

SRI LANKA'S ECT MOVE UNILATERAL: JAPAN

Relevant for: International Relations | Topic: India - Japan

In protest:Port workers taking part in a demonstration outside the harbour in Colombo in January.AFP/AFP

Two days after Sri Lanka decided to scrap a 2019 agreement with India and Japan for operating the East Coast Terminal (ECT), Japan says the decision was “unilateral and regrettable”.

Japan's Ambassador Akira Sugiyama also met with Sri Lankan Foreign Minister Dinesh Gunawardena to discuss the issue on Wednesday, after a flurry of meetings between the Indian High Commissioner to Colombo Gopal Baglay and the top leadership of Sri Lanka, including Mr. Gunawardena, President Gotabaya Rajapaksa and Prime Minister Mahinda Rajapaksa, to protest the decision. The ECT project was expected to showcase India-Japan cooperation in a part of South Asia where Chinese infrastructure projects have been prominent.

In Delhi, an official of the Japanese Embassy said the Japanese government was “looking into the details” of the announcement made by Mr. Mahinda Rajapaksa after a Cabinet meeting on Monday.

“Japan, India and Sri Lanka signed the Memorandum of Cooperation for the development of ECT in May 2019,” the official told *The Hindu*, referring to the tripartite agreement signed by India and Japan with the former Sri Lankan President Maithripala Sirisena's government.

“It is regrettable that the government of Sri Lanka unilaterally made a Cabinet decision and announced the development and operation of ECT as a wholly owned container terminal of Sri Lanka Ports Authority,” the official added.

New Delhi and Tokyo have been in talks with the Rajapaksa government over the last few months after protests by Port union workers over allowing any foreign role or investment in the ECT project cast a shadow over progress in the agreement.

During a visit to Colombo on January 6 by External Affairs Minister S. Jaishankar, the ECT had been high on the agenda, and India had been hopeful of a firm commitment from Sri Lanka on the project.

After his meeting with Mr. Jaishankar, President Gotabaya told protesting Port worker unions that India's Adani Group would invest in the project, and Sri Lanka was not selling or leasing the national asset, that was seen as a sign the government was on board.

However, during the Cabinet meeting headed by Prime Minister Mahinda on Monday, the Sri Lankan government decided that ECT would be operated as a “wholly owned container terminal of the Sri Lanka Ports Authority [SLPA]” and not, as earlier planned, a joint venture with Indian and Japanese entities. Both India and Japan were taken by surprise, given the negotiations thus far, and given that nearly 70% of the transshipment business through ECT is linked to India.

In a possible bid to make amends — the Rajapaksa government has offered the West Container Terminal (WCT) of Colombo Port on a 35-year agreement to India and Japan instead, but officials have thus far been cold to the offer.

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