
LKI *Policy Briefs* are extended analyses on policy issues.

A 'Global Order' in Flux: Challenges and Opportunities for Sri Lanka

Ravinatha Aryasinha
September, 2023

Abstract - *In the backdrop of the recently concluded BRICS, G20 and G77 & China Summits, and on the eve of the 78th UNGA Session, LKI's Executive Director Ravinatha Aryasinha outlines seven key global dynamics that policymakers must both contend with, and where possible seek to take advantage of, as they grapple with crafting a sustainable foreign policy for Sri Lanka.*

Ravinatha Aryasinha is the Executive Director at the Lakshman Kadirgamar Institute of International Relations and Strategic Studies (LKI) in Colombo. The opinions in this Policy Brief are the author's own and not the institutional views of LKI. They do not necessarily represent or reflect the position of any other institutions or individual with which the author is affiliated.

A ‘Global Order’ in Flux: Challenges and Opportunities for Sri Lanka

Ravinatha Aryasinha*

Contents

Introduction.....	1
1. Volatile Global Dynamics: Power Politics, Geo-economics, and Climate Change.....	2
2. Power Rivalries in the Indian Ocean Region	2
3. India’s Rise as a Global Power.....	3
4. The Search for Regional Identity	4
5. The Crises in Multilateralism	5
6. The Quest to Reclaim the Middle Ground	5
7. The Evolving Role of Non-State Actors	7
Way Forward	7
References.....	8

Introduction

Foreign policy decision making has been described by Putnam (1988) as a ‘two-level game’ where an understanding of the inter-dependency between the domestic and interstate levels is vital. Putnam observes that while decisions are often taken sensitive to domestic considerations, the external milieu that has a bearing on these decisions, which are equally important, often sees a collision between international and national politics. Over the years, the process has become even more complex due to the evolving role of Non-State Actors (NSAs). Shain (2002) has observed that among NSAs, diaspora is at the forefront of a new ‘third level’ located between the domestic and the interstate levels and constitutes a complicated analytical category in IR theory. This third level has become increasingly important and influential due to the globalization of markets, politics, technology and culture.

However, Sri Lanka’s foreign policy pre-occupations in recent decades - both bilaterally and multilaterally, has largely focussed on dealing with the external ramifications of domestic issues. Until 2009, it was on matters concerning the separatist terrorist conflict. In the immediate aftermath of defeating the LTTE, the main challenges facing the Sri Lanka Government have included addressing accountability relating to human rights issues and promoting good governance, redressing ethnic grievances including devolution of power, and resuscitating Sri Lanka’s conflict-ravaged economy and infrastructure development. In more recent years, Sri Lanka has grappled with the consequences of the 2019 Easter Sunday attacks, the effects of the COVID-19 pandemic, and the unprecedented economic crisis the country faced in 2022, which led to the subsequent default of sovereign debt.

As a result, Sri Lanka’s foreign policy making focus can be described as having been skewed towards what Mendelbaum has termed an ‘inside-out’ approach (Mendelbaum, 1988). This approach pays special attention to how domestic issues influences foreign policy decision making and relations, largely ignoring the ‘outside-in’ approach that is responsive to the external dynamics and seeks to take advantage of it.

However, presently many of the foreign policy challenges Sri Lanka faces arise from the prevailing ‘global order’ which is both multipolar in character and remains in an unprecedented flux and of which Sri Lanka has no control of. Seven main trends in the current global dynamics can be identified, which Sri Lankan policy makers must contend with, and where possible, take advantage of, as they craft a sustainable foreign policy.

1. Volatile Global Dynamics: Power Politics, Geo-economics, and Climate Change

The most compelling dynamic at present is the ongoing conflict between Ukraine and Russia. Its multifaceted ramifications have included not only heavy casualties, mass destruction and displacement, but also considerable effects on food, fertilizer, and energy security across the world. The bolstering of external military support by NATO to Ukraine has prompted fear of nuclear confrontation and demonstrates to the world what other simmering global hot spots could lapse into if they remain unchecked.

The global economy has also faced many shocks due to disruptions to trade and financial flows resulting from the situation in Ukraine, which has also exacerbated the initial challenges posed by the COVID-19 pandemic. This is further aggravated by the sanctions and economic retaliation between the Western Bloc and Russia, and the ongoing trade and technology wars between the US and China, and the EU and China. Recovery remains fragile and uneven due to the persistent labour market challenges, ongoing supply-chain disruptions, rising inflation and prevailing and looming debt traps. UN Deputy Secretary General Amina Mohammed has warned that these interconnected global crises are placing at serious risk the achievement of the Sustainable Development Goals (SDGs) (UN News, 2023).

