

# A SHARED VISION FOR THE INDO-PACIFIC

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IMPLICATIONS FOR SOUTH ASIA



EDITOR  
**HARINDA VIDANAGE**



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Please note that the views presented herein are those of the speakers and/or authors and do not necessarily reflect the views of the General Sir John Kotelawala Defence University and/or of the United States Government or any of its components.



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**IMPLICATIONS FOR SOUTH ASIA**

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Ratmalana,

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[kdudefence@kdu.ac.lk](mailto:kdudefence@kdu.ac.lk)

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## **FOREWORD**

This publication is based on the proceedings of a conference on A Shared Vision for the Indo-Pacific which was jointly organized by the General Sir John Kotelawala Defence University and the United States Embassy in Sri Lanka. It includes remarks on the role of Diplomacy, Development, and Defense in the Indo-Pacific Strategy (IPS) of the United States.

This publication includes policy research papers written by some of the leading authorities on South Asian Security, Geopolitics, Economics, Strategy, and Defense. These papers look at the strategic challenges and opportunities for small states navigating in an increasingly security/defense focused arena in which small states are challenged to rethink their foreign policies and security strategies in new ways as reflected in the research papers.

It should be noted that the views presented herein are those of the speakers and/or authors and do not necessarily reflect the views of the General Sir John Kotelawala Defence University and/or of the United States Government or any of its components.

**Dr.Harinda Vidanage PhD**

Editor



## EXECUTIVE SUMMARY

A conference on “A Shared Vision for the Indo-Pacific,” jointly organized by the Embassy of the United States in Colombo and the Sir John Kotelawala Defence University, was held on 31 March 2022 at the Atrium Cinnamon Grand, Colombo. The Welcome Address was delivered by Major General Milinda Peiris, the Vice Chancellor of the General Sir John Kotelawala Defence University. In his address, Major General Peiris stressed the importance of U.S. policies in South Asia and how the United States is looking forward to engage the South Asian region. He also highlighted the importance of the policy-academic research nexus that needs to be seriously looked into by educational institutions. Her Excellency Julie Chung, the U.S. Ambassador to Sri Lanka, highlighted the shared vision for a Free and Open Indo-Pacific in the Indo-Pacific Strategy. The keynote address was delivered by Assistant Secretary Donald Lu of the U.S. State Department’s Bureau of South and Central Asian Affairs.

Professor C. Raja Mohan, Senior Fellow, Asia Society Policy Institute introduced panelists for a discussion of the IPS from the perspectives of Diplomacy, Development and Defense. Speakers included: Afreen Akhter, senior advisor to the Assistant Secretary of State for South and Central Asian Affairs, U.S. Department of State; Christopher Steel, Senior Coordinator for the Indo-Pacific at the U.S. Agency for International Development (USAID), and; Peter A. Gumataotao, Rear Admiral (Retd.), U.S. Navy and Director of Daniel K. Inouye Asia Pacific Center for Security Studies (DKI-APCSS).

Panel II focused on “Regional Perspectives and Security” with discussions with Nitin A. Gokhale, Professor Rohan Gunaratne, Professor Shahab Enam Khan, Dr. Harinda Vidanage, and Dr. Chulani Attanayake. Policy Research Papers by some of the panelists related to their discussion topics are included in this publication.

Nitin A. Gokhale, in his discussion on “India and the Indo-Pacific,” highlighted that India is central to the Indo-Pacific Strategy and noted that India has been on the center stage of trade routes throughout history. However, the IPS has led to a new focus on the region with great power competition in full swing and he emphasized that India is faced with the dilemma of whether to embrace the IPS fully or to concentrate on the Indian Ocean Region.

Professor Rohan Gunaratne said in his discussion that Sri Lanka's geopolitical pendulum is shifting from China to India given the impact of geo-strategic and economic realities in the region. Noting that Sri Lanka's geographic location creates benefits and challenges, he argued that Sri Lanka's cooperation with China has always been economic and not strategic. Gunaratne highlighted external challenges to Sri Lanka including religious extremism from Salafi Wahabi countries and the threat of illegal drugs and suggested that Sri Lanka should increase collaboration to confront challenges such as those posed by religious extremism and drug trafficking.

