

WHAT DOES CHINA ACTUALLY THINK ABOUT SRI LANKA?

Anton Harder



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Discussion of China and Sri Lanka in India and the West is often premised on Beijing's strategic malevolence, and features phrases like 'debt-trap diplomacy' and 'string of pearls' to describe a supposed encirclement of India. China's official language, by contrast, speaks of sincere friendship framed by decades of solidarity and a 'shared future'. Neither picture survives close contact with more varied Chinese sources. Reading widely in official guidance to Chinese firms, diplomatic statements, and academic and think-tank commentary reveals a plurality of views. This issue brief tries to separate what can be said with confidence from what cannot.

Chinese sources regularly rebut the debt-trap story, but some also suggest something more mundane: a lender that has been cack-handed about debt all along. In 2017, Sri Lanka handed an 80 percent stake in Hambantota port to a Chinese state company, on a 99-year lease, after it could not repay a US\$1.3 billion debt. The following year *The New York Times* declared this a textbook case of 'debt-trap diplomacy': China lends more than a country can repay, then claims the asset.¹ Western scholars, notably Deborah Brautigam, have argued that Hambantota does not fit this story. She points out that the port was the Sri Lankan government's own project and the

lease did not cancel out the debt. Colombo used the US\$1.1 billion it received to boost its foreign reserves.² During Sri Lanka's later 2022 debt crisis, Liu Zongyi, at a Shanghai think tank, made a related point about the wider picture: China held only ten percent of Sri Lanka's foreign debt, against roughly 47 percent held by international capital markets, so it could hardly be blamed for the default.³ Some Chinese scholarship goes further: one 2022 paper, addressing Western criticism that China lends opaquely and negotiates debt relief alone, recommended China be more transparent and consider joining the Paris Club.⁴ In light of the Hambantota case,

this recommendation points to a different story: China had built no proper mechanism for debt restructuring, so when the loan failed, taking equity in the port was possibly the only answer. A case of poor planning more than premeditated entrapment.

Yet even if China is not setting traps, its conduct on Sri Lanka's debt is not as multilateral as Beijing likes to suggest. China's Exim Bank negotiated Sri Lanka's own debt relief alone, sitting outside the Official Creditor Committee (formed by India, Japan, and other Paris Club members) as an observer rather than a member (the same habit of solo lending that Chinese legal scholars have themselves urged China to address) and reached its own agreement in principle in October 2023, weeks ahead of that group.⁵ The announcement reportedly caught the other creditors off guard,⁶ who then pushed for assurances that Sri Lanka's Chinese debt would be treated on comparable terms.⁷ Negotiating alone gave China speed and a

freer hand, not a harsher outcome for Sri Lanka: its terms ended up much the same size as the main group's, and no debt was written off in either case.⁸ What is striking is how China's officialdom then described the result. The 2025 Chinese Ministry of Commerce (MOFCOM) guide to firms operating in Sri Lanka, whose technical detail elsewhere dates and separates the two debt settlements precisely, also, in its front-matter summary, merged these together: Sri Lanka was said to have reached, 'with the Official Creditor Committee and China Eximbank and other major bilateral creditors, a comprehensive \$10 billion debt restructuring agreement,' implying one collective process.⁹ The January 2025 Chinese version of the joint government statement by Sri Lanka and the PRC also obscured China's preference for unilateral negotiation, describing China as set to 'continue to play a positive role within the IMF and maintain friendly communication with other creditors,' immediately after referencing the bilateral plan 'the two sides' had reached.¹⁰ These texts reveal Beijing's contradictory desire for both a free hand to negotiate alone and the appearance of multilateral good citizenship.

If China is not squeezing Sri Lanka over debt, what does it actually want? Chinese sources converge on one answer: Beijing wants Sri Lanka to be a Belt and Road Initiative (BRI) success story, at a moment when the initiative's global reputation has been hit. The scale of Chinese investment underlines that ambition: the Hambantota port and its industrial zone, the Colombo International Container Terminal, a new expressway network, and Colombo Port City (a land-reclamation project that is now Sri Lanka's largest single foreign investment and Beijing's most visible showcase). MOFCOM instructs Chinese firms to push back against bad press about Port City and to promote Hambantota's economic value in the local media,¹¹ which is not the behavior of a country that feels secure in its own narrative.