Climate change has also increased the need for immediate action on adaptation and mitigation goals, which are at risk of being compromised, as governments re-prioritise policies to address geopolitical challenges and economic instability. These crises risk creating a debt-climate trap for developing countries, where high levels of debt and poor economic performance limits the ability to invest in climate-resilient infrastructure.

2. Power Rivalries in the Indian Ocean Region

The power rivalries in the Indian Ocean region have grown considerably in recent years, centred around several constructs that envision geo-economic and geo-strategic postures of the Indian Ocean Region. In recent years this has primarily narrowed down to the rivalry between China's Belt and Road Initiative (BRI) of 2013, and the US Free and Open Indo-Pacific Strategy (FOIPS) of 2017. The consolidation of the broader Quadrilateral Security Dialogue (QUAD), which brings together the US, Japan, Australia and India, and the Indo-Pacific Economic Forum (IPEF), has bolstered the US position in the region in recent years. While China's economic growth and involvement in the region including through the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB) saw rapid advances in the preceding decade, appeared to have slowed down due to the COVID-19 pandemic.

The fault lines of these rivalries are complex and represent contrasting economic approaches, as well as the projection of alternate perspectives in ideology and morality by their proponents: democracy vs autocracy, open vs closed economies, and pluralism vs ethnocentrism. The Sino-Indian clash also presents a central tension, which has seen recent interactions pointing to differences in prioritisation. While China has taken the view that the situation at the border is generally stable and both sides should consolidate on the present achievements, India has emphasised the importance of restoring peace in border areas to remove impediments to normalcy in India-China bilateral relations (Livemint, 2023).

It is also vital to consider extra-regional influences in the Indo-Pacific. Despite the US support being crucial to the geo-political challenges faced by Europe, EU Member States appear divided on the extent to which they should follow US foreign policy postures with respect to the Indo-Pacific region, particularly those aimed at containing China (Deutsche Welle, 2023). While France is seeking to play an independent role in the Indo-Pacific Region (RFI, 2023), middle powers such as Japan and Australia have continued to be measured in their responses for fear of disrupting trade flows and escalating tensions within the region. The forthcoming Summits of the Indian Ocean Rim Association (IORA) in October in Sri Lanka, and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) later this year in Thailand, will bring together the littoral States and users of the Indian Ocean and will serve as an indicator of the manner states will choose to line up with respect to the rivalries in the Indian Ocean Region.

3. India's Rise as a Global Power

As an ascending global power, how these global and regional power rivalries affect India has significant implications on the region. This is demonstrated by India's increasing stature on the international stage on account of its technological advances, affluent middle class, economic growth potential, and increasing political influence in Western capitals which is undoubtedly supported by its large diaspora. This capacity was evident in India's interventions during Sri Lanka's economic crisis, not only by providing essential financing (USD\$ 4 billion) by investing in strategic sectors, but also in helping Sri Lanka secure an Extended Fund Facility (EFF) from the International Monetary Fund (IMF), which was also backed by the US.

However, bilaterally, India has been forced to walk a tightrope with respect to several global issues, the most consequential at present being on the conflict in Ukraine. Russia is India's main defence supplier and consistent backer on the UN Security Council, besides India benefitting significantly from low-cost energy supplied by Russia. This has led to western commentators questioning India's reliability as a partner to the U.S and the West (The Economist, 2023), which is in turn challenged by Indian analysts, who ask whether the Western embrace of India is merely for the purpose of serving as a counterpoise to China (FirstPost, 2023).

Additionally, Mohan (2023) has observed that Indian resolve will also need to pass an additional ‘stress test’ given the growing Sino-Russian convergence.

While tension on account of US-China strategic and economic hostility continues to play out, diplomatic engagement between the US and China resumed in June 2023 and has seen China welcoming a series of top US officials over the past three months (Pamuk, 2023).

In the multilateral sphere while India continues to navigate through competing interests, the outcome of the recent G-20 Summit re-enforces India’s ability to influence the global agenda and to draw attention to issues in the Global South. The summit’s induction of the African Union (AU) into the G-20 and the consensus reached on the ‘G20 New Delhi Leaders’ Declaration’ (Govt. of India, 2023), are significant steps in this regard. The declaration which avoided direct criticism of Russia for the conflict in Ukraine, also for the resumption of the ‘Black Sea Initiative’ to ensure the export of grain, fertiliser and other vital agricultural products to markets around the world (Theconversation.com, 2023). It is seen as a softening from the position that the G20 took last year under the Indonesian Presidency when it condemned Russia for the war and demanded that it withdraw from Ukraine (Reuters, 2023).

