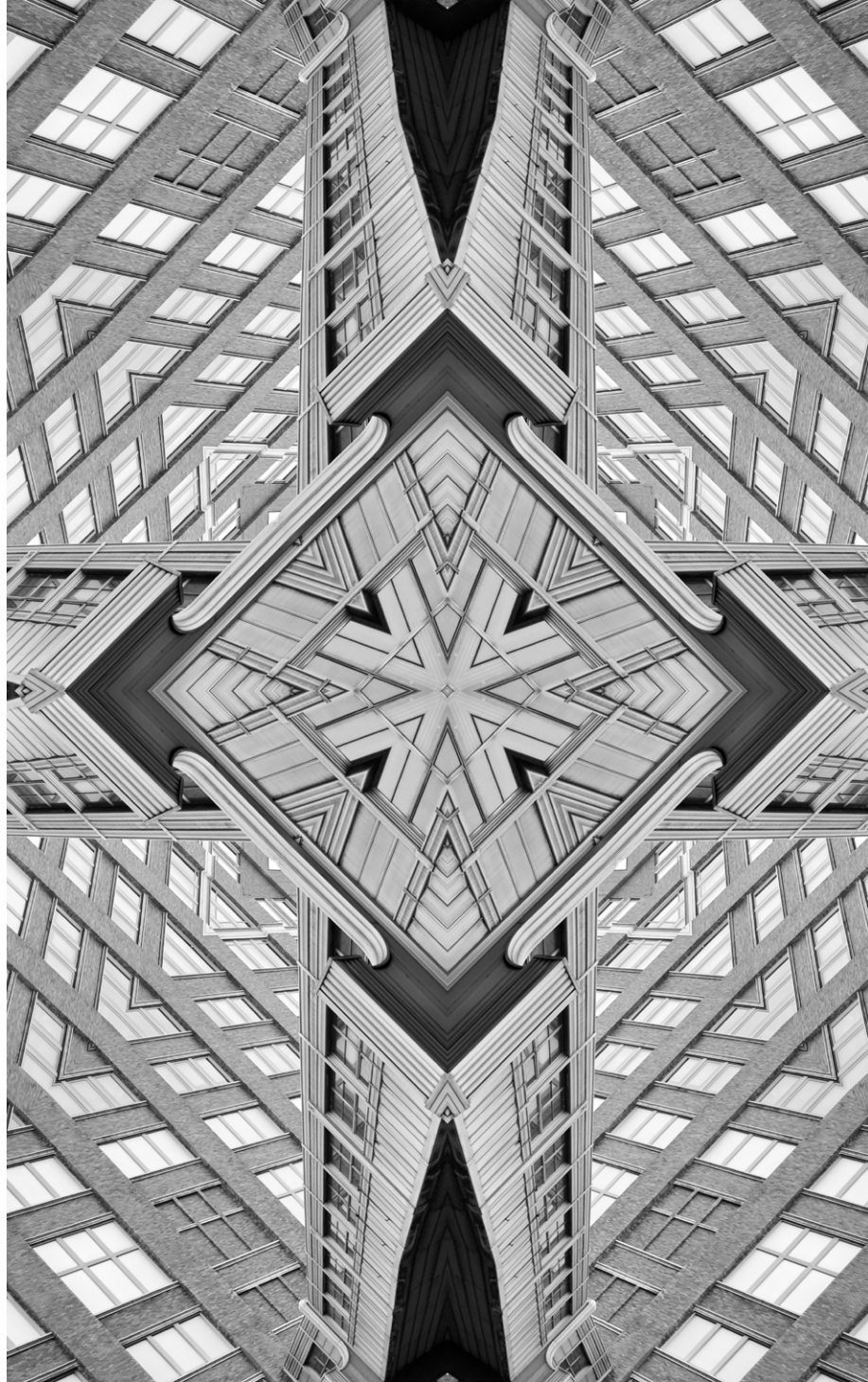


Issue

Brief

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Locating Sri Lanka in Biden's Indo-Pacific Strategy

Aditya Gowdara Shivamurthy

Abstract

As China's rise threatens the democratic rules, values, and institutions that have shaped the post-war world order, the United States (US) is increasing its outreach in the Indo-Pacific region. Distant South Asian island nations such as Sri Lanka are today receiving greater attention from the US. This brief seeks to bridge the gap in the literature on the US's Sri Lanka policy and highlights how the current US government positions Sri Lanka in its broader Indo-Pacific strategy. The brief uses the economic crisis of Sri Lanka as a case in point to assess the US's Sri Lanka policy and its broader implications for South Asia.

