDP per capita (PPP): \$12,811
- Unemployment: 4.1%



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2019 Index of Economic Freedom* (Washington: The Heritage Foundation, 2019), <http://www.heritage.org/index>.

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ment led by President Maithripala Sirisena and the more reform-minded prime minister, Ranil Wickremesinghe, has expanded relations with the U.S. and India to balance the country's firm embrace of China during the tenure of President Mahinda Rajapaksa (2005–2015).

In order to maintain positive momentum in bilateral relations and prepare for a potential return to power by Rajapaksa and his family, the U.S. will have to employ a comprehensive strategy that elevates the importance of diplomatic and military engagement with Sri Lanka, draws contrasts between the U.S. and Chinese development models, deploys new tools of development finance effectively, and improves coordination with regional partners, such as India and Japan.

This *Backgrounder* examines recent trends in Sri Lankan politics and foreign policy as well as the state of Sri Lankan–U.S. relations while offering policy recommendations to the U.S. government. It begins with a brief overview of Sri Lanka's growing geopolitical profile before reviewing the political crisis sparked by President Sirisena's attempt to install ex-President Rajapaksa as prime minister in October 2018, an attempt that ultimately failed.

The *Backgrounder* then explores the prospects that the Rajapaksas will return to power in presidential

and parliamentary elections scheduled to take place in 2019 and 2020, followed by a deeper dive into the history of the family and their controversial role in Sri Lankan politics. A comprehensive review of Sri Lankan–U.S. relations is then offered before moving to policy recommendations for the U.S. government and a conclusion.

Background on Sri Lanka

A democratic nation of 22 million citizens (70 percent Buddhist, 13 percent Hindu, 10 percent Muslim, 7 percent Christian) with a gross domestic product of roughly \$90 billion, Sri Lanka's modest stature obscures its substantial geostrategic potential. A central hub positioned at the mid-point of the Indian Ocean, Sri Lanka lies halfway between the east coast of Africa and the Strait of Malacca.

Some 30,000 naval vessels, 45,000 aircraft, and 4,500 oil tankers traverse Sri Lanka's 200-nautical-mile exclusive economic zone each year, connecting energy consumers in East Asia with energy suppliers in the Middle East. "You can't get from Hormuz to Malacca—or from the Red Sea to the South China Sea—without going near Sri Lanka," observed the former head of U.S. Indo–Pacific Command (USIN-DOPACOM), Admiral Harry Harris. He calls it "the

MAP 2

Major Trans-Pacific Shipping Routes Pass Sri Lanka



NOTE: Trade routes are approximate.

SOURCE: Heritage Foundation research.

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pearl of the Indian Ocean on one of our planet's most critical trade routes."¹

Before 2009, Sri Lanka was perhaps best known for the government's decades-long counterinsurgency campaign against the Tamil Tigers. A terrorist group claiming to defend the rights of the country's Hindu Tamil minority, the Tigers led the world in suicide bombings from 1980 to 2003.² When the group was decisively crushed by a military offensive ordered by then-President Rajapaksa in 2009, international attention shifted to China's expanding footprint on the island, and its multibillion-dollar "investments" in Sri Lankan ports and infrastructure projects. (The

vast majority of these projects are not conventional investments but loans to Sri Lanka at commercial interest rates.)

These projects remain the subject of intense controversy and international debate. They even made their way into an October 4, 2018, speech by Vice President Mike Pence, who used China's infrastructure projects on the island as a warning of the risks associated with Beijing's expansive Belt and Road Initiative (BRI).³ China, he argued, had saddled Sri Lanka with unsustainable debt, which it then leveraged to pressure Colombo into transferring the Chinese-built Hambantota port to a Chinese firm on a

1. Harry B. Harris, Jr., "Sri Lanka Galle Dialogue," U.S. Indo-Pacific Command, speech, November 28, 2016, <http://www.pacom.mil/Media/Speeches-Testimony/Article/1013623/sri-lanka-galle-dialogue/> (accessed January 30, 2019).
2. National Public Radio, "Tamil Tigers: Suicide Bombing Innovators," May 21, 2009, <https://www.npr.org/templates/story/story.php?storyId=104391493> (accessed February 27, 2019).
3. Hudson Institute, "Vice President Mike Pence's Remarks on the Administration's Policy Toward China," video and transcript, October 4, 2018, <https://www.hudson.org/events/1610-vice-president-mike-pence-s-remarks-on-the-administration-s-policy-towards-china102018> (accessed January 30, 2019).

99-year lease. Separately, Chinese firms have been accused of corrupt practices, making illegal campaign donations to Sri Lankan officials, and including sovereignty-violating provisions in deals negotiated in secret.⁴

After tilting toward China for years, President Rajapaksa witnessed a surprise upset in the 2015 presidential election, being narrowly defeated by a former ally, Maithripala Sirisena. After parliamentary elections that year, Sirisena went on to form a coalition government with one of his political rivals, Prime Minister Ranil Wickremesinghe. The new government sought to rebalance Sri Lankan foreign policy away from dependence on China and toward strengthened relations with India and the U.S. Critically, it also sought to revise the terms of several deals the Rajapaksa government had signed with China, to mixed success.

Against this backdrop, the country's domestic politics were thrown into turmoil in late 2018 when President Sirisena attempted to oust Prime Minister Wickremesinghe via unconstitutional means and install Rajapaksa in his place. The endeavor failed, but many political forecasters are predicting a likely return to power by the Rajapaksa family in forthcoming elections and a potential re-orientation back toward China, casting a cloud of uncertainty over this frontline Indo-Pacific state.

The Political Crisis

Sri Lanka's president and prime minister have been trying to navigate an uneasy truce since they formed a coalition government in 2015.⁵ President Sirisena, a former Rajapaksa ally, surprised observers by defecting from the latter's Sri Lanka Freedom Party (SLFP) to challenge and ultimately defeat Rajapaksa in the 2015 presidential election with 51 percent of the vote. Wickremesinghe, who hails from

the more reform-minded United National Party (UNP) assumed the role of prime minister later that year. After years of personal differences and infighting, including over the prime minister's attempts at economic liberalization, tensions came to a head in October 2018.