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The same guide lists Chinese-built landmarks which are now central to Colombo's civic life: a conference hall, the Supreme Court building, a specialist kidney hospital that won a Chinese engineering prize in 2022, and a housing project for the poor that broke ground in 2024.¹² Lin Minwang, a South Asia specialist at Fudan University, stated the underlying logic in 2026: the most valuable thing the BRI leaves behind is the trust accumulated when Sri Lankans watch Chinese engineers complete such projects, and that a stable, friendly Sri Lanka is China's valued partner in the Indian Ocean.¹³

That trust is not an end in itself. It also cements Sri Lanka's support in the diplomatic bloc Beijing has spent years assembling and which backs it on the issues the PRC treats as non-negotiable like the 'one China' policy, and increasingly, opposition to international scrutiny of Tibet and Xinjiang. The 2025 joint statement commits Sri Lanka to reaffirm China's views on Taiwan, bar anti-China activity on its soil, and 'firmly support' China on Tibet and Xinjiang.¹⁴ And Sri Lanka actively demonstrates this support. For instance, in 2020 it signed a letter to the UN Human Rights Council praising China's record in Xinjiang, one of many such coordinated statements Beijing has assembled to blunt Western criticism.¹⁵ Such support goes both ways. In 2021, China defended Sri Lanka at the same Council against a resolution on its own wartime human rights record, days after Sri Lanka's foreign minister had lobbied other states to vote it down.¹⁶ A grateful Sri Lanka, then, is worth more to Beijing as a reliable vote at the UN than as a source of debt-service payments.

The most persistent assumption about China's view of Sri Lanka is military: that Beijing sees the country as a strategic foothold aimed at India. But the evidence for this is thin. Officially, both sides deny anything of the kind. Sri Lanka's Prime

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Minister said in August 2017 that his government 'does not enter into military alliances with any country or make our bases available to foreign countries,' and its top military officer said in February 2018 that 'no action, whatsoever, will be taken in our harbour or in our waters that jeopardises India's security concerns.'¹⁷ Despite the denials, a steady trickle of evidence has kept India's anxieties alive. A Chinese submarine docked at Colombo once, in 2014; a second request was refused in 2017.¹⁸ China gave Sri Lanka one retired warship in 2019, with a short naval training course attached.¹⁹ There is also a recurring pattern of Chinese survey and research vessels in Sri Lankan waters, including the Yuan Wang 5 in 2022, not an ordinary research ship but one run by China's military space-tracking program.²⁰ Arms sales, including a US\$37.6 million package of fighter jets and radar in 2007 and a US\$100 million grant for army camps in 2012, are decades old, and Sri Lanka's arms purchases from China have since shrunk significantly and are certainly far smaller than those of Pakistan, Bangladesh, or Myanmar.²¹ What has grown instead is contact rather than

hardware: China's defense minister made a rare visit to Colombo in 2021, and Beijing continues to make smaller military donations, including bomb-disposal equipment delivered in 2024.²² Certainly the U.S. is suspicious. The U.S. Defense Department has named Sri Lanka in multiple reports since 2020 as a country China has 'likely considered' for a future overseas base.²³ But American suspicion proves nothing about Chinese intentions; it mostly shows how little is known about China's plans.

Candor about China's own strategic thinking in the Indian Ocean is rare. Zhou Bo, a retired colonel now at Tsinghua University who writes widely in English-language publications, is an exception. He admits China's navy 'must maintain, or even strengthen' its presence in the Indian Ocean, and that Chinese carriers appearing there is 'only a matter of time.'²⁴ Zhou also makes a second point worth noting: that India is flattering itself. He asks, half-mockingly, whether the Indian Ocean is really 'India's ocean,' pinning the idea on what he calls an 'Akhand Bharat' mindset—a Hindu-nationalist belief that the region belongs to India by right. His argument is that China's naval build-up is not really about India at all: China is expanding into the Indian Ocean for reasons of trade and energy shipments from the Gulf, commerce with Africa and Europe, and status as a rising naval power. In Zhou's telling, India is beside the point.

