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A Sri Lankan Perspective on the Indo-Pacific Concept

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I. Introduction

The Indo-Pacific is now at the forefront of the global geopolitical discourse as an important regional strategy involving the Indian and Pacific Ocean regions. The outer delimitation of the Indo-Pacific region remains nebulous.¹ Yet, this concept has attracted global attention, perhaps due to its significant geopolitical and geostrategic implications, and perhaps, due to the vast natural resources, and the strategically vital sea lines of communication that are found within the region. A fortiori, one can be certain that with major global powers increasingly engaging within the Indo-Pacific region, it is poised to become the centre of global economic activity, geopolitics, and security dynamics. Amongst these maritime security remains a top priority for the Indo-Pacific construct. The protection of the Sea Lines of Communication and the chokepoints are an essential prerequisite to maintaining regional peace and stability.

Sri Lanka maintains close ties with all the major powers of the Indo-Pacific region. This includes cooperation in infrastructure development, trade, security, and people-to-people contact. While Sri Lanka cannot play a defining role in the overarching Indo-Pacific strategy and may perhaps even not have a strategy of its own, Sri Lanka sees it in their best interest to engage with these major powers through continued cooperation in areas that could beneficial for Sri Lanka. This is further supplemented by Sri Lanka’s strategic location in the Indian Ocean Region, astride busy sea lines of communication, coupled together with its vision to become an international financial center and a regional maritime hub.

Figure 1: The Indo Pacific Region
II. The Multipolar Future of the Indo-Pacific Region?

The importance of the Indian and Pacific oceans was first reflected by Japan's Prime Minister, Shinzō Abe in his 2007 speech, *Confluence of the Two Seas*, at the Indian Parliament. Through a reference to the title of a book authored by the Mughal Prince Dara Shikoh in 1655, he reflected the importance of the confluence of the two seas and the deepening friendship of democratic nations located at opposite edges of the Indian and Pacific Oceans. Since then this concept has been actively advocated by global leaders including both Indian Prime Minister Narendra Modi and US President Donald Trump. This strategy was officially articulated in the 2013 *Australian Defence White Paper*, and addressed comprehensively in the recently released *Indo-Pacific Strategy Report of the US Department of Defence*.

The strategies of the major players of the Indo-Pacific namely the United States, India, Australia, and Japan has some fundamental differences insofar as the territory and the overarching objectives are concerned. The United States sees the Indo-Pacific as a geographic entity strengthening economic and security in the region. The US government has adopted a whole-of-government approach to further cooperation with the Indo-Pacific region. The principle pivots around the partnership for prosperity, building momentum in energy, infrastructure, and digital economy, growing economic partnerships through APEC, and strengthening people-to-people connections.

The *Indo-Pacific*, which in the U.S. conception ranges from the western coast of India to the west coast of the United States, differs from the Japan’s vision of the confluence of the two continents *vis a vis* Asia and Africa. Prime Minister Modi’s vision of the Indo-Pacific extends from the Africas to the Americas, differs from the *Australian definition* where the Indo-Pacific region includes the north-eastern quadrant of the Indian Ocean and the Pacific.

This conceptualisation imparts a clear notion that India and Australia see the Indo-Pacific as a geostrategic construct that goes beyond a geographical demarcation. Moreover, *India sees the Indo-Pacific as a geostrategic construct with ASEAN countries as the central connection between the two oceans.* The United States, on the other hand, sees the Indo-Pacific as a geographic entity strengthening economic and security in the region. This perhaps reflects India’s aspirations to take a leading strategic role throughout the Indian Ocean and to expand its strategic reach into the Pacific region.

Given the lack of an overarching long-term strategy, emerging powers, have adopted their own approach to advance the Indo-Pacific vision. Indonesia, for example, shifted its maritime policy from an ASEAN-based regionalist focus towards a more nationalist vision in which Indonesia’s future was to be a Global Maritime Axis. Indonesia has undertaken a series of actions to support this vision on a regional and global basis, through its membership of the United Nations Security Council. However, while all these states promote the need to achieve stability and prosperity through a Free and Open Indo-Pacific, they have different conceptual and strategic approaches.
Inevitably, differing views of the Indo-Pacific has provided a backdrop for increasing geopolitics and geostrategic competition between the rising powers. At one end, states primarily support the current global governance status quo, while at the other end, some states wish to upend or at least refashion the US-led global governance structure. As a result, in practice, the Indo-Pacific construct will remain multipolar, at least for the moment. Nonetheless, the varying strategies of nascent states tethered into this concept indicates its powerful salience and a promising future.

