

The Role of Sri Lanka in South Asia and Beyond: Emerging New Contours

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ABSTRACT

Sri Lanka's foreign relations have generally reflected four characteristics. They have adopted a *South Asian* geographic identity; focused on *political diplomacy*; been strategically *non-aligned*; and sought to demonstrate *global citizenship* by following international norms. This presentation aims to show small but discernible shifts in these characteristics. In particular, it observes how and why Sri Lanka is (i) highlighting its geographic position as a centre of the Indian Ocean; (ii) focusing on economic diplomacy; (iii) cautiously but more actively engaging with regional powers; and (iv) playing a greater role in shaping, and not only following, normative frameworks. These four developments in Sri Lanka's foreign relations are nascent, but generally positive. Pursued in combination, they will elevate Sri Lanka's standing and economy, while strengthening its neighbourhood relationships. The experiences of successful small states like Singapore, the Netherlands and New Zealand, are instructive for Sri Lanka in this regard.

TEXT OF REMARKS**

Thank you, Ambassador, for your introduction and for chairing this session, and thank you all, ladies and gentleman, for coming today. I am grateful to Dr. Sachin Chaturvedi, Head of RIS, for inviting me to speak today, and to Her Excellency, Madam Chitrangane Wagiswara, for gracing this event in this very busy week. Thank you also to Ms. Nirmala Paronavitana and to all friends, old and new, who are here today.

As a lawyer, I cannot help but begin with a disclaimer; that is, what I will say does not represent in any way the position of the Government of Sri Lanka, or even institutionally of the Lakshman Kadirgamar Institute. They are my own views.

Introduction

I am speaking today on the “Emerging Contours of Sri Lanka’s Role in South Asia and Beyond,” and I would like to present for your reflection, four such new contours. Since its independence, Sri Lanka’s regional role and international identity have been fairly consistent in terms of; (i) its geographic identity, (ii) its diplomatic focus, (iii) its strategic stance, and (iv) its normative engagement.

In particular, Sri Lanka has long (i) adopted a South Asian geographic identity; (ii) focused on political diplomacy, rather than economic diplomacy; (iii) been strategically non-aligned; and (iv) sought to be and to project its image as a ‘good’ global citizen, by following regional and international norms.

I want to highlight today some shifts with regard to each of these four characteristics. In particular, I will discuss how, and why, Sri Lanka is: first, rebranding its geographic identity to that of a *centre of the Indian Ocean*; second, focusing more squarely on *economic diplomacy*; third, cautiously but *actively engaging* with regional powers; (iii) and lastly, elevating its global citizenship by seeking to *shape*, and not only follow, normative frameworks.

These developments are at an early stage and naturally carry some uncertainty and risks. But nevertheless, taken together, these four developments also hold great potential in cementing Sri Lanka’s future as a vibrant regional centre, an economic hub and democratic polity. Moreover, I believe any risks of these new contours can be mitigated by a consistent evolution of the fourth development; that is, by Sri Lanka continuing and strengthening its move to becoming a norm-shaper and not only a norm-follower, whether that happens by shaping existing regional frameworks like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) or, possible future frameworks like a code of conduct for the Indian Ocean.

Other small states with larger neighbours like Singapore, the Netherlands and New Zealand, have all actively pursued rules-based frameworks, albeit in different ways. Singapore worked tirelessly on achieving a rules-based order in Southeast Asia, the Netherlands of course within the European Union (EU), while New Zealand has famously maintained its territorial sea, land and airspace as nuclear-free zones. These examples show the potential of such rules-based engagement for enhancing a small state’s regional relations and global standing.

Temporal Context

Before I discuss each of the four emerging contours in Sri Lanka’s role in the region and beyond, I should mention that I am speaking at a politically significant time for Sri Lanka. So I want to pause here to set some temporal context to my remarks.

From a longer-term perspective, Sri Lanka is on the eve of its 70th anniversary as an independent nation state, which will take place on 4th February 2018. The question therefore, arises of whether, and how the emerging contours of Sri Lanka’s role will endure into the next 70 years, and with what impact. This is a larger question that I cannot address with any

detail in my remarks, but I raise it now as something to keep in mind and to perhaps discuss in the Q & A session afterwards.

From a shorter-term perspective, it is worth noting that Sri Lanka is at the half-way mark of a bold political experiment – that of a coalition government of two major political parties, which came into power in 2015. Almost by definition, a new coalition anywhere poses a challenge to the clarity and consistency of policy; a situation not unique to Sri Lanka. In addition, local government elections will be held on 10th February 2018, the results of which may provide an indication of how the coalition will evolve. I point out these current circumstances because these dynamics should be kept in mind when evaluating the eventual impact of emerging contours.

