

## **Sri Lankan President Visits China: Priorities and Competing Interests**

Rajni Gamage and Shakthi De Silva

### **Summary**

*Sri Lanka's newly elected President Anura Kumara Dissanayake is on his first official visit to China in mid- January 2025 at the invitation of President Xi Jinping. During the visit, agreements were signed for Sinopec's US\$3.7 billion (\$5.05 billion) investment in an oil refinery in Hambantota, and efforts were expedited to conclude a comprehensive Free Trade Agreement between Sri Lanka and China.*

Sri Lankan President Anura Kumara Dissanayake's visit to China from 14 to 17 January 2025 commemorated the 68<sup>th</sup> anniversary of diplomatic ties between the two countries. During the visit, [15 memorandums of understanding](#) (MoUs) were signed, covering areas such as economic development, education and media. Chinese President Xi Jinping reaffirmed China's support for Sri Lanka's economic growth through the Belt and Road Initiative, focusing on key sectors such as agriculture, digital economy and marine development.

China is Sri Lanka's [largest bilateral creditor](#) and a key source of foreign direct investment, tourism and imports. Two major developments during Dissanayake's visit to China included Sinopec's US\$3.7 billion (\$5.05 billion) [investment](#) in a state-of-the-art oil refinery in Hambantota and the [agreement](#) to accelerate the finalisation of a comprehensive free trade agreement between Sri Lanka and China. The two sides also agreed to deepen bilateral exchanges between their legislative bodies and for political parties to "learn from each other's governance and development experience", and to sign an MoU on Ocean Cooperation towards Blue Partnership. The [joint statement](#) included an affirmation of Sri Lanka's support of the 'One China' principle and to China's position on developments related to Xinjiang.

Last month, Sri Lanka finalised all debt restructuring in the wake of its foreign debt crisis. China [assured](#) Sri Lanka that it will continue to play a positive role in the International Monetary Fund and maintain friendly communication with other creditors to help Sri Lanka ease its financial difficulties and achieve debt sustainability. During the official visit, the Central Bank of Sri Lanka and the People's Bank of China renewed their [currency swap agreement](#).

### **China as a Global Power**

China also [highlighted the importance](#) of enhancing cooperation within multilateral frameworks, such as the United Nations, to tackle global challenges such as climate change and promote regional peace and stability, signalling China's intention to take a leadership role in the Global South. Sri Lanka reaffirmed its commitment to supporting and actively

engaging in initiatives proposed by Xi, such as the Global Development Initiative, the Global Security Initiative and the Global Civilization Initiative.

Xi also reiterated China's commitment to supporting Sri Lanka in pursuing a development path tailored to its needs. This aligns with Dissanayake's focus on exploring alternative development models, with delivering a 'system change' being a major campaign platform on which he won the elections last year.

## **Tackling Domestic Challenges and Priorities**

China is seen to expand its involvement in Sri Lanka beyond infrastructure development, focusing also on community-based engagement. Following the November elections, China's Ambassador to Sri Lanka, Qi Zhenhong, [visited Kaluvankerni](#), a Tamil village in the Eastern Province, where additional financial support to enhance livelihoods in the region was committed. [Chinese grants](#) have been given in the form of dry rations, fishing nets and housing for the North and East of Sri Lanka – regions traditionally influenced by Indian investment and aid.

Prior to the official visit, the new government [finalised several MoUs](#) with prominent Chinese media organisations, such as China's National Radio and Television Administration, Xinhua News Agency and China Media Group, to build local media capacity through training and acquiring modern technology. However, local journalist groups raised [concerns over the move](#), criticising the government for not holding consultations with the local media community, and stating that such agreements could pave the way for foreign influence over Sri Lanka's media landscape.

## **Managing Geopolitical Sensitivities**

Over the past two decades, China's growing involvement in Sri Lanka – particularly through large-scale infrastructure projects such as the Hambantota Port and Colombo Port City – has increased its presence in the Indian Ocean region, leading to concerns from countries such as India.

The [docking of Chinese submarines](#) in the Colombo port in 2014 was considered to be the main reason for the deterioration of Sri Lanka-India relations during that time. In 2022, the arrival of Chinese research vessels *Yuan Wang 5* and *Shi Yan 6* caused [significant consternation](#) in New Delhi and Washington. In response, Sri Lanka imposed a moratorium on the arrival of foreign research vessels, effectively barring Chinese research ships from entering Sri Lankan waters for one year. However, shortly after announcing the moratorium, the Sri Lankan government permitted a German research vessel to dock, prompting a [formal protest](#) from China to the Sri Lankan foreign ministry.

In preparation for his visit to China, in late December 2024, Dissanayake met with Qin Boyong, Vice-Chairwoman of the National Committee of the Chinese People's Political Consultative Conference, in Sri Lanka, who stated that China hopes to restart maritime research activities. Notably, China's comments on resuming maritime research activities in

the Indian Ocean came [two days](#) after the Indian government expressed confidence in Sri Lanka giving due care to security concerns over the visits of Chinese research vessels.

Both China and India have recognised Sri Lanka as a key partner in their regional strategies, with India's proactive engagement under its 'Neighbourhood First' policy complementing China's explicit recognition of Sri Lanka as a priority in its neighbourhood diplomacy during the ongoing visit. As India and China step up their efforts to engage Sri Lanka, Sri Lanka's balancing act will largely be shaped by how these larger powers choose to advance their respective agendas.

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Dr Rajni Gamage is a Research Fellow at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS). She can be contacted at [r.gamage@nus.edu.sg](mailto:r.gamage@nus.edu.sg). Dr Shakthi De Silva is a Visiting Lecturer at the Royal Institute of Colombo where he teaches courses on International Relations. He was previously a Non-Resident Vasey Fellow at Pacific Forum International (2023-24). He can be contacted at [shakthi.academia@gmail.com](mailto:shakthi.academia@gmail.com). The authors bear full responsibility for the facts cited and opinions expressed in this paper.