Professor Shahab Enam Khan's discussion focused on how the IPS impacts Bangladesh, particularly economically, and noted that Bangladesh is the largest trading partner in India. He suggested that Bangladesh should look for solutions to common issues such as illegal, unreported, and unregulated (IUU) fishing, and that SAARC and BIMSTEC should be strengthened to ensure regional peace and security.

Dr. Harinda Vidanage, speaking on the IPS from the small state perspective, highlighted that one of the most challenging debates is defining small state and small state in a strategic environment. He said that the Pivot to Asia was the precursor to IPS noting that Robert Kaplan started pushing a U.S.-centric idea in his book, *Monsoon: The Indian Ocean and the Future of American Power* which provided a backdrop for the IPS. He reflected on the idea that "In effect Sri Lanka is an aircraft carrier parked fourteen miles off the Indian coast" which, according to Shiv Shankar Menon, generates a perpetual dilemma for India between engagement with Sri Lanka and prevention of rival powers engaging with the island nation. Against such a backdrop the author reflected on Sri Lanka can locate its place, manage shocks, and navigate endogenous and exogenous shocks.

Dr. Chulani Attanayake looked at the IPS from the perspective of an island state asking about the importance of island states in the IPS. Her discussion focused on how island states think of themselves noting that such states may share many perceptions and concerns, including the destabilization of security and expanded naval competition. She noted that naval competition between powerful states can undermine concerns of small states related to issues such as climate change, IUU fishing, etc. She suggested that small island states may wish to remain neutral and adopt a strategic hedging policy.

Panel III included discussions with Dr. Ganeshan Wignaraja, Dr. Pramod Jaiswal, Dr. Bhagya Senaratne and Dr. George Cooke that covered diverse aspects of Indo-Pacific engagement in South Asia focusing on trade,

economics, security, and diplomacy. Papers by some of the panelists related to their discussion topics are included in this publication.

Dr. Ganeshan Wignaraja noted that South Asia matters in the Indo-Pacific because South Asia is the most dynamic region in the Indo-Pacific framework. Focusing on the economic perspective, he identified three issues; whether the economic outlook will be impacted by the war in Ukraine; the U.S. role in promoting prosperity, and: the U.S. role in Sri Lanka's macroeconomic fundamentals. He suggested that Sri Lanka requires a new comprehensive economic agenda, and that support from the U.S. and its allies is vital to solve the economic crisis and reap gains from Sri Lanka's strategic location.

Dr. Pramod Jaiswal outlined Nepal-U.S. relations in the context of the socio-political implications of the IPS. He suggested that in a post-Cold War environment, China leveraged the poor physical infrastructure of Himalayan states to expand its engagement. He noted that small states typically do not want to be caught up in larger geopolitical rivalries and thus tend to prefer economic initiatives to strategic ones.

Dr. Bhagya Senaratne's discussion focused on QUAD noting that having begun in 2004, by 2007 the QUAD had initiated a Quadrilateral Security Dialogue. She noted that the role of China is particularly important and suggested that potential challenges facing the QUAD could include: lack of cohesion; pre-existing engagements with other states, and; the role smaller states. She suggested that economic security should be prioritized over new military alliances.

Focusing on diplomatic components of U.S.-Sri Lanka relations, Dr. George Cooke noted that there have been many phases in the relationship. He noted that democracy and trade are significant common denominators and that looking forward increased connectivity in a number of areas would be beneficial and that an emphasis on investment and technology could help led to tangible outcomes.