Since the establishment of their diplomatic relations in 1948,¹ Sri Lanka and the United States (US) have had a tumultuous relationship broadly spanning the following phases: From the 1950s to 1970s, the US viewed Sri Lanka through the lens of the Cold War; in 1953, Vice-President Richard Nixon visited Sri Lanka,² and some years later in the 1970s, the US installed a military base in Diego Garcia.³ Starting from the 1980s, with the onset of the civil war in Sri Lanka, the US became interested in peace-making efforts. However, it worked in tandem with India's policies and leadership, despite the former's skepticism of the US.⁴

The beginning of the millennium saw the US expand its bilateral relations with Sri Lanka, as the Cold War ended and the US war on terror began; the US's relations and assistance was largely subject to Sri Lanka's ability to find a peaceful resolution to its civil war.⁵ However, the final phase of the civil war (2006-2009) resulted in a surge in human rights abuses and war crimes against Tamil minorities in the country. With the defeat of the Liberation Tigers of Tamil Eelam (LTTE), the Rajapaksas became heroes for the majority Sinhala population,^a even as the US and the West urged for reconciliation and the strengthening of democratic institutions. The US and the West consequently suspended military aid for the country and continued to criticise the regime.

This alienation and the need for post-war reconstruction compelled Sri Lanka to approach China and capital markets for International Sovereign Bonds (ISB).⁶ An alienated Colombo was willing to embrace close relations with China, which had historically shown little concern for Sri Lanka's domestic affairs. China's funding and assistance—which was swift and tied to less conditionalities—as well as relations with elites, and its exploitation of corruption and systemic vulnerabilities fostered a strong relationship with Sri Lanka and the Rajapaksas.⁷

Beijing's commercial lending to Sri Lanka commenced in 2001 through a loan facility for an oil tank farm project, but its presence in the country rapidly increased in the final years of the civil war and thereafter.⁸ Sri Lanka borrowed heavily from China, even as most of these loans were on high-interest rates and opaque in nature. China's direct development finance increased from US\$0.45 billion in 2005 to US\$12 billion by 2019.⁹ Similarly, China's debt profile in Sri Lanka rose from 0.3 percent in the 1990s to 20 percent (US\$7.4 billion) in 2022, making it Colombo's largest bilateral lender.¹⁰

a Mahinda Rajapaksa, elected as President in 2005, along with his brother and then Defence Secretary Gotabaya Rajapaksa are largely credited for bringing an end to the three-decade civil war in the country. Other members of the Rajapaksa family also held key portfolios during this period.

China's assistance came at a cost for Colombo's economy, polity, and strategy. Leveraging Sri Lanka's debts and economic dependency on it, China entrenched its influence in the country, as seen in the 99-year lease of the Hambantota port to a Chinese state-owned enterprise in 2017. It also emboldened the regime to ignore much-needed democratic and economic reforms being demanded by the West and the US.

As Chinese coercion and intimidation continue to challenge the current values-based international order, the US is growing increasingly concerned. The contemporary interests of the US in Sri Lanka can be narrowed to two interconnected issues—the reconciliation of Tamils and strengthening democracy in Sri Lanka; and limiting China's influence and presence in the country.

Concerns about China's presence and activities in Sri Lanka had already surfaced in the US by 2009.¹¹ The US began efforts to “renew, revive and strengthen” relations with Sri Lanka in 2015¹² following the electoral defeat of pro-China Mahinda Rajapaksa. John Kerry became the first US foreign secretary to visit Sri Lanka in a decade¹³ and offered more carrots than sticks to incentivise Sri Lanka to promote reforms. The US further attempted to consolidate its influence through defence engagements. In 2017, the US and Sri Lanka renewed the Acquisition and Cross-Services Agreement (ACSA), and in 2019, negotiations started for the Status of Forces Agreement (SOFA).^{b,14} US attempts to promote robust engagement came to a halt with the Rajapaksas returning to power in the 2019 presidential and the 2020 parliamentary elections.