However, whether the G20’s gains in New Delhi were on account of India’s greater leverage with the leading G20 member countries, a tactical response by the G7 to checkmate the inroads being made by Russia and China in the affairs of the Middle East and Africa following relative Western indifference to these regions in recent times, or a strategic re-positioning in the light of the emerging multiple global crisis and the increased consolidation of the Global South, remains a question.

4. The Search for Regional Identity

The past decade has also left South Asian regional cooperation at a standstill, particularly in the context of the South Asian Association for Regional Cooperation (SAARC), which last held a Summit meeting among its 8 member states in November 2014. As Alden and Dunset (n.d.) note, while the COVID crisis gave an opening for possible cooperation, this was short-lived due to Indo-Pakistan tensions. South Asian regional cooperation is presently further complicated by the ‘China factor’, which has also spilled over into India’s bilateral relationships, such as with Sri Lanka, Nepal, Bangladesh, and most recently in Bhutan (Pant & Shivamurthy, 2023).

Faced with this conundrum, SAARC countries, including Sri Lanka, have been in a search to find broader regional groupings that are capable of meeting particularly their economic objectives in a sustainable manner. These have included joining organizations such as the BIMSTEC and the IORA. Sri Lanka has most recently sought membership of the Regional Comprehensive Economic Partnership (RCEP) (Colombopage, 2023), and there are increasing calls that Sri Lanka seeks the membership of the BRICS - the group of emerging economies.

5. The Crises in Multilateralism

Crises in multilateralism also permeates many sectors of interest to countries like Sri Lanka, where collective action is urgently needed but is often blocked due to geopolitical rivalries. The growing impatience in this regard was reflected when earlier this year at the World Economic Forum (WEF) in Davos, IMF Managing Director, Kristalina Georgieva suggested that the US, China, India and the EU “should be locked in a room till they sign a commitment in blood” (The Indian Express, 2023).

Apart from the World Health Organization (WHO), which proved invaluable in coordinating the global response to COVID, other international organizations and processes set up explicitly to deal with such eventualities remain increasingly deadlocked. Over the past decade, the hard-won adoption of the 2015 ‘Paris Climate Agreement’ and the 2016 ‘Global Compact for Safe, Orderly and Regular Migration (GCM)’ are yet to come into force. The pursuit of the WTO-led process on trade has hardly moved in decades, while the Conference on Disarmament (CD) sanctioned treaties and understandings on non-proliferation and disarmament are effectively being disregarded or rolled back. Deliberations to regulate the use of Lethal Autonomous Weapons Systems (LAWS) already under development, has also seen little progress. On counterterrorism, while states still remain deadlocked on the very definition of ‘terrorism’, on the question of human rights, there is unevenness in the application of the instruments painstakingly developed over decades.

6. The Quest to Reclaim the Middle Ground

In an increasingly polarized world, state voting in the UN system and the re-configuration and expansion of alliances also reflects the shifting trends in the exercise of global power. Recent votes in the UN General Assembly and the Human Rights Council (HRC) have demonstrated that while the US-led western allies have considerable sway on votes related to crucial matters such as the conflict in Ukraine, there has been growing resistance by a group of traditionally Non-aligned countries to take sides.

On the first anniversary of the commencement of hostilities, on an UNGA resolution carried 141-7 calling for Russia to end hostilities in Ukraine and withdraw its forces, Sri Lanka was among 32 countries that included India, Pakistan, China, and South Africa - who abstained on this issue (India Today, 2023). Furthermore, China's ability to have the HRC reject a draft decision to debate human rights abuses in the Xinjiang Uyghur Autonomous Region through a Roll- Call vote 19 – 17, with most Organisation of Islamic Cooperation (OIC) member States supporting China, and the 11 abstentions including by India, underlines the increasing influence China continues to have in rallying against the West in multilateral fora on some issues (Reuters, 2022).

Additionally, the centrality of the US dollar in world trade is being challenged as China, Russia, Brazil, India, the ASEAN nations, Kenya, Saudi Arabia, and the UAE are now using local currencies in trade (Norton, 2023). Sentiments regarding the IMF and the World Bank from Global South leaders are also changing as global debt distress is placing increased pressure on developing countries to secure emergency finance. That the developed countries who are responsible for nearly 80% of the total worldwide carbon emissions are not paying their fair-share in redressing the damage caused and helping developing countries to meet their climate change targets, is also increasingly being challenged by the Global South.