## **WELCOME ADDRESS**

**MAJOR GENERAL M P PEIRIS RWP RSP USP VSV ndc psc MPhil (Ind)**  
**Vice Chancellor - KDU**

Her Excellency Julie J. Chung, The Ambassador of the United States to Sri Lanka; Mr. Donald Lu, Assistant Secretary, Bureau of South and Central Asian Affairs, US Department of State; Ms Afreen Akhter, Senior Adviser to the Assistant Secretary of State for South and Central Asian Affairs, US Department of State; Christopher Steel, Deputy Assistant Administrator of the Bureau for Asia, United States Agency for International Development (USAID); Rear Admiral (Retd.), Peter A. Gumataotao, Director of the Daniel K. Inouye Asia-Pacific Center for Security Studies (DKI-APCSS), Honolulu Hawaii; Professor C. Raja Mohan, Moderator to the seminar; Dr. Ari Nathan, Indo Pacific Coordinator of US Embassy; Brigadier Wipula Chandrasiri, Deputy Vice Chancellor - Defence and Administration, KDU; Professor Sanath Dhammike, Deputy Vice Chancellor - Academics KDU; all the distinguished speakers, and respected invitees, A very Good Morning to all of you!

I am delighted to welcome you to the joint conference organized by General Sir John Kotelawala Defense University (KDU), together with the U.S. Embassy in Colombo, and we are glad to host an international forum of this nature.

The conference will deliberate on topics related to US policies on Indo-Pacific and the impact of those policies on countries in South Asia. The conference will provide a high-profile platform to discuss how the US Government is looking forward to engaging with the Indo-Pacific, as well as perspectives of South Asian opinion leaders. We acknowledge the key role played by Professor C. Raja Mohan, a highly respected analyst on Indo-Pacific issues, who will moderate the discussions.

The Indo-Pacific is increasingly a focus of international geopolitical attention. Rapidly changing dynamics in the region, including the rising influence of both China and India, highlights the importance of the region.

As Sri Lanka's only defense University with a commitment to develop a robust research culture, I consider forums like these are imperative in finding a way forward. I further emphasize that we strongly believe in the Policy-Academic research nexus, and the defence university will be the key national platform to deliver this significant blend which can effect outcomes at national policy making.

I observe that apart from the traditional security concerns, the Indo-Pacific faces other major challenges. Climate change is growing ever-more severe as South Asia's glaciers melt and the Pacific Islands battle out threatening rises in sea levels.

The COVID-19 pandemic continues to inflict a painful human and economic toll across the region. The Democratic People's Republic of Korea (DPRK) continues to expand its nuclear weapons and missile programs. Indo-Pacific governments grapple with natural disasters, resource scarcity, internal conflict, and governance challenges.

Such kind of non-traditional security threats tend to destabilize the security atmosphere of the countries in the Indo Pacific region. Within such a complex security atmosphere, US intends to modernize long-standing alliances, strengthen emerging partnerships, and invest in regional organizations which will enhance the collective capacity that will empower the Indo-Pacific to adapt to the 21<sup>st</sup> century's challenges and seize its opportunities.

I believe that events of this nature strengthen the bilateral cooperation and understanding between the two entities and are ideal platforms to disseminate knowledge on a variety of topics of mutual interest. Today we will be deliberating on a topic that is of utmost importance not just for the United States of America and Sri Lanka but for greater South Asia.

**“A SHARED VISION FOR THE INDO - PACIFIC”.**

The conference will focus on high-level US discussions of policies and approaches to the Indo-Pacific. It will begin with remarks by a senior-level USG official on the current US Indo-Pacific strategic vision, including the new administration's policy priorities for engagement.

The remarks would be expanded through moderated panel discussions with high-level USG officials - potentially focused on diplomacy, development, and Defense - and an important Q&A session. This could be followed by three panel discussions discussing on how US Indo-Pacific policies might



impact, and productively engage with South Asian countries. These panels may include moderated panel discussions on diplomatic, development, economic, security or regional issues related to the US Indo-Pacific vision.

Having said that, I would also like to enlighten you on the importance of this kind of an event in the juncture of mixed security concerns in the Indo-Pacific region. This platform combines policy framework with academic perception, which upholds the ideal situation of policy drafting. Discussions of such nature will enable countries to make policies, not only on practical experiences but also on making decision makers to deeply understand the root causes and solutions to the problems that they face, from an academic or theoretical perspective.

