

# India plans to buy 70% in Sri Lankan ghost airport

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In a move to counter China's growing presence in Sri Lanka, the Airports Authority of India wants to pick up a controlling stake in Sri Lanka's Mattala Rajapaksa International Airport, a ghost airport from where no airline flies. This will be the first time the AAI will own an airport outside India.

Once the agreement, which is in the works, is finalised, the AAI is likely to invest around ₹16.6 billion (\$250 million) to buy 70 per cent in the airport located south-west of Sri Lanka, according to officials in the know. The remaining stake will be held by the state-owned Airport and Aviation Services of Sri Lanka.

Sources aware of the development said the decision to invest in one of the largest ghost airports of the world was prompted by a strategic reason rather than a commercial one. "It is being done at the behest of the Ministry of External Affairs. It is due to a more strategic reason to counter China's influence. The airport is located 30 km north of Hambantota port, where China owns a majority stake," said an official aware of the plan.

Under China's Belt and Road Initiative (BRI), the country aggressively uses loans and debt restructuring to gain control of strategic ports across the world. Hambantota port was built using loans from Chinese Exim Bank, for instance. However, as the Sri Lankan government struggled to repay the loan, the port was handed over to China last December.

According to a study by the aviation consul-

tancy firm CAPA, between 2014 and 2016, China's total trade volume in the countries along the Belt and Road Initiative exceeded \$3 trillion, while its investment in these nations surpassed \$50 billion. However, the large China-linked debt burden to promote the Initiative has been a concern.

Built in 2013, Mattala Rajapaksa airport is the largest in Sri Lanka after Colombo airport.

However, business in the airport never really took off. According to statistics from the Sri Lankan civil aviation authority, it handled 4,772 passengers in 2016.

Conditions worsened after Flydubai stopped scheduled operations last year, rendering the airport flightless.

Industry sources said that when the Sri Lankan government invited bids for the airport, the GMR group had initially evinced interest, but pulled out citing lack of commercial viability. "The idea was to have Indian presence there, whether private or government. After GMR pulled out, it was decided that the AAI would operate the airport in a JV," an official said.

The queries sent to the Ministry of External Affairs did not get any response. the AAI chairman Guruprasad Mohapatra and civil aviation secretary Rajiv Nayan Choubey refused to comment on the issue.

According to the plan, in the first phase, AAI will build a flying school and a maintenance, repair and overhaul unit and try to attract Indian airlines which often fly to Sri Lanka for routine maintenance work.

## STRATEGIC MOVE



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## India plans...

Experts said there was a change in India's stance to counter China's String of Pearls doctrine in Sri Lanka. String of Pearls refers to a geopolitical theory under which China builds military and commercial facilities in countries falling in the Indian Ocean region between the Chinese mainland and Port Sudan. "Initially the Hambantota port was offered to India, but it was turned down citing lack of commercial viability. If India is investing in an airstrip near to that, it is more to counter Chinese presence than a commercial one," said Abhijnan Rej, Fellow, Strategic Studies Program at Observer Research Foundation.