1. Sri Lanka's New Geographic Identity

Let me delve now into examining the policy shifts. The first and perhaps, most significant of the four emerging contours is Sri Lanka's changing geographic identity. In *Ulysses*, the novel by James Joyce, a character remarks that, "A nation is the same people living in the same place." The question that then arises is, 'Where is that place?' With respect to Sri Lanka, we have long perceived that 'place' as an island nation at the *foot* of South Asia; in other words at the tail end of the subcontinent.

Since 2015, however, the government has gradually articulated a shift away from that notion and has begun to envision or 'brand' Sri Lanka quite differently – as the centre of the Indian Ocean, which is also the gateway to the Indian subcontinent. In this perspective, Sri Lanka is no longer at the bottom or exit of the South Asian region but rather, it moves in our own minds to the *centre* of a region – the region of the Indian Ocean– while also being able to serve as the *entry* (not the exit) to the vast and economically fertile subcontinent.

The government of Sri Lanka is increasingly reiterating this geographic rebranding, most recently in "[Vision 2025](#)" released last year, which presented the government's economic vision of Sri Lanka as one of transforming it into "the hub of the Indian Ocean." The rebranding is also apparent in major policy speeches since 2015, including Prime Minister Ranil Wickremesinghe's [address at the Indian Ocean conference](#) in August 2017, when he remarked that the Indian Ocean is an ocean "destined to define the future of the world..." and that, "Sri Lanka, located enviably in the centre of the Indian Ocean is well poised to play a significant role in determining this future."

The Prime Minister's remarks hint at the main reason for this geographic rebranding; namely, the economic potential of the Indian Ocean. About 50% of global container traffic and nearly 70% of the world's seaborne oil pass through the Indian Ocean. Indian Ocean ports, of which [Colombo ranks 7th in volume](#), collectively handle about a [third of global trade](#). Indian Ocean traffic [grew by more than 300% in the 20-year period from 1992 to 2012](#). The population of Indian Ocean countries underscores the region's economic potential; it is now around [2.5 billion](#) and is expected to grow by 27%, to 3.1 billion, by the year 2030. The African side of the Indian Ocean will see particular growth; Africa's share of the global population could rise from [17% at present to 40% by 2100](#).

Other smaller states that are similarly located at strategic points in the Indian Ocean foresaw and capitalised on these factors to grow as logistical and financial hubs; Dubai and Singapore being the best examples. Building on their examples and noting the location of Dubai and Singapore at either end of the Indian Ocean, Sri Lanka has a vision to develop itself into a hub of the Indian Ocean right *between* Dubai and Singapore, with first class ports that can continue to attract maritime traffic and a Colombo International Financial City, modelled on the Dubai International Financial Centre, that can draw foreign investment for sustainable growth.

It is important to note, however, that acquiring this new Indian Ocean identity does not involve abandoning a South Asian identity. Sri Lanka has been proudly South Asian, and some of that pride stems from Sri Lanka being a leader in South Asia in indicators as diverse as life expectancy, literacy, and more recently, subscriptions of mobile phones. Yet there is a sense, perhaps because of its leadership in such indicators, that Sri Lanka is also ready for and seeks due recognition in an expanded regional field – one which includes its close neighbours, but also links it to new opportunities that are arising from global demographic and economic trends.

At the same time, Sri Lanka's South Asian identity is being refocused or attuned, if you like, to economic opportunities for Sri Lanka in the subcontinent. Hence, the government aims to expand economic relations with the five southern states of India (Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, and Kerala). And that brings us to the second new contour of Sri Lanka's regional role – which is an emphasis on economic diplomacy.

2. From Political to Economic Diplomacy

For most of Sri Lanka's post-independence history, and for understandable reasons during the civil war, Sri Lanka has prioritized political diplomacy over economic diplomacy. Perhaps the clearest evidence of this is that Sri Lanka has entered into only [five free trade agreements](#) (FTAs) since 1976, three bilateral (including one with India) and two regional agreements. By contrast, Singapore signed its first FTA later than Sri Lanka but has since concluded over twenty such agreements, while another successful small state, New Zealand, has signed over ten FTAs.

This former scenario in Sri Lanka has now changed to an appreciable focus on economic diplomacy, and in particular on growing trade, investment and tourism, which is being done in three ways. The first and most evident way that the government has reoriented itself to economic diplomacy is by prioritizing the negotiation and conclusion of FTAs. Sri Lanka is expected to sign an FTA with Singapore early this year, and has been actively pursuing an Economic and Technology Cooperation Agreement (ETCA) with India, as well as a free trade agreement with China. The government is also considering or discussing potential FTAs with Bangladesh, Indonesia, Malaysia, New Zealand, and Thailand.