As a matter of fact, such discussions will illuminate the best concepts and practices relevant to solving certain security concerns in the Indo-Pacific region, providing multiple perceptions to the security concerns in the focused geographical area.

General Sir John Kotelawala Defense University has enhanced the ambiance for such kind of academic development specially in the area of International Relations and Strategic Studies. As the Vice Chancellor of the University, I am proud to highlight at this august gathering that we at KDU have opened up the avenues for the development of the discipline of International Relations.

The Department of Strategic Studies (DSS) is a teaching and research facility under the Faculty of Defense and Strategic Studies (FDSS) of Sir John Kotelawala Defense University (KDU). The Department specially focuses on the field of Strategic Studies as an interdisciplinary academic subject area concerning Military Strategy, Geopolitics, Traditional and Non-traditional Security etc. with its relevance to National and International Security.

Additionally, the Department of Strategic Studies offers an undergraduate and a Masters degree on International Relations and Strategic Studies. Apart from academics, the department also engages in research activities in the discipline of IR, and it launched the first Journal of Defense Policy Analysis in 2021, which is a bi-annual research publication.

KDU is well conversed in the field of IR and strategic studies. Therefore, I believe that this event is a collaboration between academic perceptions from KDU coupled with the practitioner experience on Indo-Pacific region from the USA.

Ladies and gentlemen, I am of the conviction that the Indo-Pacific's future depends on the choices that respective countries make in the contemporary security atmosphere. The decisive decade before us will determine if the region can confront and address Traditional and Non-traditional security concerns, reveal how the world rebuilds from a once-in-a-century pandemic, and decide whether we can sustain the principles of openness, transparency, and inclusivity that have fueled the region's success.

By working together, the capacities can be reinforced in the region for 21<sup>st</sup> century challenges and seize its opportunities, and by doing so, the Indo-Pacific will thrive and survive in a challenging security environment.

Having said that, I warmly welcome all of you to the event on "A SHARED VISION FOR THE INDO-PACIFIC" and I believe new knowledge will thrive with combination of perception from academia and practitioners in the security field.

Thank you very much.

## **OPENING REMARKS**

**HER EXCELLENCY JULIE CHUNG**  
**US Ambassador to Sri Lanka**

Thank you very much and hello to everyone who is joining today's conference. I particularly want to thank and recognize the General Sir John Kotelawala Defense University (KDU) for hosting this timely discussion, and our conference organizers, Dr. Harinda Vidanage and Dr. Sanath de Silva, of KDU's Department of Strategic Studies for their hard work in bringing us all together.

I also want to salute all the KDU students here today - You are the Future. And especially you young women who are security researchers, analysts, and interns. On this last day of Women's history month, we must remember that we can't talk about a Free and Open Indo-Pacific without women at the table.

Excellencies, distinguished panelists, participants, Vice Chancellor Major General Milinda Peiris, this discussion of our shared vision for the Indo-Pacific could not be more timely, as the Biden-Harris administration is charting our new course forward in the Indo-Pacific. Sri Lanka, with its key geostrategic location next to vital shipping lanes, has a key leadership role in the Indo-Pacific in which it should take real pride. Just last week, one of the State Department's highest-ranking officials, Under Secretary for Political Affairs Victoria Nuland, visited Colombo and participated in a Partnership Dialogue with Sri Lanka in which we reinforced our commitment as a bilateral partner across a broad spectrum of shared interests.

Building on many decades of partnership across the region, our vision for an Indo-Pacific is one that is Free and Open, Connected, Prosperous, Resilient, and Secure. And I say "our" vision for the Indo-Pacific because I do believe this vision is shared by my country and other countries in the region, including Sri Lanka. As Indo-Pacific nations, we share many common interests and jointly engage in many common efforts to advance these shared interests.