To balance the billions in Chinese debt the Rajapaksa government had accrued, Wickremesinghe sought to court new investments from India. During a trip to Delhi in April 2017, he signed several tentative agreements outlining new infrastructure projects for Indian firms. These included a solar power plant in Sampur, upgrades to an airport in Jaffna, new railways and housing projects in the country's north, an oil tank farm and refinery in Trincomalee, and an expansion of the East Container Terminal at the country's main port in Colombo.⁶

Over Wickremesinghe's objections, President Sirisena slow-walked or put a halt to several of the projects in the year to follow. In mid-October 2018, the prime minister again visited Delhi and enraged Sirisena by suggesting Prime Minister Narendra Modi was displeased with the pace of progress on India's investments and implying the president was to blame.⁷ According to one account, this episode "precipitated the final crisis."⁸

At a cabinet meeting that month, President Sirisena reportedly vetoed a plan to grant an Indian-Japanese consortium a \$1 billion stake to develop the East Container Terminal at the Colombo port. Sirisena then surprised his cabinet by declaring, without proof, that India's external intelligence agency, the Research and Analysis Wing, had hatched a plot to assassinate him.

Sirisena disbanded parliament soon after and sought to install former president Rajapaksa as the new prime minister. By some estimates, it was the first attempt at an unconstitutional transfer of

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4. Jeff M. Smith, "China and Sri Lanka: Between a Dream and a Nightmare," *The Diplomat*, November 18, 2016, <https://thediplomat.com/2016/11/china-and-sri-lanka-between-a-dream-and-a-nightmare/> (accessed January 30, 2019).
 5. Before the election, Sirisena defected from Rajapaksa's SLFP to join an opposition coalition that ousted the president. He later rejoined the SLFP as leader and formed a coalition government with Wickremesinghe's UNP.
 6. P. K. Balachandran, "Sirisena Burnt Bridges with India-Unwittingly," *Daily Express*, October 22, 2018, <https://newsin.asia/sirisena-burnt-bridges-with-india-unwittingly/> (accessed January 10, 2019).
 7. Suhasini Haidar, "Sri Lankan Projects Delayed, PM Modi Tells Ranil Wickremesinghe," *The Hindu*, October 20, 2018, <https://www.thehindu.com/news/national/meeting-between-prime-minister-narendra-modi-and-sri-lankan-prime-minister-ranil-wickremesinghe/article25271952.ece> (accessed January 30, 2019).
 8. "Sri Lanka's Tryst with India and Events that Shaped Strong Ties," *Wion*, October 27, 2018, <http://www.wionews.com/india-news/sri-lankas-tryst-with-india-and-events-that-marked-strong-ties-173837> (accessed January 30, 2019).
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power in the country's post-independence history. (Sri Lanka considers itself the oldest democracy in Asia, with universal suffrage introduced in 1931, and democratic governance taking hold after independence from Britain in 1948).

Most legal experts inside and outside the country decried the move. The Sri Lankan constitution stipulates that a president can only force the resignation of a prime minister after a government has served for at least four and a half years. This government had served only three and a half years.

The U.S. and India issued statements urging respect for the democratic and constitutional processes. The U.S. embassy in Sri Lanka warned: "President Sirisena's decision to dissolve Parliament poses a vital threat to Sri Lanka's democratic institutions.... [S]uch actions jeopardize Sri Lanka's economic progress and international reputation."⁹ Furthermore, the U.S. froze a nearly complete \$500 million Millennium Challenge Corporation (MCC) compact for soft infrastructure investments.¹⁰ Meanwhile, the Japan International Cooperation Agency temporarily suspended a \$1.4 billion soft loan for a light-railway project in Colombo.

China, by contrast, quickly sent its envoy in Colombo to congratulate Rajapaksa, though it subsequently arranged a meeting with Wickremesinghe, as well, after gauging international opinion.¹¹ Notably, in the middle of the constitutional crisis, Rajapaksa's shadow government signed two multimillion dollar contracts with Chinese firms to upgrade a container terminal at the Colombo port and purchase new cranes.¹²

Soon after the soft coup was announced the horse-trading began. One member of parliament pledged

support for Rajapaksa on a Saturday, switched loyalties to Wickremesinghe on Sunday, and was appointed to Rajapaksa's shadow cabinet on Monday night. The speaker of the parliament accused Rajapaksa and Sirisena of offering bribes and ministerial positions to members of parliament (MPs) to secure their loyalty "contrary to all norms of transparency, decency, democracy and good governance." He concluded: The "entire series of events can only be described as a coup, albeit one without the use of tanks and gun."¹³

However, the prime minister's allies held the line. Rajapaksa and Sirisena reportedly came within five to 10 votes of securing a majority in the 225-member house, but their overtures were rejected by numerous smaller parties and they ultimately lost three consecutive votes in parliament.

On November 13, the country's supreme court overturned Sirisena's decision to dissolve parliament and halted his order to prepare for snap elections in January. Then, in mid-December, the highest court weighed in decisively, extending a lower court's suspension of President Sirisena's unconstitutional maneuvers. On December 15, Rajapaksa accepted the decision and "resigned." One day later, Wickremesinghe was sworn in again as prime minister, ending the 50-day crisis. Rajapaksa, now leader of the opposition, vowed that his party would soon return to power as "a country-wide political force that no one can stop."¹⁴

Looking Ahead—A Return for Rajapaksa?

The attempt by Sirisena and Rajapaksa to conduct a soft coup surprised domestic and international observers alike, not least because it was widely

