

India, Japan and Sri Lanka to restart trilateral cooperation

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Context- Sri Lanka, India and Japan are exploring ways to resume trilateral cooperation on the East Container Terminal (ECT) project in Colombo.

Key Highlights

- The cancellation of the Memorandum of Understanding between Sri Lanka and Japan and the suspension of the Japanese funded Light Rail Transit (LRT) project by the previous Sri Lankan government caused a frosty relationship between Tokyo and Colombo.
- But India and Japan are helping Sri Lanka during last year's economic crisis and offering help to restructure Sri Lanka's debts and revive plans and investments in infrastructure projects.

About East Country Terminal (ECT):

- In May 2019, the Sri Lanka Ports Authority (SLPA) agreed to a memorandum of cooperation with Sri Lanka, India and Japan to develop the East Container Terminal (ECT).
- The Sri Lanka Ports Authority (SLPA) would retain 100% ownership, while the Terminal Operations joint venture would own 51% of the terminal with Sri Lanka and 49% with India and Japan.
- In February 2021, Sri Lanka terminated the 2019 agreement between India and Japan

for the joint development of the East Container Terminal (ECT) at the port of Colombo due to fierce opposition from trade unions and sections of the Buddhist clergy to foreign involvement in the strategic plan of national ownership.

- As an alternative, Sri Lanka offered the port's West Container Terminal (WCT) to India and Japan for joint development on new terms with 85% participation by foreign partners.
- In March 2021, the government approved a joint venture with the Adani Consortium to develop the WCT over 35 years on a construction, operation and transfer basis.

The way forward:

- India and Japan share a vision of a free, open and inclusive Indo-Pacific that is relevant to all countries in the region, including Sri Lanka.
- Some of the joint projects between India and Japan in Sri Lanka have not progressed due to various reasons, but this should not stop the search for new opportunities for cooperation.
- India and Japan need to collaborate on renewable energy and grid connectivity projects by developing Trincomalee as a hub for oil pipelines, connectivity and people-centric projects.