Last month, the Biden administration announced our new Indo-Pacific Strategy with five core elements: advancing a free and open Indo-Pacific; promoting broad-based regional prosperity; forging stronger connections to build collective capacity; building regional resilience to transnational threats; and bolstering Indo-Pacific security. Now this strategy is not a military or security alliance, but does include taking a hard look at behavior by countries that undermines our shared values.

I know that these ideas – Free and Open, Prosperous, Connected, Resilient, and Secure – might sound appealing but a little abstract. I'd like to take a few minutes to elaborate on each of those ideas in turn, and explain how they align with our shared interests. In doing so, I hope that it will be clear how these ideas and our collaborative efforts come together in this shared vision.

Let's start with the concept of a "Free and Open" Indo-Pacific. Secretary Blinken explained that "Freedom is about the ability to write your future and have a say in what happens in your community and your country, no matter who you are or who you know." In the past month, we've had a terrible reminder of the critical importance of freedom as Moscow's brutal actions in Ukraine have tarnished and undermined the most basic international principles that are vital to peace, security, and sovereignty. These principles are the fundamental rules that underpin the international order that together we have built, sustained, and adapted when needed.

Secretary Blinken noted that freedom also means that goods and ideas can flow freely across "cyberspace, and the open seas." In today's world cyberspace and cybersecurity are increasingly important and, as part of our vision for the Indo-Pacific, the United States looks to coordinate with partners to ensure an open and secure internet and to implement a framework for responsible behavior in cyber space.

Ensuring that goods can flow freely across the open seas is especially critical for Sri Lanka, which as we all know sits next to some of the world's busiest shipping lanes through which about half the world's container ships and two-thirds of the world's oil shipments pass. This means that Sri Lanka plays a critical role in the health of world trade.

But shipping depends on seas being free and open, with "freedom of navigation" for all ships. Without freedom of navigation, and all that goes into it, Sri Lanka would be unable to effectively leverage its geostrategic position and its port investments. And that is why the United States' robust freedom of navigation program to support a free and open Indo-Pacific

directly aligns with Sri Lanka's interests.

And that's why advancing a Free and Open Indo-Pacific is part of our shared vision.

The second core element of our shared vision is to work together to build a "Prosperous" Indo-Pacific. This is especially needed more than ever with the economic challenges Sri Lanka and the region are facing.

In 2020, the United States conducted \$1.75 trillion in two-way trade with the Indo-Pacific region, supporting more than five million jobs across the region. Our two nations are essential economic partners as the United States is Sri Lanka's largest single country export market, accounting for nearly \$2.8 billion of the \$11.9 billion in goods Sri Lanka exports annually, with this number growing even during Covid and Sri Lankan companies exporting to the United States account for more than 180,000 Sri Lankan jobs.

Sri Lanka's natural resources and spirit of innovation and entrepreneurship generate tremendous economic potential. However, to fully unlock this potential it's critical to have a transparent and inclusive economic environment that leverages Sri Lanka's assets and attracts private sector foreign investment. We are committed to collaboration in supporting the development of policies to strengthen financial institutions and public finances, to foster sustainable and inclusive economic growth, and to attract international investments, including from the United States.

We've backed up this commitment with significant resources through the U.S. Development Finance Corporation, the United States Agency for International Development, and other agencies that promote infrastructure and human capital development. For example, the Development Finance Corporation has increased its active exposure from less than \$20 million to nearly \$300 million in 2021, primarily through loans to private Sri Lankan banks that use the funding for small-and-medium businesses with an emphasis on women-owned businesses.

The October 2021 Indo-Pacific Business Forum, co-hosted by the United States and India, brought together more than 2,300 business and government leaders and showcased nearly \$7 billion in new private sector projects. Looking forward, we need to keep striving to support Sri Lanka's path to inclusive and sustainable economic development and financial stability and to develop more commercial deals and foreign investment in Sri Lanka.

Supporting the development of green energy projects will be key for building sustainable and inclusive prosperity. Our vision for the Indo-Pacific includes working with partners to help transition to a clean energy future. In Sri Lanka, USAID has a five-year, \$18.9 million energy partnership with the Government of Sri Lanka to help make the power sector market-based, secure, reliable, and sustainable. The project facilitates access to capital and attracts investments to increase deployment of renewable energy and advanced technologies. It also expands the private sector's role in the power system, enhances competitiveness, and encourages adoption of energy efficiency standards.