9. "International Concern over Dissolution of Sri Lanka's Parliament," *Tamil Guardian*, November 10, 2018, <https://www.tamilguardian.com/content/international-concern-over-dissolution-sri-lankas-parliament> (accessed February 12, 2019).
10. "US Puts on Hold Discussions over Sri Lanka's Participation in MCC Amidst Political Crisis," *Money Control*, November 29, 2018, <https://www.moneycontrol.com/news/business/economy/us-puts-on-hold-discussions-over-lankas-participation-in-mcc-amidst-political-crisis-3233081.html> (accessed January 30, 2019).
11. Anubhav Gupta, "Were Local Politics or Geopolitical Rivalries Behind Sri Lanka's Recent Coup Crisis?" *World Politics Review*, December 28, 2018, <https://www.worldpoliticsreview.com/articles/27073/were-local-politics-or-geopolitical-rivalries-behind-sri-lanka-s-recent-coup-crisis> (accessed January 30, 2019).
12. Shihar Aneez and Ranga Sirilal, "Sri Lanka Signs Port Deals with China amid Political Upheaval," *Reuters*, <https://www.reuters.com/article/us-sri-lanka-china/sri-lanka-signs-port-deals-with-china-amid-political-upheaval-idUSKCN1NY19S> (accessed January 30, 2019).
13. Ranga Sirilal and Shihar Aneez, "Sri Lanka Has Suffered a 'Coup Without Guns': Parliament Speaker," *Reuters*, November 6, 2018, <https://www.reuters.com/article/us-sri-lanka-politics/sri-lanka-has-suffered-a-coup-without-guns-parliament-speaker-idUSKCN1NB2PT> (accessed January 30, 2019).
14. Michael Safi and Amantha Perera, "Sri Lanka: Ousted Prime Minister Wickremesinghe Reinstalled," *The Guardian*, December 16, 2018, <https://www.theguardian.com/world/2018/dec/16/sri-lanka-ousted-prime-minister-wickremesinghe-reinstalled> (accessed January 30, 2019).

accepted that Rajapaksa's political fortunes were on the rise while support for the current government was dwindling. As Rajesh Venugopal writes in *The Wire*:

The UNP-led government was losing popularity with each passing day and would have died a natural death at the polls in 2020.... Mahinda, or his chosen family anointee could easily, with a little patience, have sat back and won the presidency and parliament fair and square in little over a year. Instead, the coup has now possibly given the UNP and Ranil Wickremesinghe an underserved life-line.¹⁵

The Rajapaksa family would indeed seem well positioned for presidential elections scheduled to be held between November 2019 and January 2020, and for parliamentary elections to follow between March and September 2020.

After his fallout with Sirisena in 2015, Rajapaksa helped form a new party, the Sri Lanka Podujana Peramuna (SLPP), though he still commands some support from MPs in his old party, the SLFP, now headed by Sirisena. In February 2018, the SLPP won 40 percent of votes in local elections, as compared with 29 percent for the Wickremesinghe-led United National Front alliance and 12 percent for the Sirisena-led United People's Freedom Alliance.

However, President Rajapaksa and his family also face formidable institutional hurdles in the forthcoming presidential elections. In April 2015, the Sri Lankan parliament adopted the 19th amendment to the constitution, which diluted the powers of the executive branch, re-introduced a two-term limit for the president, shortened the presidential term from six years to five years, and restricted the power of the president to dissolve parliament. Critically, the amendment also raised the minimum age for a presidential candidate from 30 to 35 and barred dual citizens from holding the presidency.

In tandem, the adjustments present specific obstacles for influential members of the Rajapaksa family. Mahinda Rajapaksa has already served two terms as president. His son, Namal, is only 32. Rajapaksa's two brothers, Gotabaya and Basil, both hold dual citizenship—in the U.S. and in Sri Lanka.

Undeterred, in January 2019, Gotabaya declared his intention to run for president. He has been coy about whether he will renounce his U.S. citizenship but has insisted it could be done in two months' time if he chooses to do so (some insiders are skeptical this will be possible). Another brother, Chamal, followed with his own announcement of intent to run for president.

President Sirisena, who has had an up-and-down relationship with the Rajapaksas, is likely to seek re-election. Prime Minister Wickremesinghe may contest the presidential election as well. Meanwhile, insiders believe Mahinda is likely to seek the prime ministership after the 2020 parliamentary elections, or may seek to nominate his son, Namal, who is likely being groomed for an eventual presidential run.

Who Are the Rajapaksas?

The son of a prominent politician and government minister, Mahinda Rajapaksa was, at the time, the youngest MP ever elected when he won his father's former seat in 1970 at the age of 24. After losing that seat in 1977, he practiced law for over a decade. In 1989, Rajapaksa returned to politics, winning the parliamentary seat for his home district of Hambantota, a tiny fishing village of 10,000 people. He held that seat for a quarter century while heading various government ministries, including Labor, Fisheries, and Highways, and even briefly serving as prime minister before being elected president in 2005.

Mahinda Rajapaksa was not alone. At one point "29 members of Rajapaksa's extended family [held] senior positions within the government, civil service, media and industry."¹⁶ His family members have served as ambassadors, government ministers, and the head of Sri Lankan Airlines. Chamal, his eldest brother, was speaker of the parliament. Brothers Gotabaya and Basil have served as defense minister and minister for economic development, respectively. Namal was elected to parliament in 2010 representing the Hambantota district.

In addition to charges of gross human rights abuses during the civil war against the Tamil Tigers, the Rajapaksas were widely accused of illiberal and authoritarian strong-arm tactics during their decade-

15. Rajesh Venugopal, "The Second Coming of Sri Lanka's Mahinda Rajapaksa," *The Wire*, November 9, 2018, <https://thewire.in/south-asia/sri-lanka-mahinda-rajapaksa> (accessed January 30, 2019).

16. David Doyle, "The Rajapaksas: Who Are Sri Lanka's Ruling Dynasty?" Channel 4 News, November 12, 2013, <https://www.channel4.com/news/sri-lanka-mahinda-rajapaksa-commonwealth-meeting-2013> (accessed January 30, 2019).

long reign. They curtailed media freedoms, imprisoned and “disappeared” political opponents, and showed little toleration for dissent.

They were also accused of widespread corruption. Several of them have been placed under investigation. Basil was arrested in 2016 for alleged misappropriation of state funds.¹⁷ Gotabaya has been accused of war crimes and is currently facing charges he misappropriated state funds to build a mausoleum for his late parents.¹⁸

Jaliya Wickramasuriya, a first cousin to Mahinda and a former Sri Lankan ambassador to the U.S. (2009 to 2015), is facing criminal prosecution in the U.S. The indictment, unsealed in December 2018, accuses him of tax evasion, immigration fraud, and embezzling over \$300,000 from the government of Sri Lanka.¹⁹ Separately, he was arrested in 2016 in Sri Lanka by the Police Financial Crimes Investigation Division for misusing state funds while serving in Washington.²⁰

In foreign policy, President Rajapaksa’s most notable achievement was overseeing a dramatic expansion of Chinese interests and influence on the island. Years before the BRI was unveiled by President Xi Jinping, Colombo witnessed a wave of multibillion-dollar Chinese investments, loans, and construction projects. While some of the projects brought tangible benefits, others were of questionable economic value. Critics argue that they saddled the country with unsustainable levels of debt while facilitating corruption and nepotism.