Today Sri Lanka sits at the heart of the evolving dynamics in the Indo-Pacific, owing to its location and crucial Sea Lines of Communication (SLOC).¹⁵ More than 80 percent of the world's seaborne oil trade transits through the chokepoints in the Indian Ocean,¹⁶ of which nearly 30 percent of the world's oil traffic and 90 percent of China's oil passes through Sri Lanka's coasts.¹⁷ Crucially for the US, all of its Navy vessels passing between the Fifth and Seventh fleet transit through Sri Lankan waters.¹⁸ In this regard, it is crucial to study how the US perceives important island nations such as Sri Lanka.

The next section highlights how the current US government positions Sri Lanka in its broader Indo-Pacific strategy. The brief uses the Sri Lankan economic crisis as a case in point to assess the US's Sri Lanka policy, and closes with a summary of its key findings on the broader implications for the region.

b The ACSA agreement was first signed in 2007, but an updated and lengthy version of the agreement was renewed in 2017. The agreement allows both countries to transfer and exchange logistic supplies, support and refuelling services. The SOFA agreement was first signed in 1995, and a new pact was negotiated in 2018. The pact asserts that the US military, civilian, and contractors present in Sri Lanka in connection with the docked ships will enjoy diplomatic immunity, and would be allowed to carry arms when on duty. SOFA lapsed as protests erupted across the country. It was feared that both the agreements would reduce Sri Lanka to a US colony.

Locating Sri Lanka in the Indo-Pacific

The Joe Biden administration's broader Indo-Pacific policy is seen in a number of strategic plans: the Interim National Security Strategy of March 2021,¹⁹ the Indo-Pacific Strategy of February 2022,²⁰ and the National Security Strategy of October 2022.²¹ The strategic plans are largely a continuation of those of preceding administrations.

In all these documents, the US expresses its concerns for the decline in the post-Cold War world order as a result of both external and internal factors. Externally, the US blames China and other authoritarian regimes for challenging the stable and open international order; however, the US is concerned about China using its economic, diplomatic, political, military, and technological capabilities to exploit the weaknesses of democracies and the open world order. In addition to cross-border aggressions, China has exploited the free economic choices, media, and political space of open societies to influence and coerce governments. This has strained the values of sovereignty, self-determination, territorial integrity, economic choices, free information, and political independence.

Internally, China's coercive statecraft has damaged the democratic institutions and values of countries. The COVID-19 pandemic only exacerbated pre-existing democratic challenges such as corruption, inequality, populism, polarisation, disinformation, human rights abuses, and nationalism, further straining the values-based order. The US intends to defend the values-based order from these threats by strengthening international institutions; promoting self-determination, territorial integrity, and political independence; supporting countries in making sovereign decisions; deterring external pressures; and building resilient supply chains. Further assessment of the Biden administration's strategic plans indicates the following objectives to achieve this vision:

Allies, Partners, and Institutions: The US is determined to remain proactive in the Indo-Pacific. However, considering its constraints, there is increasing attention to sustaining and building allies, partnerships, and multilateral and minilateral institutions with countries that share common interests in defending the international order. These allies and partners include NATO members, Australia, Japan, ASEAN countries, and India. The US, with its allies and partners, aims to promote coordinated development efforts,

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economic approaches, and posture planning. This will promote a favourable balance of power, deter China from dominating any region, and limit further cross-border aggressions. That said, the US will be prioritising its values and interests even as it engages with these partners.

Regional Leadership: The US is keen to focus on all the regions of the Indo-Pacific, including South Asia. However, there is an acknowledgment that its role is stronger when it engages with its partners. Thus, the US is interested in its partners embracing regional leadership roles in the Indo-Pacific while it continues to support and supplement them. The US will support its allies and partners to promote humanitarian assistance, disaster needs, and maritime security, with the aim of deterring chaos or Chinese domination in certain regions. For instance, the US sees a strong and resilient India as crucial to upholding the values-based order in the Indian Ocean and South Asia and coordinates with it to promote economic connectivity and deter further Chinese coerciveness.