And that's how we build a Prosperous Indo-Pacific together.

Next, I'd like to discuss how we are looking to forge "Connections" to support our Indo-Pacific vision.

Individual and collective economic security will, to a large extent, be based on our ability to continue to build connections within and beyond the Indo-Pacific. This is particularly evident when you look at supply chains between the countries. Our Indo-Pacific vision stresses the need to continue to work with our partners to advance resilient and secure supply chains while removing the barriers and improving transparency.

But the connections we forge together are much more than purely economic connections. I mentioned the emphasis on women-owned businesses for DFC loans because gender equality and women's empowerment is an important component of our commitment to inclusive economic growth and social cohesion. This is a cross-cutting theme of many of the goals we are looking at today. It also includes promoting the safety of women and girls in conflict and crisis as well as the meaningful participation of women in efforts to prevent conflict and promote peace which is why I'm so happy to see many of the women here today.

We're very proud of the 60-year relationship between USAID and the people of Sri Lanka through which USAID has granted close to \$2 billion to support sustainable and inclusive development. And we're celebrating the 70th anniversary of our US - Sri Lanka Fulbright program this year, which has supported over 1,100 senior researchers, professors, and students to travel between our countries on scholarly exchanges. Working with the Ministry of Education, we also provide programs that support all facets of educational development in Sri Lanka including supporting school nutrition programs for primary school children, English teaching resources, workshops and training opportunities for teachers and English language proficiency activities to strengthen the use of English language

among teachers and students.

Through our Ambassadors Fund for Cultural Preservation, we've awarded almost \$1.3 million to support more than a dozen projects that preserve and celebrate Sri Lanka's rich cultural heritage. This month alone, I launched a \$265,000 program for the conservation of the Royal Palace and Archaeological Museum of Kandy and had the privilege of presiding over a ceremony to close out a separate project that worked to preserve endangered indigenous music and dance traditions. I believe these are all examples of real and deep partnership; the kind of partnership that will contribute more to long-term, inclusive, sustainable capacity development than high profile, but economically dubious, infrastructure projects.

Looking more broadly, we will continue to support and empower allies and partners and work together to pool our collective strengths in groupings such as the "Quad." Quad members - which include Australia, India, Japan, and the United States - share a collective commitment to democracy, peace, security, and prosperity in the region. In the first-ever Ministerial Joint Statement last month, Quad Foreign Ministers described concrete efforts to pursue action on fulfilling the Quad's pledge to donate over 1.3 billion COVID-19 vaccines by the end of 2022; to deepen cooperation on maritime security, humanitarian assistance and disaster relief, cybersecurity, counterterrorism, building people-to-people ties, and more. As one of the ministers said at the meeting, "The Quad is all about what we are for, not what we are against."

And that's what it means to work together to forge a Connected Indo-Pacific.

As we've learned one thing during COVID, collaboration is key to building "Resiliency." This is why the United States is the most generous donor to COVAX, the global initiative to supply Covid vaccines. We are also working closely with Sri Lanka, having donated 3.4 million vaccines to Sri Lanka which builds on close to \$18 million to support Sri Lanka's response and recovery to the pandemic.

One of our most significant long-term global challenges is, of course, the impact of climate change. As President Rajapaksa remarked at the United Nations General Assembly meeting, as "devastating as the consequences of the pandemic have been to humanity, the world faces the even greater challenge of climate change in the decades to come."

Building climate change resiliency will call for us all to work together. That's why the United States is committed to doubling our public

international financing to help developing nations tackle the climate crisis. With our added support and increased private capital and other donor support, we look to meet the goal of mobilizing \$100 billion to support climate action in developing nations.

Through USAID, the United States is partnering with Sri Lanka in programs that encourage the deployment of renewable energy and increase Sri Lanka's ability to adapt to climate change in ways that contribute to sustained, inclusive, market-based growth.