III. Sri Lanka at the Epicenter of a New Great Game

Since independence, Sri Lanka has typically followed a non-aligned foreign policy. Some say there was a slight ‘tilt’ towards China during the latter part of the Mahinda Rajapakse regime (2005 to 2015). The previous coalition government of President Maithripala Sirisena attempted to rebalance relations more towards non-alignment. The present administration of President Gotabaya Rajapaksa has pledged to steer a neutral foreign policy which will allow Sri Lanka to once again play a moderating role in the global community, devoid of aligning itself to power blocks, and to pursue Sri Lanka’s national interest with friendship with all.

Given that the Indo-Pacific as a single regional construct still remains at an early stage, its implications for Sri Lanka are unclear. But Sri Lanka is engaging with countries under the Indo-Pacific heading, including but not limited to significant bilateral cooperation with these major powers in areas such as trade, security, socio-cultural, and infrastructure development. Sri Lanka has conducted joint military exercises with India, China, and Australia, and military training program with the US. Sri Lanka has shown a willingness to continue to pursue a proactive multi-actor engagement in military, economic, judicial, and academic areas, to realize this goal. Sri Lanka has supported the idea of a free and open Indo-Pacific region and emphasized that security and prosperity of the Indian Ocean region should be safeguarded through the promotion of a maritime order, which ensures that all countries enjoy the global commons, and respect international laws, and norms. As an advocate of normative regional values, Sri Lanka organised the Track 1.5 ‘Indian Ocean: Defining Our Future’ conference in Colombo in 2018. This provided an international forum to discuss strengthening the implementation of UNCLOS and clarify any misunderstandings on key principles such as freedom of navigation and maritime crime.

3.1 Maritime Security

The Indian Ocean’s stability is threatened by a number of growing and emerging maritime security issues. The region includes a number of hotspots for piracy and armed robberies at seas, and terrorist organisations have targeted maritime assets, as well as used the ocean as a means of covert travel. At the same time, organised crime exploits our limited maritime domain awareness to trafficking humans, drugs, weapons, and wildlife, while other forces engage in the unlawful exploitation of maritime resources, including illegal, unreported and unregulated (IUU) fishing.

The expected acceleration of climate change in the coming years is further expected to exert additional pressure on the region’s stability. The vulnerability of regional states to extreme weather and natural disasters is already well recognised. As these intensify, the risk of transmigration on a massive scale, major food, and human security problems, rising law, and order incidents at sea, coastal zone disasters, and the prospects of local conflicts will all present increasing security challenges.
Collective and cooperative security responses will be required on a scale and duration much greater than anything previously experienced. This will include expanding requirements for Humanitarian Assistance and Disaster Relief operations.

As an island nation, Sri Lanka has long recognised the importance of a peaceful maritime environment for achieving greater prosperity. This is demonstrated by Sri Lanka’s Chairmanship of the UN Conference on the Law of the Sea in 1973, which led to the adoption of the third UN Convention on the Law of the Sea. This is driven by Sri Lanka’s aspirations to become a key trading hub in the region, and it is pursuing a number of other initiatives towards this end.

Sri Lanka has well established bilateral and multilateral security cooperation with the major powers of the Indo-Pacific region and is willing to engage in deeper cooperation for further regional integration. Sri Lanka has conducted joint military exercises with India, China and, Australia and has an exchange military training program with the US. In the recent years, Sri Lanka has begun playing a more involved role in discussion on Asian geopolitics. The annual Galle Dialogue on maritime security and the Indian Ocean Defining Our Future conference held in Colombo established Sri Lanka as a leading proponent of enhanced rule of law on the waters on the Indo-Pacific. Sri Lanka has also been engaging with other regional groups such as the Indian Ocean Rim Association (IORA) as the lead Coordinator of its Working Group on Maritime Safety and Security and dialogue partner of the Shanghai Cooperation Organisation (SCO). Sri Lanka is also the current Chair of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).
As the lead coordinator of the Indian Ocean Rim Association (IORA) Working Group on Maritime Security, Sri Lanka chaired the *first Working Group Meeting held in Colombo* and finalized the work plan for an initial period of 2 years, based on three overarching objectives: building the foundation for a collaborative IORA Maritime Safety and Security Framework, establishing an integrated policy approach on Maritime Safety and Security, and establishing a Coordinated Regional Vision for Maritime Safety and Security in IORA to address existing and emerging issues.\(^{18}\)