A recurring habit in some Chinese writing is to blame India's declining regional standing on India itself, rather than on China's own growing presence. Lin Minwang blames India's regional troubles on its own bullying and its tendency to blame China for failures of its own making, pointing to an offer of three-way cooperation with Sri Lanka that India turned down, and an invitation to join the BRI, which India also refused.²⁵ Li Li, at Tsinghua, makes the same

argument in a comparative study of Nepal, Bangladesh, the Maldives, and Sri Lanka: India's weakening regional grip stems from Hindu-nationalist chauvinism and a failure to respect small states' independence, not from Chinese competition. She claims that there is no evidence China is trying to compete with India in South Asia, and that China's growing presence is a symptom of India's weakness rather than its cause. Li treats Sri Lanka as the reverse case that confirms her argument. Modi has been restrained there, relying on development aid rather than pressure, and Hindu nationalism has less purchase in a mainly Buddhist country. India's standing then rose sharply after its rapid US\$4 billion bailout in 2022. Even so, Li notes, Sri Lanka still balances between China and India: in January 2025 it lifted the ban on foreign research vessels.²⁶

A different strand of Chinese commentary casts India's regional behavior not as self-defeating but as confrontational. Two analysts at the PLA's National University of Defense Technology, writing after a cyclone hit Sri Lanka in November 2025, argued that the U.S.-India relief effort was out of proportion to its humanitarian aims. The Americans sent a C-130J transport with reconnaissance functions, though it had nowhere to land in the disaster areas, and the two countries set up a 'disaster response center' that did not operate in the open. The authors suspect that the real aim was a joint military command center at Trincomalee, part of a longer Indian effort to extend control over the port and island's east, with Washington in support.²⁷ A complementary piece on the India-Sri Lanka defense pact signed in April 2025 (the first of its kind in 35 years) reads similarly as Indian Prime Minister Modi trying to shore up India's position against China's rising regional profile.²⁸ The two images of a confrontational India and a self-defeating one need not conflict: one explains why India is losing ground in the region as its own doing, the

other explains how it reacts once it senses China closing the gap. Either way, China's own conduct is never at fault. A further question is whether Chinese analysts read hostile moves by Sri Lanka, Bangladesh or Nepal as Indian-directed rather than as those countries' own choices. One self-critical Chinese academic suggests why such a blind spot might exist. Reviewing Western scholarship on South Asian politics, they argue that Chinese specialists explain Sri Lanka's, Bangladesh's and Nepal's politics almost entirely from the top down, rarely studying the local and informal networks that actually drive them.²⁹ Analysts who look past key forces inside a small state may be quicker to explain its choices by pressures from the outside.

So what does China actually think about Sri Lanka? Some of this can be said with confidence; much cannot. On debt, the Hambantota record makes the trap story hard to sustain. What remains is a muddle that China's own scholars admit to, even as Beijing's diplomatic language presents its debt negotiations as more multilateral than they are. What China wants most clearly is a BRI success story, and the loyalty on Taiwan, Tibet and Xinjiang that a grateful Sri Lanka delivers in return, a pattern repeated across the Global South. On the military question, the record is unresolved: ties are modest, yet even China's mildest voices admit real naval ambition in the Indian Ocean. Chinese commentary faults India both for its own regional decline and for moves against China. These are different charges, but in neither is China at fault. Running through the more academic writing is an insistence that India is not the point, and certainly not a rival worth planning a navy around. But this is more than reassurance. It reflects a skepticism in some quarters about India's own sense of its regional weight. Whether Chinese analysts also tend to see India's hand behind Sri Lanka's choices, rather than Sri Lanka's own, remains an open question.

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Author –

Anton Harder is an international historian and analyst of China-India affairs. He is publishing a book on Sino-Indian relations in the early Cold War with Oxford University Press. He has taught at the London School of Economics, University of Nottingham, the Hopkins-Nanjing Center and University of Iceland. He also consults to businesses and organizations in Europe on the politics and foreign relations of China and India.

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