As I list these countries, I am sure that you are already seeing the synergies between the first and second emerging contours of Sri Lanka's role in the region. The clear majority of countries with which Sri Lanka seeks trade agreements are countries of the Indian Ocean, including Singapore, India, Bangladesh, Indonesia, Malaysia and Thailand. Sri Lanka is thereby employing economic diplomacy to build a network of FTAs across the Indian Ocean,

which effectively reinforces its rebranding of Sri Lanka's geographic identity as a centre of the Indian Ocean.

So the emerging new contour of economic diplomacy is evident, first and foremost, by the pursuit of FTAs. It is also evident in a second and more nuanced way; that is, by a recognition that economic diplomacy requires a respect for the rule of law and associated legal institutions, rights and reforms – such as an independent judiciary, freedom of expression, and constitutional reform.

Now, I do not want to imply that the recognition of the link between economic diplomacy and the rule of law has reached the desired level. As with the pursuit of FTAs, this is very much a work in progress, rather than a completed mission. Nevertheless, there are reforms that have already yielded tangible successes for Sri Lanka's economic diplomacy. In 2016, for example, the EU lifted the ban that it had imposed in 2015 on imports of fish from Sri Lanka, following positive reforms to Sri Lanka's fisheries regulations.

Similarly, in 2017, the EU reinstated the GSP+ tariff concession that it suspended in 2010, due to demonstrated progress in the government's respect for human rights. Assuming that Sri Lanka continues to prioritise economic diplomacy, one can reasonably expect that this [appreciation of the importance of the domestic rule of law](#) to continue. This is because the EU, along with the US, will remain a key export market for Sri Lanka for the foreseeable future – notwithstanding the overall shift of economic power from the West to the East that we are witnessing on a global scale.

So, Sri Lanka's new prioritisation of economic diplomacy is evidenced first, in its pursuit of FTAs and secondly, in a strong recognition of the link between economic growth and domestic reforms based on the rule of law. The prioritisation of economic diplomacy is also evident in a third way, and that is in Sri Lanka seeking a balanced portfolio of foreign investment. More specifically, it has sought to rebalance the *type* and *volume* of inbound investment from India and China. In 2013, 2014 and 2015, China was Sri Lanka's top source of foreign direct investment (FDI), while in 2016, it was India.

Just as Sri Lanka's top export markets are the EU and US, and there are small shifts from year to year as to which is the foremost export market, we will see some changes as to which country is the foremost source of FDI in any given year. That would reflect Sri Lanka successfully seeking and attracting a robust but differentiated set of investors, rather than taking the riskier route of keeping all its eggs in one basket. This brings me to discussing the third emerging contour of Sri Lanka's regional role, which is how Sri Lanka is responding to a new reality of a multi-polar global economy and adapting its traditional stance of non-alignment.

3. A New Non-Alignment

The way I would describe how Sri Lanka is responding to this new reality is that it is updating – rather than abandoning – its traditional stance of non-alignment; in other words, it is moving towards a new non-alignment. Sri Lanka played a historically important role in the non-aligned movement that emerged in the wake of the Cold War. And the question it faces today is how it practises that non-alignment in a world in which the established Western

powers are in a state of flux, and there are new powers much closer to home. This is the world in which [China is now the world's largest economy in terms of 'purchasing power parity' \(PPP\)](#) and [India is predicted to overtake the US as the world's second-largest economy in PPP terms by 2050](#).

Sri Lanka's move to a new non-alignment is manifesting itself in several ways, but for reasons of time I will just mention two. The first is that Sri Lanka appears to be distinguishing more between the *principle* of non-alignment and the political *grouping* of the Non-Aligned Movement (NAM), with a stronger focus on the principle. This is because the principle of non-alignment remains helpful in maintaining and strengthening Sri Lanka's good relations with a range of new and emerging powers who are closer to home, including those that are members of NAM, like India and Indonesia.

Precisely because the new global powers are closer to home, the second way in which Sri Lanka is practising non-alignment in this new international context is that Sri Lanka is more actively *engaging* with the regional powers – as compared to its relatively passive relations with the great powers during the Cold War and immediate post-Cold War era. That active engagement is apparent in some of the economic aspects I touched on earlier; prioritising new bilateral trade agreements with India and China, and *seeking* a diversity of partners to develop Sri Lanka's infrastructure, including ports, airports and energy plants.