In this capacity, Sri Lanka would be leading the assessing progress of the implementation of the Maritime Safety and Security Blue Print and the activities agreed upon under the Maritime Safety and Security Work Plan. *Sri Lanka has also offered to undertake* to support member states in capacity building related to anti-piracy and Search and Rescue activities as well as engage in research connected to specific MSS challenges and assist in the setting up of a Regional Maritime Information Fusion Centre in southern Sri Lanka to complement similar centres in Madagascar and Singapore.\(^{19}\)

The *Quadrilateral Security Dialogue (QUAD)* between US, Japan, Australia, and India, has been consistent in discussing the security objectives it seeks to promote through the consultations.\(^{20}\) Whilst the US seems content with QUAD’s unified resolve against China’s growing assertiveness in the Indo-Pacific without directly antagonising Beijing, uncertainty remains on the kind of cooperative relations the countries can establish for the peace and stability of the region and what practical activities they can conduct. Both QUAD and China have established similar maritime security policies and demonstrates and intention to exercise influence in the region, there is therefore room for both coordination of interest as well as conflict of interest.
Sri Lanka has had unhindered and cordial diplomatic relations with all the QUAD states for around seven decades. These states also see great strategic and geographical importance in Sri Lanka within the envisaged Indo-Pacific region, extending across or in close proximity to the nucleus of the Indo-Pacific region and strategically and commercially vital sea-lanes.

3.2 Trade

Historical trading routes through the Indian Ocean were seen as the lifeblood of the global economy and have connected its littoral states for centuries. Today, the economic rise of Asia has transformed the Indian Ocean into one of the world’s busiest East-West trade corridors, carrying two thirds of global oil shipments and a third of bulk cargo. What’s more, over 80% of internet traffic is transferred using undersea cables, including those in the Indian Ocean, serving as the driving force of the emerging digital economy.

As the Indian Ocean becomes an important centre of the global economy in its own right, its littoral states are home to 35% of the world’s population and accounted for almost a fifth of global GDP in 2017 (at PPP exchange rates), as well as over 13% of world goods trade. By 2025, it has been estimated that the region could be the source of a quarter of the world’s economic output and around 15% of its trade. This prosperous future will be inextricably linked to the ocean, through its importance to many industries, such as tourism, fishing, and other forms of resource extraction, as well as its crucial role as the carrier of trade and ideas. The very survival of all of which would depend upon regional stability.

As the region is arguably a growth pole of the global economy, an interesting attribute of the region is its multipolarity in states’ economic status. Whilst the region includes some of the world’s most developed nations such as US and Japan, it also includes a host of developing and least developed states. This encourages greater South-South cooperation whilst promoting North-South Cooperation. Within the Indo-Pacific region are also some important regional trading blocs including the ASEAN. Many of these have implemented and adopted their own free trade agreements targeting both goods and services.

![Indo-Pacific Trade (US$ Billions)](source: Data from World Bank, calculations by LKI)
Furthermore, Sri Lanka sees the multi-layered regionalism approach as an opportunity to position itself as a trade and maritime hub of the Indian Ocean. With nearly 60% of Sri Lanka’s total trade occurring with the major powers of the Indo-Pacific, Sri Lanka is expanding its trade links with these nations. The recently concluded FTA with Singapore is one such example that may provide an opportunity to establish cooperation with other important regional fora such as the ASEAN and the Regional Comprehensive Economic Partnership (RCEP). Sri Lanka is currently negotiating FTAs with other major regional economies including China and Thailand, and hopes to expand the current FTA with India to cover services and conclude the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) FTA to further integrate regional trade.

3.3 Infrastructure Development

The speed and scope of urbanisation in Asia and the Pacific is unprecedented. Between 1980 and 2010, the region’s cities grew by around one billion people. United Nations projections show that they will add another one billion by 2040. The Asia-Pacific region is home to 17 megacities, three of them the world’s largest – Tokyo, Delhi, and Shanghai. It is projected that, by 2030, the region will have no less than 22 megacities. Yet the disparities in development have created vulnerable populations that may have a destabilising effect on the region.