Chinese firms were accused of making illegal campaign donations to the Rajapaksas and actively lobbying politicians on their behalf. Meanwhile, the secretive deals Chinese firms signed during the Rajapaksa era were later found to have contained several objectionable provisions, including granting China sovereign control over territory near Sri Lanka’s

ports. They were later rejected and renegotiated by the Sirisena-Wickremesinghe government.²¹

Yet, despite their authoritarian tendencies, the Rajapaksas remain genuinely popular in Sri Lanka. They are revered by many in the Buddhist Sinhala majority for defeating the Tamil Tigers and overseeing an economic and infrastructure boom. Efforts to portray them in narrow, black-and-white terms obscure a more complex reality.

The Rajapaksas do not seem inherently anti-American—Basil and Gotabaya have homes in the U.S. and carry U.S. citizenship. As president, Mahinda initially sought military aid and investments from America but was largely shunned and sanctioned over credible accusations of misconduct and gross human rights violations during the war with the Tamil Tigers.

The Rajapaksas are far from Jeffersonian democrats, but neither are they totalitarian dictators. Nor are they mere Chinese puppets. Rather, they are Sri Lankan nationalists. They would likely welcome—perhaps even prefer—billions of dollars in U.S. investments, too.

They believed they were getting a good deal from China at a time when no other country was willing to invest in Sri Lanka. Since then, they have occasionally led protests against Chinese infrastructure projects when it was politically desirable and have insisted they would also seek to revise and amend the terms of inequitable deals.

Recognizing his embrace of China ruffled no shortage of feathers in India, particularly after welcoming Chinese submarines to Colombo for the first time in 2014, former President Rajapaksa also has been seeking to mend fences in Delhi in recent years, to mixed results. Notably, he met with Indian Prime Minister Narendra Modi when the latter visited Colombo in 2017.

17. Ranga Sirilal, “Sri Lanka Police Arrest Former Leader’s Brother over Land Deal,” Reuters, May 12, 2016, https://www.reuters.com/article/us-sri-lanka-rajapaksa-idUSKCN0Y31BF?feedType=RSS&feedName=worldNews&utm_source=Twitter&utm_medium=Social&utm_campaign=Feed%3A+Reuters%2FworldNews+%28Reuters+World+News%29 (accessed January 30, 2019).

18. “Gota’s Entry Splits Rajapaksa-led Sri Lanka Opposition,” *Economy Next*, January 20, 2019, https://economynext.com/Gota%E2%80%99s_entry_splits_Rajapaksa_led_Sri_Lanka_opposition-3-13180.html (accessed January 30, 2019).

19. Nirmala Kannagara, “Inside Story of the First-Ever Foreign Indictment of a Lankan Ambassador,” *Daily Mirror*, January 9, 2019, <http://www.dailymirror.lk/expose/article/Inside-Story-of-the-First-Ever-Foreign-Indictment-of-A-Lankan-Ambassador-160837.html> (accessed February 12, 2019).

20. “New Low in Foreign Service: Rajapaksa’s First Cousin Ex-Ambassador Wickramasuriya Prosecuted in US on Five Counts,” *Colombo Telegraph*, December 25, 2018, <https://www.colombotelegraph.com/index.php/new-low-in-foreign-service-rajapaksas-first-cousin-ex-ambassador-wickramasuriya-prosecuted-in-us-on-five-counts/> (accessed February 12, 2019).

21. Jeff M. Smith, “China and Sri Lanka: Between a Dream and a Nightmare,” *The Diplomat*, November 18, 2016, <https://thediplomat.com/2016/11/china-and-sri-lanka-between-a-dream-and-a-nightmare/> (accessed January 30, 2019).

During a trip to Delhi in September 2018, Rajapaksa called India “our closest relation” and blamed past problems on “misunderstandings.” “In all our dealings with China, we never forgot about the interests of India,” he insisted. “We had a very good understanding with the Indian government and we always told them that we would never allow our territory to be used for any activity against our neighbor.”²²

Finally, the Rajapakasas have at least demonstrated a modicum of restraint in recent years. The local elections held in February 2018 were some of the most peaceful the country has held, with turnout at over 75 percent. Rajapaksa urged his supporters to refrain from violence and “set an example...no matter what” the opposition does.²³ During the soft coup attempt in late 2018, the Rajapakasas avoided the temptation to call their supporters to the streets for violent protests, though they were accused of harassing local reporters who contributed to an article examining corruption in the Hambantota and Colombo port deals.²⁴

U.S.–Sri Lankan Relations

Since President Rajapaksa was voted out of office in 2015, Sri Lanka and the U.S. have substantially expanded bilateral relations, particularly in the defense arena. The courtship began in 2015 with the first visit to Sri Lanka by a U.S. Secretary of State in 30 years. By 2017, a senior Trump Administration official declared that Sri Lanka–U.S. ties had reached “an all-time high” with “common goals as fellow democ-

racies, both working to promote and protect human rights and fundamental freedoms.”²⁵

As just one potent example of how rapidly ties have developed—and how often Sri Lanka is overlooked in the Western media—since late 2018, the country has been serving as a new Indian Ocean logistics hub for the U.S. Navy. Sri Lanka has also welcomed U.S. maritime patrol aircraft at the controversial Chinese-built Hambantota airport.

Military Cooperation. The Sri Lankan and U.S. militaries are no strangers. Washington and Colombo signed their first status-of-forces agreement (SOFA) in the mid-1990s, establishing the rights and privileges that U.S. military personnel operating in the country would enjoy.²⁶ An acquisition-and-cross-servicing agreement (ACSA) followed in 2007, allowing the two sides to provide each other with non-lethal logistics support, supplies, and refueling services during peacekeeping missions, humanitarian operations, and joint exercises.²⁷

In 2016, the year after President Rajapaksa was unseated, Sri Lanka began welcoming U.S. naval visits again after a five-year hiatus and has hosted over one dozen U.S. navy ships since then. In 2017 a U.S. aircraft carrier visited Sri Lanka for the first time in over three decades.²⁸ (The USS *Nimitz* was not able to dock at the Colombo port for logistical reasons but Sri Lankan officials were brought out for a tour of the carrier.)