Democratic Values and Capacity Building: The US has shown interest in bilateral assistance and relations with the Indo-Pacific countries. Capacity building, promoting accountability and human rights, fighting corruption, strengthening democracy, providing development assistance and investments, access to markets, increasing maritime capacity and domain awareness, defence and military cooperation, and addressing infrastructure gaps in the Indo-Pacific countries has become crucial for the US. This will help the states strengthen democratic institutions and build resilient economies as well as strong and prosperous societies that will mitigate transnational threats and deter Chinese assertiveness.

Responsible Competition and Transnational Threats: The US also aims to compete with China responsibly, while cooperating with China to build resilience against transnational threats such as migration, health, climate change, food security, and energy shortage.

To be sure, these plans speak broadly of the Indo-Pacific, without any specific references to Sri Lanka. However, in February 2021—soon after the Biden administration came to power—there were signs that Sri Lanka was being deemed a crucial part of the US's Indo-Pacific strategy. US Secretary of State Antony Blinken referred to Sri Lanka as a partner and friend that will promote regional security and prosperity in the Indo-Pacific. He stressed celebrating the shared principles and values of protecting and promoting democracy,

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human rights, the rule of law, and justice.²² President Biden's letter to Sri Lanka's President Ranil Wickremesinghe in February 2023 further expressed the US's willingness to cooperate with Sri Lanka to maintain a secure, free, and open Indo-Pacific.²³

The Integrated Country Strategy elaborates on Sri Lanka's position in the Indo-Pacific strategy.^{24,25} The US views Sri Lanka as the fulcrum of the Indo-Pacific and has promoted military cooperation and modernisation, foreign assistance, and capacity-building programs in the country. Its efforts in Sri Lanka are intended to promote accountability, reconciliation, transparency, and rule of law; strengthen economic and democratic institutions/governance; respect human rights; bolster civil society; promote market-driven reforms and economic reforms; limit corruption; and compel the country to adhere to international norms, transparency, and fiscal responsibility. This will promote the values-based order by strengthening democratic and economic institutions and limiting Chinese influence. The US also intends to improve its commercial engagements, exports, investments, and market opportunities with its partners to promote an open and robust economy in Sri Lanka. However, the strategy document asserts that the US's engagements will depend on the Sri Lankan government's reconciliation and responsive governance, and willingness to strengthen democratic institutions and respect human rights.

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The US sees the crisis in Sri Lanka as a means to create a more sustainable and inclusive economy²⁶ and to promote a representative, democratic, and responsive government.²⁷ It expanded its outreach to Sri Lanka during the crisis bilaterally and through its regional partner, India. Despite this enthusiasm to tackle Sri Lanka's economic issues, the US's rhetoric has focused on criticising Beijing for using opaque lending mechanisms and debt trapping.^{28,29} ISBs—which contribute to nearly 35 percent of the government's debts—have hardly been mentioned by the US.³⁰

Assistance and Bail-out

The initial response of the US to the Sri Lankan crisis was slow. Early signs of the crisis surfaced in mid-2021, and in September 2021, Sri Lanka declared a food emergency. Yet, the US's outreach to Sri Lanka began only in March 2022. On par with its Indo-Pacific policy, the US's role was largely favoured to supplement that of India's by offering humanitarian assistance to Sri Lanka and helping the island nation reach an agreement with the International Monetary Fund (IMF).