Meanwhile institutionally, the August 2023 Johannesburg BRICS Declaration's decision to expand BRICS to include Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE in January 2024 is a clear pointer of the quest by the emerging economies to re-assert themselves, find alternatives to the western-led global order, and to reclaim the middle ground (Ismael, 2023). In this context the outcome of the early September 2023 New Delhi G20 Summit referred to earlier constitutes a victory for the Global South. The G77 + China Summit which concluded in Havana last week also saw the 134-member group coordinate joint positions as a way of putting pressure on the most powerful countries (Peoples Despatch, 2023).

The 78th UN General Assembly (UNGA) that convenes in New York will provide a good opportunity to convert into tangible action the multiple pledges that have been made in the key international fora discussed earlier. Its success, nevertheless, will largely hinge on whether western countries will fulfil their commitments on issues such as access to concessional development finance and climate change, whether major creditors such as China and the Paris Club allow for more generous debt restructuring agreements, and on whether the quest to find moderation on the conflict in Ukraine will find traction.

7. The Evolving Role of Non-State Actors

The evolving role of non-State actors in a rapidly expanding public sphere has also been most pronounced. As Stengel and Baumann (2017) observe, the rise of Non-State Actors (NSAs) - international, transnational, and private - in global politics has had far-reaching consequences to foreign policy theory and practice. It has been argued that through such engagement, while non-State actors gain greater access to state-led processes, access to broader networks previously denied, enables States to also plug existing governance gaps and to be more effective (Boyashov, 2022).

The shift in the orientation of foreign policy decision making from a state-centred approach to a more multifaceted one which is heavily influenced by non-State actors, has also forced governments to capitalise on the power of such actors which they could either fully or partially control. This mainly includes the rising influence of diaspora communities, particularly from the Global South in the political, economic and cultural spheres of the Western world. Additionally, the power of social media platforms which are associated with certain states either politically or culturally are used by those states to enhance their global image, which in turn expands the influence of their soft power.

Way Forward

In navigating the challenges and seizing the opportunities presented by the evolving 'global order', it is vital that while non-exhaustive, the external dynamics discussed above be at the heart of Sri Lankan foreign policy analysis and discussion. No doubt, while Sri Lanka's immediate priority will be economic recovery, in parallel Sri Lankan diplomacy also faces the challenge of regaining its lost leverage, by repositioning itself in the ongoing debates that have greater bearing on Sri Lanka.

**Ambassador Ravinatha Aryasinha is the Executive Director of the Lakshman Kadirgamar Institute of International Relations and Strategic Studies (LKI). A retired member of the Sri Lanka Foreign Service (SLFS), he was the Foreign Secretary of Sri Lanka 2018 – 2020, and also served as Sri Lanka's Ambassador to the USA; to Belgium, Luxembourg and to the European Union; and as Permanent Representative to the United Nations in Geneva. He holds a BA in Philosophy, Politics and Economics, University of Peradeniya and a MA in International Relations, University of Colombo. He was also a 'Hurst Fellow' in International Relations at the School of International Service (SIS), American University, Washington DC, USA*

References

Alden, C & Dunst, C. (n.d.). COVID-19: South Asia and the South Asian Association for Regional Cooperation (SAARC). London School of Economics and Political Science. <https://www.lse.ac.uk/international-relations/centres-and-units/global-south-unit/COVID-19-regional-responses/South-Asia-and-COVID-19>

Boyashov, A. (2022). Network Governance of the UN Human Rights Council: Diplomatic, Institutional, and Organizational Actors. Routledge.

ColomboPage. (2023). Foreign Minister requests ARF to support Sri Lanka to become a member of the Regional Comprehensive Economic Partnership. 15 July 2023.

http://www.colombopage.com/archive_23B/Jul15_1689436225CH.php#:~:text=During%20his%20statement%2C%20Minister%20Sabry%20said%20that%20Sri,support%20Sri%20Lanka%27s%20application%20to%20join%20the%20partnership.

Deutsche Welle. (2023). Macron says being an ally ‘doesn’t mean being a vassal. 12 April 2023. <https://www.dw.com/en/macron-says-being-an-ally-doesnt-mean-being-a-vassal/a-65294288>

Firstpost. (2023). Why has Western Media Declared a Thaw in India-China Ties? Vantage with Palki Sharma [Video]. 24 July 2023. YouTube. <https://www.youtube.com/watch?v=2w6ddMhHxsA>

Government of India. (2023). ‘G20 New Delhi Leaders’ Declaration; One Earth, One Family, One Future’. 9-10 September 2023. <https://mea.gov.in/Images/CPV/G20-New-Delhi-Leaders-Declaration.pdf>

India Today. (2023). India, China abstains from UN vote Demanding Russia to ‘immediately’ withdraw from Ukraine. 24 February 2023. <https://www.indiatoday.in/world/russia-ukraine-war/story/india-china-abstain-un-vote-russia-withdraw-ukraine-war-2338838-2023-02-24>

Ismail, S. (2023). A wall of BRICS’: The significance of adding six new members to the Bloc. Al Jazeera, 24 August 2023. <https://www.aljazeera.com/news/2023/8/24/analysis-wall-of-brics-the-significance-of-adding-six-new-members>.