The active engagement with regional powers is also apparent in other ways. It was recently observed that between 2009 and 2017, almost 400 military vessels visited the Colombo ports; the top three countries making port visits being India, Japan and China (in that order). It is further apparent in the vigour with which Sri Lanka is engaging with multiple regional frameworks, including the Indian Ocean Rim Association (IORA) which is seeing significantly renewed interest, the Belt & Road Initiative, and the BIMSTEC.

4. From a Norm-Follower to a Norm-Shaper

Sri Lanka's engagement with regional frameworks brings me to the last of the four emerging contours of Sri Lanka's regional and international role that I am discussing today; that is, its move towards shaping or affecting international norms, and not only to following them.

It would appear that Sri Lanka sees both an *opportunity* and a *need* to be a norm-shaper. There is an opportunity because the world's new and emerging powers are in Asia, and they are, therefore countries with which Sri Lanka already has good relations. There is a need to be a norm-shaper because of the seeming retreat of the liberal democratic order, and an uncertainty as to what norms may alter or even replace it.

Moreover, Sri Lanka's objective of becoming a sustainable economic hub of the Indian Ocean depends critically on *some* form of a rules-based order that will be respected by all who traverse the ocean, as well as on networks of economic integration. The success of small states like Singapore, New Zealand, and the Netherlands all testify to the vital importance of developing regional rules-based orders and economic integration through regional charters and FTAs.

This would explain why Sri Lanka is now the lead coordinator for IORA's new Working Group on Maritime Safety and Security, and why it will push for progress towards the long-discussed BIMSTEC FTA when it assumes chair position of BIMSTEC later this year. It also explains Prime Minister Wickremesinghe's expressed interest in working towards a code of conduct in the Indian Ocean, having noted that there are no longer two superpowers to enforce recognised norms of the law of the sea.

Prime Minister Wickremesinghe [stated](#) at his [oration at Deakin Law School](#) in early 2017 that,

'The ideal solution for the Indian Ocean is for all parties to agree on a code of conduct for military vessels traversing the Indian Ocean. Already, ASEAN and China have agreed to prepare such a code for the South China Sea. The Indian Ocean code of conduct can be similar to the memorandum of understanding between the United States and China regarding the rules of engagement for safety in the air and maritime encounters.'

As a complement to shaping existing normative frameworks like IORA and BIMSTEC, and potential normative frameworks like a code of conduct for the Indian Ocean, Sri Lanka will serve as the site of new offices of intergovernmental and nongovernmental organisations that uphold international norms. If I may provide two forthcoming examples of this development, the Global Maritime Crime Programme of United Nations Office on Drugs and Crime will relocate to Colombo in May 2018, while Amnesty International plans to open its South Asia office in Colombo later this year. The location of these offices in Colombo is another way in which Sri Lanka will contribute to the development of international norms.

The example of Amnesty is especially noteworthy because it shows a willingness in Sri Lanka to play a part in promoting liberal democratic values in Asia and in the Indian Ocean region, that not many are championing in our environment. Asia and the Indian Ocean are areas that are growing exponentially in economic connectivity and significance, yet without an attendant commitment in many places to human rights, including to freedom of expression and gender equality. Such rights are inherent rights in and of themselves, but are also [keys to innovation and long-term growth](#).

This apparent normative vacuum for supporting liberal democratic values represents, in my view, an opportunity for India and Sri Lanka. Here are two countries that share a democratic heritage and a common law tradition, in addition to their strong economic, cultural and security-related links. There is a hidden opportunity for India and Sri Lanka to dramatically grow their soft power, by finding ways to work together to further human freedom in the region, for themselves and for their neighbours.

Conclusion

I am aware I have taken a lot of your time already and will conclude by noting that Sri Lanka's journey to becoming a sustainable centre of the Indian Ocean, one which is economically vibrant and strategically stable, will naturally depend on *more* than the policies and efforts I have been able to detail today. To increase Sri Lanka's foreign direct investment, for example, the government will need to look inwards, away from its [over two dozen](#)

bilateral investment treaties to improving its domestic legal framework for foreign investment.

Moreover, that journey will rest not only on Sri Lanka's own efforts but also on international initiatives. We can be grateful that we live on a continent where all countries have committed to – and no country has backed away from – supporting a major such initiative, which is the Paris Agreement to combat climate change. More ambitious initiatives of this type to address looming problems – including the normative complications of artificial intelligence and the unprecedented rate of ageing in Asia's population – will be needed to sustain the rise of Sri Lanka, India, and all other countries of the Indian Ocean.

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