The US's outreach to Sri Lanka in March was driven by two reasons: First, starting late-2021, as tensions between China and Sri Lanka escalated, India took the lead to assist Sri Lanka. By March 2022, India had offered new lines of credit to Sri Lanka worth US\$1 billion, paving the way for other countries to provide supplementary and humanitarian assistance.³¹ Second, in March, Sri Lanka finally reversed its policy and decided on approaching the IMF, where the US enjoys significant influence.³²

Since March 2022, the US has offered Sri Lanka an assistance of US\$270 million. In the same month, following Under Secretary for Political Affairs Victoria Nuland's visit to Sri Lanka and the Fourth Sri Lanka-US Partnership Dialogue, the US offered Sri Lanka assistance of US\$80 million to boost renewable energy projects in the island nation.³³ In June, the US offered over US\$27 million in grants for technical assistance to the dairy industry in Sri Lanka, followed by US\$12 million grants for humanitarian assistance and livelihood support.³⁴ This was followed by President Biden's announcement of US\$20 million to assist Sri Lanka with food security and nutritional requirements for school children.³⁵ The US also offered a loan of US\$120 million to help support Sri Lanka's small and medium enterprises.³⁶ In September, USAID Administrator Samantha Power offered an additional US\$40 million to help Sri Lanka with fertilisers, food, and nutritional support.³⁷

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The US has been the second largest aid provider to Sri Lanka during the crisis, after India. Since Sri Lanka's independence in 1948, the US has offered the island nation US\$2 billion in assistance.³⁸ If seen in absolute numbers, the US's assistance to Sri Lanka during the crisis year alone has constituted 13.5 percent of its total aid. This assistance is still small compared to the US's assistance to other countries in the region,³⁹ but the US's role has been largely supplementary. It preferred India to take the lead, following which it has provided humanitarian assistance to vulnerable communities and helped build a sustainable and robust economy that is resilient to external shocks. Its assistance to Sri Lanka has largely been focused on food security, public health, economic well-being, disaster risk reduction, shelter, agriculture and livelihood, fertilisers, and nutritional support for schoolchildren and women.

Besides humanitarian aid, the US has played a crucial role in Sri Lanka's IMF negotiations.⁴⁰ For the US, the IMF's 'Get Well, Stay Well' plan is best suited to strengthen Sri Lanka's economic and democratic institutions.⁴¹ Its policy prescriptions, such as promoting revenue-based fiscal consolidation, debt restructuring, rebuilding reserves, restoring price stability, increasing taxes, reducing corruption, and ensuring the independence of the Central Bank,⁴² were expected to strengthen institutions and promote transparency, stability, and good governance. Thus, even with deepening political instability, the US helped Sri Lanka negotiate with the IMF.⁴³

Subsequently, a high-level delegation from the Department of State and the US Treasury visited Sri Lanka to explore further ways of cooperation and assistance.⁴⁴ Later, it was acknowledged that the Treasury and Department of State played a keen role in supporting Sri Lanka's approach to debt restructuring and negotiating with the IMF.⁴⁵ The US continued follow-up negotiations and assured Sri Lanka of support from the IMF at the highest level.⁴⁶ On multiple occasions, India and the US have collaborated closely with Sri Lanka's IMF bailout. For instance, Indian External Affairs Minister S. Jaishankar's visit and assurances of debt restructuring were closely followed by Victoria Nuland's second visit to Sri Lanka.⁴⁷ The US also assured Sri Lanka's bailout on fair terms and criticised China's half-hearted efforts when it offered only two years of debt moratorium to Sri Lanka.⁴⁸

The US has used the crisis to provide symbolic messaging, exhibit its willingness to assist Sri Lanka, and anchor its presence in the Indo-Pacific. Besides the US Ambassador's proactive engagement in Sri Lanka, Colombo had several high-profile delegations visiting from the US (Table 1). These delegations offered fresh assistance, followed up on IMF negotiations, and explored further ways of assistance and cooperation.

Table 1
Delegation Visits from the U.S.

| Delegation | Designation | Date | Outcome of the Visit |
|-------------------------------------|--|----------------------|---|
| Victoria Nuland | Under Secretary for Political Affairs | 22-23 March 2022 | Fourth Sri Lanka–US Partnership Dialogue |
| Kelly Keiderling; Robert Kaproth | Deputy Assistant Secretary, Department of State; Deputy Assistant Secretary, US Treasury | 26-29 June 2022 | Explored effective ways of US assistance to Sri Lanka |
| Samantha Power | Administrator, USAID | 10-11 September 2022 | US\$40 million announced for humanitarian assistance |
| Donald Lu | Assistant Secretary of State for South and Central Asian Affairs | 17-19 October 2022 | Discussed recent developments with the IMF and Sri Lanka’s debt restructuring |
| Victoria Nuland | Under Secretary for Political Affairs | 1 February 2023 | Announced additional US\$30 million aid |
| Jedidiah Royal | Principal Deputy Assistant Secretary of Defence for Indo-Pacific Security Affairs | 16 February 2023 | Discussed defence cooperation, regional stability, and Indo-Pacific Security |