China’s Belt and Road Initiative and the recently enacted BUILD Act are two major development schemes in the region. BUILD Act establishes a new US International Development Finance Corporation that doubles US development finance capacity to $60 billion. The Infrastructure Transaction and Assistance Network enhances US government efforts to advance sustainable infrastructure in the Indo-Pacific region. The U.S. Overseas Private Investment Corporation (OPIC), the Japan Bank for International Cooperation (JBIC), and Australia’s Department of Foreign Affairs and Trade (DFAT), and Export Finance and Insurance Corporation (EFIC) have signed a Memorandum of Understanding to advance cooperation in mobilizing private investment in the Indo-Pacific.
The US approach, like that of China, will be to deal bilaterally with individual countries while also engaging with regional bloc such as ASEAN. The US government has long been constrained from financing large-scale ‘hard’ (physical) infrastructure projects, but US companies and individual experts are well qualified to supply ‘soft’ infrastructure in the form of services. US strengths include building and equipping service industries and training people to use them (abbreviated as ‘build, equip, train’ or BET). US companies are well equipped to venture into fields of digital connectivity, logistic management, energy and project design, this could allow the US and its partners transform these projects into dynamic economic communities facilitating trade and development more broadly.

As Sri Lanka grapples with the tepid economic development that has resulted from a three-decade civil conflict and the effects of a more recent terrorist attack, the domestic expectations are high. With further engagement, Sri Lanka stands to benefit from regional schemes such as the BRI and US government’s efforts to advance sustainable infrastructure through the Infrastructure Transaction and Assistance Network and the Better Utilization of Investments Leading to Development (BUILD) Act. It further includes assistance for a number of development schemes involving digital connectivity and expanding opportunities for US technology exports through the Digital Connectivity and Cybersecurity Partnership. The Sri Lankan government has shown keen interest in developing Sri Lanka as a trade and maritime hub of the Indian Ocean region. To achieve this, there is a substantial requirement to expand and upgrade its infrastructure. In keeping with Sri Lanka’s smaller-state strategy of engaging multiple actors, it has embedded itself in the Belt and Road Initiative (BRI) and other related institutions such as the Asian Infrastructure Investment Bank (AIIB), to help finance the large-scale infrastructure developments. Sri Lanka will also benefit from the US$ 480 million grant by the US Millennium Challenge Corporation (MCC), which expects to invest in projects to spur economic growth and investment by the private sector.
Chinese investments in BRI projects have increased with geopolitical implications for Sri Lanka. Given Sri Lanka’s strategic location along the maritime Silk Route and the Chinese influence during the latter part of the previous regime, Sri Lanka is more entrenched in China’s Belt and Road Initiative with at least six major projects in Sri Lanka. Among them are the Colombo Port City with an initial investment of US$ 1.4 billion and a projected total investment of US$ 15 billion, and the Hambantota Port and industrial zone, with an initial investment of US$ 1.1 billion. Sri Lanka is also looking to partner with other regional powers in developing its infrastructure. To this end Cabinet approval was granted to pursue further action in implementing the proposals for the development of operational activities of the Mattala Rajapaksa International Airport. Japan has been one of Sri Lanka’s largest bilateral donors and therefore, one of its main development partners. The volume of bilateral trade reached US $ 971.6 million in 2016. In April 2017, Japan announced its decision to invest US$ 9.46 million to improve the Trincomalee port, and any further development could potentially be funded by the Japan’s US$ 110 billion Partnership for Quality Infrastructure programme.  

**IV. The Way Forward**

While Sri Lanka may be poised to benefit from these initiatives, due to its strategic location, Sri Lanka has become a terrain for strategic competitions between major powers including China’s Belt and Road Initiative and the Free and Open Indo-Pacific concept initiated by the QUAD states (US, India, Japan, and Australia). The present administration of President Rajapakse pursues Sri Lanka’s national interests with friendship with all within the traditional non-aligned foreign policy. The incumbent government shows a more non-aligned foreign policy framework, balancing the influence from India, China, and the US. Considering the global geostrategic nature of the Indo-Pacific, Sri Lanka is unlikely to play a leading role in formulating an Indo-Pacific strategy. Yet, Sri Lanka’s close ties with the major players of the Indo-Pacific will provide an opportunity to derive benefit in areas such as infrastructure development, trade, security, and people-to-people contact. Dynamics in the region’s power balance is rapidly transforming the Indian Ocean region into an arena of reoriented strategic disposition for traditional powers as well as for emerging powers. As Sri Lanka charts a new course for itself in the region through a more proactive role in regional geopolitics, it is imperative for Sri Lanka to formulate an Indo-Pacific approach while balancing other regional and global powers, within its non-aligned framework. Sri Lanka cannot progress in isolation. If we attempt to do so, we will continue to lock out ourselves into the South Asian region, with the opportunities of linking with others being reduced for at least the foreseeable future.
Notes


Ibid.

Ibid.


25 Ibid.