In 2017, Sri Lanka was included for the first time in the Pacific Partnership mission, the “largest annual

22. Amit Baruah and Suhasini Haidar, “Release of Rajiv Gandhi Convicts: We Would’ve Had Different Line, Says Mahinda Rajapaksa,” *The Hindu*, September 12, 2018, <https://www.thehindu.com/opinion/interview/for-the-security-of-india-stability-in-sri-lanka-is-very-important/article24929236.ece?homepage=true> (accessed January 30, 2019).
23. Andreas Johansson, “Sri Lanka Local Elections: The Return of Rajapaksa,” *Open Democracy*, February 15, 2018, <https://www.opendemocracy.net/andreas-johansson/sri-lanka-local-elections-return-of-rajapaksa> (accessed January 30, 2019).
24. Maria Abi-Habib, “Sri Lankan Lawmakers Target Reporters in Times Investigation,” *The New York Times*, July 3, 2018, <https://www.nytimes.com/2018/07/03/world/asia/sri-lanka-port-new-york-times.html> (accessed January 30, 2019).
25. Thomas A. Shannon, “Today Is a Great Day for the US–Sri Lanka Relationship,” *Colombo Telegraph*, November 8, 2017, <https://www.colombotelegraph.com/index.php/today-is-a-great-day-for-the-us-sri-lanka-relationship/> (accessed January 30, 2019).
26. Embassy of the United States of America in Sri Lanka, “Exchange of Notes Dated 9 Feb 95 and 16 May 95,” No. 035 and No. L/POL/144, February 9, 1995, and May 16, 1995, https://www.globalsecurity.org/jhtml/jframe.html#https://www.globalsecurity.org/military/library/policy/sofa/sri_lanka.pdf (accessed February 12, 2019).
27. U.S. Department of State, “Acquisition and Cross-Servicing Agreement (US-CE-01) Between the Department of Defense of the United States of America and the Ministry of Defense of Democratic Socialist Republic of Sri Lanka,” March 5, 2007, <https://www.state.gov/documents/organization/96624.pdf> (accessed February 12, 2019).
28. Sam LaGrone, “USS *Nimitz* to Visit Sri Lanka Saturday; First U.S. Carrier to Visit Colombo in More than 30 Years,” *USNI News*, October 27, 2017, <https://news.usni.org/2017/10/27/uss-nimitz-visit-sri-lanka-saturday-first-u-s-carrier-visit-colombo-30-years> (accessed January 30, 2019).

multilateral humanitarian assistance and disaster relief preparedness mission conducted in the Indo-Asia-Pacific.²⁹ The same year, USINDOPACOM conducted its first Cooperation Afloat Readiness and Training (CARAT) exercise with the Sri Lankan navy.³⁰ In 2018, Sri Lanka was included in the U.S.-led Rim of the Pacific exercises for the first time, observing from Australian vessels.

In 2018, the Trump Administration expanded an existing program to provide maritime security assistance to Southeast Asia to include South Asian nations, making Bangladesh and Sri Lanka eligible for equipment, supplies, and training assistance. Since then, Sri Lanka has been granted \$39 million under the Bay of Bengal Initiative “to support Sri Lanka’s coastal maritime radar system, to provide training and equipment for improved surveillance response and interdiction.”³¹ Similarly, the Asia Reassurance Initiative Act of 2018 specifically calls for “expanding cooperation with democratic partners in South Asia, including Bangladesh, Nepal, and Sri Lanka.”³²

In spring 2019, the U.S. will transfer a second *Hamilton*-class coast guard cutter to Sri Lanka. The first was delivered over a decade ago, and the two cutters are the largest ships in Sri Lanka’s fleet. The two countries have also begun holding air-force-to-air-force

talks,³³ while Sri Lanka is sending roughly a dozen military officers to the U.S. each year for training.

Finally, since a new arrangement was reached in August 2018, the U.S. has begun to resupply naval vessels in the Indian Ocean from Sri Lankan facilities. In January 2019, the USS *John Stennis* aircraft carrier was resupplied using the Bandaranaike International Airport (BIA) at Colombo. A U.S. military cargo plane from Bahrain delivered the supplies to BIA where they were loaded onto a transport aircraft from the carrier.

Similar operations were carried out to resupply U.S. Navy ships from BIA in August 2018 and from the airport in Trincomalee in December 2018.³⁴ The “air logistics hub”³⁵ operates under a Temporary Cargo Transport Initiative. According to a report in Sri Lanka’s *Sunday Times*, there are “plans to develop a standard operations procedure (SOP) or draft a Memorandum of Understanding to streamline and better process such temporary logistics operations in a more effective manner in the future.”³⁶

Civilian Aid and Capacity-Building. U.S. civilian aid and assistance programs to Sri Lanka are extensive. The U.S. has funded 13 cultural preservation projects in Sri Lanka in addition to tsunami relief and malaria elimination programs.³⁷ The U.S. is training and assisting Sri Lankan officials in the fields of