Source: Author’s own

This interest in the region also exists at the top level: Biden announced additional aid to Sri Lanka and interacted with the Sri Lankan envoy,⁴⁹ and Secretary Blinken has had multiple engagements with the Sri Lankan foreign minister.⁵⁰ The US has also indicated some sensitivities to Sri Lanka’s interests and adopted flexibilities in its policy. For instance, the US envoy to Sri Lanka held a meeting with China to ensure further assistance to the country.⁵¹ Similarly, the US expressed its understanding of Sri Lanka’s situation and its rationale for importing Russian oil.⁵²

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However, US policy appears solely focused on strengthening Sri Lanka's democratic institutions, entrenching the US's influence and pushing back against China. This explains the US's ambiguity on ISBs; the US has realised but has not acknowledged that the ISBs have contributed to Sri Lanka's debt burdens, too. Much of its rhetoric and policy has been focused on pushing back against China. While the US's assistance with IMF negotiations helped Sri Lanka with credit ratings and offered bargaining opportunities with private players, this was largely a byproduct of the US's strategy to strengthen Sri Lankan institutions and push back against China.

The US itself has had a limited role to play in negotiating with private players; the Sri Lankan government took the lead in convincing its private creditors to negotiate debt restructuring.⁵³ Indeed, one of Sri Lanka's bondholders from the US, Hamilton Reserve Bank Ltd, had also filed a suit against the Sri Lankan government for defaulting on its loans.⁵⁴ Since most of the ISBs are dollar-denominated or Eurobonds, scholars have criticised the US and the West for pushing Sri Lanka into the debt crisis and not doing enough to assist it.⁵⁵

Democracy and Reconciliation

In parallel, the Biden administration showed keen interest in Sri Lanka's democratic institutions and reconciliation, albeit with some limited flexibility. Here, the US has followed an independent path to achieve some of its foreign policy goals, because of its historical differences with India on reconciliation in Sri Lanka (Table 2). Except for the 2012 and 2013 voting, the US and India have largely differed in the UN Human Rights Council (UNHRC). India's efforts to promote reconciliation in Sri Lanka are bilateral, whereas the US prefers multilateral approaches, and follows it up with bilateral means.

Table 2
The U.S. and India on UNHRC Sri Lanka Resolutions

| Year | Resolution | US Stance | India's Vote |
|------|--|--|--------------|
| 2009 | Sri Lanka urges the international community to help with reconstruction efforts and assistance. | N.A. | In favour |
| 2012 | Criticism of human rights situation, and calls for measures. | Sponsored Resolution | In favour |
| 2013 | Criticism of human rights situation, and calls for measures. | Sponsored Resolution | In favour |
| 2014 | OHCHR ^c asked to conduct an investigation. | Co-sponsored Resolution | Abstained |
| 2015 | Sri Lanka's Commitment to Reconciliation | Co-sponsored Resolution with Sri Lanka | No voting |
| 2017 | Sri Lanka's Commitment to Reconciliation | Co-sponsored Resolution with Sri Lanka | No voting |
| 2019 | Sri Lanka's Commitment to Reconciliation | Co-sponsored Resolution with Sri Lanka | No voting |
| 2021 | OHCHR is authorised to collect, analyse, and preserve evidence of human rights violations. | Co-sponsored Resolution | Abstained |
| 2022 | Reinforce the capacity of OHCHR; link human rights violations to corruption and economic crisis. | Co-sponsored Resolution | Abstained |