Livemint. (2023) India-China border stable, both sides should...’: Chinese FM to S Jaishankar. 5 May 2023. <https://www.livemint.com/news/india/sco-meet-2023-india-china-border-stable-both-sides-should-chinese-fm-to-s-jaishankar-11683250992455.html>.

Mendelbaum, M. (1988). *The Fate of Nations*. Cambridge Uni. Press. pp. 1-7.

Mohan, C.R. (2023). A New Sino-Russian Alliance: What are its Implications for India? *Indian Express*, 4 February 2023. <https://indianexpress.com/article/opinion/columns/a-new-sino-russian-alliance-what-are-its-implications-for-india-8416119/>

Norton, B. (2023). Countries Worldwide are dropping the US dollar: De-dollarization in China, Russia, Brazil, ASEAN, *Geopolitical Economy Report*, 6 April 2023. <https://geopoliticaleconomy.com/2023/04/06/dedollarization-china-russia-brazil-asean/#:~:text=The%20global%20de>

Pamuk, H. (2023). Xi, Blinken Agree to Stabilize US-China Relations in Beijing Talks. *Reuters*, 19 June 2023. <https://www.reuters.com/world/china/blinken-wrap-up-rare-visit-china-may-meet-xi-jinping-2023-06-18/>

Pant, H.V. & Shivamurthy, A.G. (2023). China's Meddling: Escalating tensions between India & Bhutan, *IMPRI Impact and Policy Research Institute*, 15 April 2023. <https://www.impriindia.com/insights/china-meddling-escalating-india-bhutan/>.

Putnam, R. (1988). *Diplomacy and Domestic Politics: The Logic of Two-Level Games*. *International Organization* 42(3): (pp. 427-460).

Peoples Despatch. (2023). In final declaration, G77 rejects “digital monopolies” and calls for “reform” of the financial system. 16 September 2023. <https://peoplesdispatch.org/2023/09/16/in-final-declaration-g77-rejects-digital-monopolies-and-calls-for-reform-of-the-financial-system/>

Reuters. (2022). U.N. body rejects debate on China's treatment of Uyghur Muslims in blow to West. 7 October 2022. <https://www.reuters.com/world/china/un-body-rejects-historic-debate-chinas-human-rights-record-2022-10-06/>

Reuters. (2023) Key takeaways from the 2023 G20 summit in New Delhi. 10 September 2023. <https://www.reuters.com/world/key-takeaways-2023-g20-summit-new-delhi-2023-09-10/>

RFI. (2023). France blocks NATO plan for a Liaison Office in Tokyo. 13 July 2023. <https://www.rfi.fr/en/international/20230713-france-blocks-nato-plan-for-a-liaison-office-in-tokyo>

Shain, Y. (2002). The Role of Diasporas in Conflict Perpetuation or Resolution. *SAIS Review* 22:2 (Summer-Fall, 2002): (pp.115-144).

Stengel, F. A. & Baumann, R. (2017). Non-state Actors and Foreign Policy. *World Politics Oxford Research Encyclopaedias*.

Theconversation.com. (2023) Ukraine war: why the G20 refused to condemn Russian aggression – and how that might change. 13 September 2023.
<https://theconversation.com/ukraine-war-why-the-g20-refused-to-condemn-russian-aggression-and-how-that-might-change-213384>

The Economist. (2023). What if China and India became friends? 19 July 2023.
<https://www.economist.com/international/2023/07/19/what-if-china-and-india-became-friends>

The Indian Express. (2023). World Economic Forum's 2023 Davos event ends: Here are the major takeaways. 23 January 2023. <https://indianexpress.com/article/explained/explained-global/world-economic-forums-davos-2023-major-takeaways-8396436/>

UN News. (2023). UN deputy chief warns of faltering progress towards SDGs. United Nations, 14 March 2023.
https://news.un.org/en/story/2023/03/1134557utm_source=UN%2BNews%2B-%2BNewsletter&utm_campaign=1757e2b321.