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29. U.S. Indo-Pacific Command, “Pacific Partnership 2017 Makes Inaugural Mission Stop in Sri Lanka,” March 7, 2017, <http://www.pacom.mil/Media/News/News-Article-View/Article/1105646/pacific-partnership-2017-makes-inaugural-mission-stop-in-sri-lanka/> (accessed January 30, 2019).
 30. Lieutenant Amy Forsythe, “U.S., Sri Lanka Partner for First-Cooperation Afloat Readiness and Training Exercise,” U.S. Indo-Pacific Command, October 3, 2017, <http://www.pacom.mil/Media/News/News-Article-View/Article/1333340/us-sri-lanka-partner-for-first-cooperation-afloat-readiness-and-training-exerci/> (accessed January 30, 2019).
 31. Alice Wells, remarks delivered at Indian Ocean Conference, Colombo, Sri Lanka, October 11, 2018, <https://lk.usembassy.gov/ambassador-alice-wells-principal-deputy-assistant-secretary-for-south-and-central-asia-remarks-at-indian-ocean-conference-in-colombo-october-11-2-018/> (accessed January 30, 2019).
 32. Asia Reassurance Initiative Act of 2018, S. 2736, 115th Cong., <https://www.congress.gov/bill/115th-congress/senate-bill/2736/text> (accessed January 30, 2019).
 33. Staff Sergeant Micaiah Anthony, “Sri Lanka, U.S. Air Forces Hold Airman to Airman Talks,” U.S. Indo-Pacific Command, June 1, 2018, <http://www.pacom.mil/Media/News/News-Article-View/Article/1538262/sri-lanka-us-air-forces-hold-airman-to-airman-talks/> (accessed January 30, 2019).
 34. Asiri Fernando, “US Navy Trials Temporary Cargo Transport Initiative,” *The Sunday Times*, January 27, 2019, <http://www.sundaytimes.lk/190127/news/us-navy-trials-temporary-cargo-transport-initiative-333035.html> (accessed February 12, 2019).
 35. According to Sri Lanka’s *Sunday Times*, “The temporary air logistics hub concept allows for the use of an airstrip and storage facilities to receive large-scale shipments to move out in various directions in smaller shipments, allowing ships to continue operating at sea.... The hub can also be established to provide expeditionary logistics support during humanitarian and disaster relief missions.... They involve the transport of non-lethal cargo such as spare parts, mail, and paper goods.... There are no foreign personnel based in Sri Lanka for this.”
 36. Fernando, “US Navy Trials Temporary Cargo Transport Initiative.”
 37. U.S. Embassy in Sri Lanka, “U.S. Embassy and Prime Minister Inaugurate U.S.-Funded Monastery Restoration in Rajagala,” October 17, 2018, <https://lk.usembassy.gov/u-s-embassy-and-prime-minister-inaugurate-u-s-funded-monastery-restoration-in-rajagala/> (accessed January 30, 2019).

law enforcement, counter-narcotics, and counterterrorism, while the U.S. Treasury and Justice Departments have established programs in the country “to help address fiscal and debt challenges, to strengthen rule of law, and to enhance transparency.”

The U.S. is sponsoring multimillion-dollar mine-clearing initiatives,³⁸ and U.S. hospital ships have been making regular visits to the north and central part of the country to provide disaster relief and medical care while renovating schools.³⁹ A \$21 million project from the U.S. Department of Agriculture is increasing the productivity of Sri Lanka’s dairy sector. The U.S. Peace Corps is returning to Sri Lanka to teach English, and the U.S. embassy in Colombo offers “training for journalists on access to information, increasing diversity in types of stories covered, and improving English language skills.”

Perhaps most notably, in 2018 Sri Lanka negotiated a nearly \$500 million compact with the MCC. The funds will be allocated to upgrade road infrastructure in the country, among other things, though the MCC compact was put on hold during the late 2018 political crisis. Officials now hope the deal can be finalized before an MCC board meeting in late March.

In 2016, the Sri Lankan parliament launched a collaboration agreement with the U.S. House Democracy Partnership to provide training programs for Sri Lankan members of parliament and their staff.⁴⁰ That same year, the U.S. Agency for International Development (USAID) began a three-year program in Sri Lanka, the Strengthening Democratic Governance and Accountability Project. It is designed to “strengthen public accountability systems; improve planning, communication, policy reform, and implementation; and increase the participation of women and under-represented groups in Sri Lanka.”

Similarly, the USAID-led Sri Lankan Parliament Project facilitates “multi-stakeholder dialogues on key reforms and by bringing together the prime minister, cabinet ministers, members of parliament, commissioners, and leading civil society organizations.”⁴¹ Other recent USAID programs include:

- A 2008 contract to support local government institutions in the Eastern Province,
- A 2009 program project to advance Reintegration and Stabilization in the East and North,
- A 2012 program to assist the judiciary to improve management of the legal system,
- A 2013 program to advance legal and policy reforms in partnership with the Bar Association of Sri Lanka and the U.S. Legal Aid Commission, and
- A 2015 program establishing workshops with parliamentary staff and financial committees.

Economic Ties. Sri Lanka exports more goods—which in 2017 reached \$2.9 billion—to the U.S. than to any other country. Sri Lankan imports from the U.S. the same year were \$811 million.⁴² After signing a U.S.–Sri Lanka Trade and Investment Framework Agreement (TIFA) in 2002, the two countries have held regular meetings among their respective trade representatives in a joint council.⁴³

Numerous U.S. companies, including Citibank, IBM, Oracle, Microsoft, Facebook, Google, Coke, Pepsi, Marriot, Hyatt, Hilton, Visa, and Mastercard, have ongoing business in Sri Lanka. U.S. private equity firms have made investments in the local banking

38. U.S. Embassy in Sri Lanka, “U.S. Department of State Provides 600 Million Rupees for Mine Clearance,” October 23, 2018, <https://lk.usembassy.gov/pr-10232018/> (accessed January 30, 2019).

39. “Operation Pacific Angel Concludes in Sri Lanka,” U.S. Indo-Pacific Command, August 23, 2016, <http://www.pacom.mil/Media/News/News-Article-View/Article/923576/operation-pacific-angel-concludes-in-sri-lanka/> (accessed January 30, 2019).

40. Embassy of Sri Lanka in Washington, DC, “Sri Lanka Parliament and U.S. House Democracy Partnership Launch Collaboration Agreement,” September 15, 2016, http://slembassyusa.org/embassy_press_releases/sri-lanka-parliament-and-u-s-house-democracy-partnership-launch-collaboration-agreement/ (accessed February 12, 2019).

41. “Sri Lanka—Strengthening Democratic Governance and Accountability Project (SDGAP),” DAI, 2016–2019, <https://www.dai.com/our-work/projects/sri-lanka-strengthening-democratic-governance-and-accountability-project-sdgap> (accessed February 12, 2019).

42. Embassy of Sri Lanka in Washington, DC, “Trade Relations Between Sri Lanka and the U.S.,” March 28, 2017, <http://slembassyusa.org/trade/trade-relations-between-sri-lanka-and-the-us/> (accessed February 12, 2019).