Source: Author's own

^c Office of the High Commissioner on Human Rights

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The US sees this crisis as a making of China's debt trap diplomacy as well as the weak democratic and economic institutions of Sri Lanka. In February 2021, the Biden administration hinted that democracy, human rights, the rule of law, and equal justice are crucial aspects of its relations with Sri Lanka.⁵⁶ The Fourth Sri Lanka–US Partnership Dialogue also witnessed discussions on reconciliation, human rights, democracy, good governance, the controversial Prevention of Terrorism Act, and justice provision.⁵⁷ In 2022, the US even co-sponsored a UNHRC resolution that links the economic crisis and human rights violations with corruption.⁵⁸

Reconciliation, promotion of human rights, and strengthening democratic values and institutions are crucial for the US-envisioned values-based order in the region. The US sees the UNHRC as a means for strengthening democratic institutions in Sri Lanka. To date, the US has sponsored multiple resolutions against Sri Lanka in the UNHRC. This includes the resolutions in 2012, 2013, and 2014.⁵⁹ In 2015, the US co-sponsored a resolution with the government of Sri Lanka that intended to establish a truth commission, an office of missing persons, an office of reparations, and a transnational justice mechanism from which the Rajapaksa government withdrew in 2019.⁶⁰

The Biden administration's approach to Sri Lanka has been no different: The government co-sponsored a resolution in 2021 that authorised the OHCHR to collect, analyse, and preserve evidence of human rights abuses and war crimes in Sri Lanka.⁶¹ This was despite the US not having rejoined the UNHRC. In October 2022, even as the US assisted Sri Lanka, it co-sponsored another UNHRC resolution, which extends and reinforces the capacity of OHCHR to collect, analyse, and preserve evidence. It also called on Sri Lanka to take accountability for human rights violations caused by corruption and economic crisis.⁶² However, the Sri Lankan government and the Sinhala majority have not reciprocated well to this US 'coercion'.⁶³

Even as the US has increased its outreach to Sri Lanka, it has shown a distrust of the government of Sri Lanka and its military when it comes to human rights. As Sri Lanka witnessed mass protests and political instability in April 2022, the US expressed its concerns about Sri Lanka's use of unnecessary force against the demonstrators. It criticised Sri Lanka for imposing a second emergency within a span of two months and defended citizens' right to peaceful protest.⁶⁴ The US also called on Sri Lanka to see the crisis as an opportunity to create a more inclusive, representative, democratic, and responsive government.⁶⁵ Even after achieving relative political stability, subsequent US delegations visiting and assisting Sri Lanka emphasised political reforms, accountability,

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and reconciliation.⁶⁶ The US also urged the Sri Lankan government to be more democratic and hold the much-delayed local elections at the earliest.⁶⁷ In addition, the US has engaged with the Tamil parties and delegation, where it has expressed its lack of satisfaction with reconciliation.⁶⁸

Further, the US has continued to impose sanctions on Sri Lankan military officials. The Biden administration has imposed sanctions on four senior Sri Lankan military officials—two in December 2021, one in December 2022, and another in April 2023.^{69,70} Shavendra Silva—the Chief of Defence Staff when Biden came to power—continued to be placed under sanctions under the Biden administration.

The US acknowledges that its engagements and assistance to Sri Lanka depend on the latter's willingness to promote reconciliation, responsive governance, democratic institutions, and human rights.⁷¹ Although the US has consistently demanded reforms and used UNHRC resolutions, bilateral means, and sanctions to pressure Sri Lanka, it has not singled it out. This is notable, especially since the Biden administration consists of several high-level officials who have criticised Sri Lanka on several occasions in the past.⁷² The US's interests in Sri Lanka and hesitancy to push it further closer to China have likely motivated this flexibility. However, there is a perception in the US of a lack of 'real results'.⁷³ It is this lack of progress, along with the trust deficit for the Sri Lankan government and the army, that has likely led to Sri Lanka not being extended an invitation to the US's Democracy Summit to date and deterred robust cooperation between both countries.

Sri Lanka, the Indo-Pacific, and the U.S.

Sri Lanka holds a crucial position in the US's Indo-Pacific strategy, and the US is determined to stay relevant in the region, continuing to help the island nation in its economic recovery. The US has taken the lead role in IMF negotiations and humanitarian assistance to further consolidate its influence and push back against China. As a result, it has also shown leniency with its approach to Sri Lanka's reconciliation and human rights. Several high-level officials who had criticised Sri Lanka in the past for failing to reconcile have not condemned or singled out Sri Lanka in recent times.