43. U.S. Trade Representative, “Trade and Investment Framework Agreement Between the United States of America and the Democratic Socialist Republic of Sri Lanka,” July 25, 2002, <https://ustr.gov/sites/default/files/US-Sri%20Lanka%20TIFA.pdf> (accessed February 12, 2019).

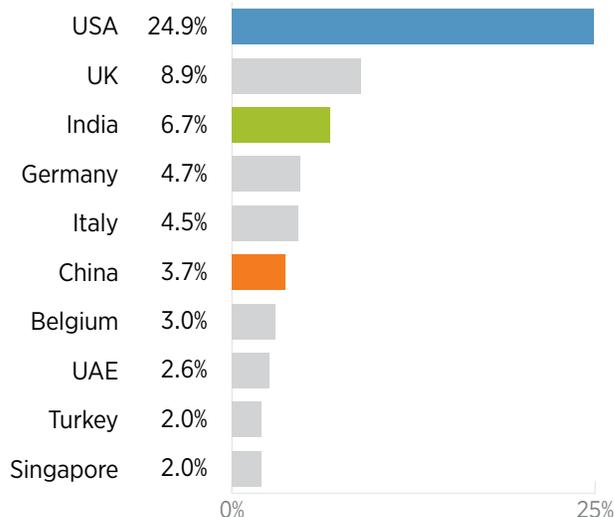
CHART 1

Top Nations for Sri Lankan Imports and Exports

SHARE OF TOTAL SRI LANKAN IMPORTS



SHARE OF TOTAL SRI LANKAN EXPORTS



SOURCE: World Integrated Trade Solution, “Sri Lanka Exports, Imports and Trade Balance by Country 2017,” <https://wits.worldbank.org/CountryProfile/en/Country/LKA/Year/LTST/TradeFlow/EXPIMP/Partner/by-country#> (accessed January 19, 2019).

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and health care sectors. In 2018, General Electric won a \$48 million contract to supply a dozen locomotives for Sri Lanka’s state-run railways.⁴⁴

Notably, nearly half of Sri Lanka’s sovereign bonds are currently held by U.S.-based investors, including JP Morgan and Citibank, major underwriters of the sovereign fund of Sri Lanka. Meanwhile, the U.S. Overseas Private Investment Corporation (OPIC) has cumulatively invested \$118 million in Sri Lanka and currently has \$20 million invested in four active projects.⁴⁵

Policy Recommendations

In order to sustain momentum in Sri Lankan–U.S. relations and advance the Trump Administration’s vision for a Free and Open Indo–Pacific, the U.S. should:

- Make U.S. aid and assistance conditional.** The Trump Administration was right to put a nearly \$500 million MCC compact with Sri Lanka on hold during the late 2018 political crisis. The U.S. must tie future aid and assistance to the government’s performance on basic metrics like human rights and respect for the democratic process. China’s growing influence on the island has undoubtedly complicated the process. It was in part a suspension of U.S. aid that influenced President Rajapaksa’s decision to turn to China in the late 2000s. While recognizing the need for flexibility in this complex environment, the U.S. must also be clear about its “red lines” and what it expects of any future Sri Lankan government that desires a productive and lucrative partnership with the U.S.

44. Azhar Razak, “GE Wins US\$48mn Sri Lanka Locomotive Deal,” Invest.lk, February 18, 2018, <https://www.invest.lk/ge-wins-us48mn-sri-lanka-locomotive-deal/> (accessed February 12, 2019).

45. Overseas Private Investment Corporation, “OPIC EVP David Bohigian Visits Sri Lanka to Promote US Investment,” October 5, 2018, <https://www.opic.gov/press-releases/2018/opic-evp-david-bohigian-visits-sri-lanka-promote-us-investment> (accessed February 12, 2019).

CHART 2

Sri Lankan Foreign Direct Investment and Inflows

FOREIGN DIRECT INVESTMENT,
IN BILLIONS OF 2017 U.S. DOLLARS

INFLOWS FROM 2012 TO 2017,
IN BILLIONS OF U.S. DOLLARS



NOTE: Figures have been rounded.

SOURCE: Central Bank of Sri Lanka, "2017 Annual Report," https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2017/en/14_Appendix.pdf (accessed February 19, 2019).

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- **Prioritize the completion of new SOFA and ACSA agreements.** Washington and Colombo are in the process of upgrading a SOFA first signed in the mid-1990s.⁴⁶ The two sides hoped to have the agreement completed before January 2019 but were unable to reach terms in time. They are also negotiating an updated ACSA agreement. Prime Minister Wickremesinghe is reportedly a supporter of both agreements, and the Sri Lankan military is currently reviewing the technical details.
- **Expand military-to-military cooperation.** Discussions with senior officials in Colombo in October 2018 revealed an appetite for even more robust military and strategic cooperation with the U.S.⁴⁷ The officials expressed interest in sending more military officers to the U.S. for training and in purchasing C130J transport aircraft with roll-on/roll-off kits for maritime surveillance.

Moreover, the U.S. should consider inviting Sri Lanka to other regional military exercises, potentially first with "observer" status. Additionally, the U.S. should seek new arrangements to use Hambantota Port as a logistics hub as it has done with Colombo Port while advancing negotiations with the Sri Lankan government about storing pre-positioned humanitarian aid and disaster relief stocks at Hambantota.

- **Regularize and upgrade diplomatic interactions and restore the Partnership Dialogue.** In 2016, the U.S. and Sri Lanka began an annual Partnership Dialogue between their top diplomats—the U.S. Secretary of State and Sri Lanka's foreign minister. The Partnership Dialogue continued in 2017 but was downgraded to the level of U.S. Under Secretary of State and Sri Lanka's foreign secretary.⁴⁸ There was no meeting in 2018, presumably a result of the constitutional crisis.

46. U.S. Embassy in Sri Lanka, "Exchange of Notes Dated 9 Feb 95 and 16 May 95."

47. A delegation of Heritage Foundation analysts traveled to Sri Lanka in October 2018 for meeting with senior political and military figures.

48. Thomas A. Shannon, Jr., "Remarks at the U.S.-Sri Lanka Partnership Dialogue," November 6, 2017, <https://www.state.gov/p/us/rm/2017/275378.htm> (accessed January 30, 2019).