However, the US's Sri Lanka policy is limited by several challenges. The US continues to see Sri Lanka solely through the prism of its Indo-Pacific strategy. Its stance has been ambiguous when Sri Lanka faces challenges that go beyond the usual defendants, such as the ISBs. This perception of seeing Sri Lanka through its own interests only can be counter-productive for the US. Second, despite some flexibility from the US on the reconciliation issue, the lack of progress on human rights has impeded a more robust relationship. The US's attempts to push back against China by strengthening Sri Lankan institutions are increasingly at odds with each other. Its use of bilateral pressure and multilateral institutions such as the IMF and the UNHRC could only fuel pre-existing anti-Western sentiments among the elites and the Sinhala populace, thus making it easier for elites to distance themselves from the states, even as China continues to have a deep influence on them.

Convergences and Divergences with India

Sri Lanka's crisis also illustrates the US's increasing cooperation with India. Both countries have displayed an understanding of each other's interests and sensitivities which have, in turn, shaped their convergences and divergences.

On convergences, there is an understanding of regional security and order. The US acknowledges and prefers India's leadership rather than challenging it; thus, it has limited itself to playing a supplementary role. Second, both countries have closely cooperated and coordinated when it comes to pushing back against China and its influence in Sri Lanka. As seen in the Sri Lankan crisis, India and the US have supplemented each other on humanitarian relief as well as the IMF negotiations and bailout.

In the case of divergences, both countries subscribe to different visions of the Indo-Pacific. While the US focuses on both democracy and China, India's focus has been on the latter. That said, both countries have shown a clear understanding of each other's preferences, sensitivities, and interests. The US has initiated and followed its independent policy when it has sensed such differences, especially when it comes to reconciliation and democracy. However, India has also co-existed with these differences, merely observing the US's sanctioning of high-level officials and UNHRC resolutions rather than influencing the US's policy in these areas. This is despite India's reservations against such international pressure, indicating increasing maturity in the India-US relationship.

Opportunities and Challenges in the Region

The Sri Lanka crisis indicates increasing trust and cooperation between India and the US. While the nature of such cooperation commenced only recently, both countries could explore ways to cooperate. India's influence in the region, combined with the US's economic power and institutional influence, could push back against China and strengthen the capacity of South Asian institutions, democracy, and economy. However, since cooperating only to counter China might be counter-productive, both countries could explore domains such as climate change, maritime security, defence cooperation, and infrastructure investments to kickstart their partnership. India's and the US's outlooks on the region will also vary on the basis of their priorities and interests, especially when it comes to democracy and human rights. However, given the increasing trust, both countries have, at least for now, learned to manage these differences.

Conclusion

As Chinese belligerence continues to challenge the current values-based international order, traditional spheres of influence are witnessing increasing competition. The US has increased its outreach in the Indo-Pacific region, including in Sri Lanka, where the two countries share a tumultuous history.

The Sri Lankan crisis has illustrated that the US is keen to stay proactive in the region. In a single year, the US has had six high-level visits to Sri Lanka and spent nearly 13 percent of what it had offered as aid in Sri Lanka since the 1950s. However, its policies largely rely on the convergence and divergence of its interests with New Delhi. In cases of convergence, as seen with pushing back against China, the US has let India take the lead and has only played a supplementary role. In cases of divergences, such as human rights, corruption, and strengthening democratic institutions, the US has initiated or followed its independent policy.

The US will continue to face challenges in Sri Lanka, as its policies are increasingly growing at odds with each other. Insisting on viewing Sri Lanka through its own interests will only limit the US's engagements with the country, leaving China at an advantage to deepen its influence. [ORF](#)

Aditya Gowdara Shivamurthy is Junior Fellow at ORF.

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20, Rouse Avenue Institutional Area,
New Delhi - 110 002, INDIA
Ph. : +91-11-35332000. Fax : +91-11-35332005
E-mail: contactus@orfonline.org
Website: www.orfonline.org