The Partnership Dialogue should be restored in 2019 and ideally should return to the level of Secretary of State and foreign minister. Furthermore, the U.S. should consider upgrading the discussions to a “strategic dialogue,” which Sri Lanka currently enjoys with China and would like to see with the U.S.

- **Make the Galle Dialogue a priority.** Begun in 2010, each year Sri Lanka hosts a prominent international maritime conference dubbed the Galle Dialogue. In November 2016, USINDOPACOM Commander Admiral Harris addressed the dialogue. In 2017, the Commander of the Pacific Fleet Admiral Scott Swift represented the U.S. In 2018, the U.S. sent Rear Admiral Jimmy Pitts, Commander of Submarine Group 7. In 2019, the U.S. should reverse this trend of declining representation and again send the head of USINDOPACOM.
- **Use new tools to extend assistance to Sri Lanka.** Countries like Sri Lanka have legitimate development needs yet, save perhaps for Japan, the U.S. and its partners have not developed adequate tools and mechanisms to meet those needs or properly compete in a new strategic battleground. After the passage of the Build Act by the U.S. Congress, OPIC was brought under the moniker of a new International Development Finance Corporation (IDFC), and its spending cap on investments was roughly doubled to \$60 billion. Unlike OPIC, the IDFC has also been granted the authority to make direct equity investments in specific circumstances.

The Build Act was billed as a means to use development finance in a more strategic manner at a time China was ensnaring Indo-Pacific capitals in “debt traps” via unsustainable, large-scale infrastructure projects. Theoretically, the IDFC will use its new capital and authorities to provide alternatives to regional capitals seeking infrastructure investments without the strategic baggage accompanying China’s BRI.

If the Build Act is to serve that purpose, Sri Lanka would present a model case. OPIC already has four projects active in Sri Lanka and has signed a memorandum of understanding with the Japan Bank for International Cooperation to promote joint infrastructure projects in the Indian Ocean region. Where it is not viable or valuable for the IDFC and other relevant government agencies to provide development support, the U.S. government should facilitate investments by the private sector as well as work in tandem with like-minded development partners, such as India and Japan. Finally, the U.S. should provide assistance to the Sri Lankan government in evaluating project proposals, implementing high-standards agreements, and implementing best practices.

- **Garner support for a Free and Open Indo-Pacific (FOIP).** The Trump Administration should continue to seek support from Colombo for its FOIP vision and a rules-based order. Notably, Colombo already endorsed the vision at the 2017 Partnership Dialogue. The joint statement read: “[T]he two governments resolved to work together toward a free and open Indo-Pacific region and for greater peace and stability around the world. The United States and Sri Lanka agreed that the security, stability, and prosperity of the Indian Ocean region should be safeguarded through the promotion of a rules-based order.”⁴⁹ The U.S. should continue to encourage Sri Lanka to support the FOIP strategy in both word and deed.
- **Draw contrasts.** China has pursued a model of development in Sri Lanka that has focused on state-run enterprises and high-profile infrastructure projects that have at times proven economically unviable, and saddled the country with unsustainable debt levels. The benefits of these projects often accrue exclusively to China: Chinese banks are paid interest on Chinese loans to fund projects being built by Chinese companies and workers. Because many of these contracts lack transparency and accountability, they have also been prone to fueling corruption.

49. “Joint Statement from the U.S. Department of State and the Ministry of Foreign Affairs of Sri Lanka on the Second U.S.–Sri Lanka Partnership Dialogue,” U.S. Indo-Pacific Command, November 6, 2017, <http://www.pacom.mil/Media/News/News-Article-View/Article/1364170/joint-statement-from-the-us-department-of-state-and-the-ministry-of-foreign-aff/> (accessed January 30, 2019).

The U.S. offers a different model. One aspect of the model focuses on private-sector-driven growth, economic sustainability, high standards, and transparency. Where the U.S. government is involved, it is providing no-cost assistance in mine clearing, cultural preservation, health care, agriculture aid, legal training, strengthening the rule of law, and promoting reconciliation. America must do a better job of publicly drawing contrasts between itself and China, and of underscoring the strengths of its own more generous and equitable relationship model. As U.S. Ambassador to Sri Lanka Alaina Teplitz explained in December 2018, “All our assistance is grants, and not loans which have to be repaid. We do this because we want to be a friend and partner, where we share mutual interest.”⁵⁰

Conclusion

While the political crisis in Colombo has been resolved, ongoing differences between the president and prime minister suggest that political gridlock will endure at least until presidential elections are held within a year. In the coming months, Washington must focus on solidifying the gains made in bilateral relations since 2015, while helping to manage political instability. Critically, Washington must work to ensure that the democratic process is respected during forthcoming elections.

Unless the soft coup attempt of late 2018 decisively shifted public sentiment, the Rajapaksa family and their allies are likely poised for a political comeback, though the opposition led by Prime Minister Wickremesinghe will remain a significant political force,

commanding at least 30 percent to 40 percent of popular support.

Can the U.S. work with the Rajapaksas if they return to power? That will depend very much on their actions. In some areas their track record is lamentable. U.S. diplomats who have served in Sri Lanka paint a bleak picture: to advance a narrow agenda, the Rajapaksas often worked against the interests of the U.S., of Sri Lankan minorities, and of the country at large. At times they acted like feudal warlords overseeing an island fiefdom.

They are, however, also genuinely popular in Sri Lanka, and the U.S. must be prepared to respect the will of the Sri Lankan public—to a limit. Most important, the U.S. must hold any future government in Colombo to a basic set of democratic and humanitarian standards.

In some ways, Sri Lanka presents a model test case for the Trump Administration’s Free and Open Indo-Pacific strategy. Bilateral ties have flourished in recent years precisely because Sri Lanka has become more free and open since Rajapaksa’s ouster. The coalition government, particularly Wickremesinghe and his allies, have tried to make governance more transparent and more fiscally responsible. They have renegotiated the terms of engagement with China while broadening cooperation with India and the U.S.

America and Sri Lanka both have an interest in ensuring those trends are not reversed by whatever government comes next.

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50. U.S. Embassy in Sri Lanka, “Transcription of Ambassador Teplitz’s Interview with Daily FT,” December 10, 2018, <https://lk.usembassy.gov/transcription-of-ambassador-teplitz-interview-with-daily-ft/> (accessed January 30, 2019).