And that's what a Resilient Indo-Pacific can accomplish.

The fifth core element of our Indo-Pacific Strategy is bolstering regional "Security." As threats evolve, and as we face new non-traditional threats, our security approach must also evolve. But, regardless of the threats we face, our greatest strength is, and will continue to be, the alliances and partnerships which support our Indo-Pacific vision.

Proactive and engaged navies are an important component of this. This is why it is no surprise that, just in the past month we've seen a significant number of ship visits and joint exercises here in Sri Lanka, including with the Indian, U.S., Japanese, French, and Bangladesh navies. Sri Lanka also joined in the multinational exercise "Milan" with countries from across the Indo-Pacific, including the United States. This exercise enhanced skills in multilateral large force operations at sea and, as one participant noted, provided "an opportunity for like-minded navies sharing a common vision of a more stable, open, and prosperous Indo-Pacific, to operate and train alongside one another."

Sri Lanka has amazing marine resources but, as we all know, the marine environment is facing many challenges around the world including: illegal, unreported, and unregulated, or IUU, fishing; smuggling; and even piracy. That's why both Sri Lanka and the United States are part of international agreements to combat these challenges. It's also why the United States, the Sri Lanka Navy, and the Sri Lanka Air Force are partners to improve the maritime domain awareness capabilities of both services, and facilitate their working together on maritime patrols and interdictions. Through this partnership, and with vessels provided to Sri Lanka by the United States, Sri Lanka notched the largest drug seizure in its history in March 2020. This partnership and these vessels also helped protect Sri Lanka's precious marine resources after incidents such as the MT New Diamond and MV Pearl-Xpress fires.

And we are continuing to work together in partnerships like this to



improve maritime domain awareness and prevent and reduce the impact of future disasters. To this end, the United States recently transferred a third high endurance cutter to Sri Lanka and there are currently 130 Sri Lankan sailors in Seattle, Washington preparing this vessel for her voyage to Sri Lanka in the Spring of this year, the longest voyage in the history of the Sri Lankan navy.

That's what a partnership for a Secure Indo-Pacific looks like.

Our vision for the Indo-Pacific recognizes that much of the planet's future will be based on what happens in this region. This is why we have, and will continue to have, an enduring commitment to the Indo-Pacific, and to collaboration with our allies and partners in the region. And this is why Sri Lanka, located at the heart of the Indo-Pacific, can act now to seize a leading role in this future.

I opened my remarks by saying that we share a common vision for the Indo-Pacific. I hope that these remarks have outlined that vision and, perhaps most importantly, shared some ideas about what a partnership for a Free and Open, Prosperous, Connected, Resilient, and Secure Indo-Pacific can achieve.

## KEYNOTE ADDRESS

**DONALD LU**  
**Assistant Secretary**  
**Bureau of South and Central Asian Affairs,**  
**US Department of State**

The United States is an Indo-Pacific power and is literally connected to Asia as they share trade routes as well as concerns about issues such as ocean pollution and shrinking fishing grounds. The security and prosperity of Asia is therefore inextricably linked with our own security and prosperity. The Indo-Pacific Strategy is a vision of a free, open, prosperous, resilient, and secure Indo-Pacific region. But what does that mean in practical terms?

The first element is building free and open societies in the Indo-Pacific, and this means advocating for transparent and responsive government that aims to serve our citizens. It also means that as partners we agree on transparent rules like free elections that benefit all of us.

Second, we want to focus on forging interconnectivity and our collective capacity. In our modern world, common action is a strategic necessity. No country, no matter how big, can prosper on its own or protect itself on its own. We will work together as a regional community to tackle our shared problems and to stand together to face threats to our global order.

The third is Indo-Pacific prosperity. The prosperity of everyday Americans is linked to the Indo-Pacific, and we all benefit from the prosperity of our respective countries. Sri Lanka is a great example of this. Supporting Sri Lanka's ambitious climate and clean energy goals of 70% renewable energy by 2030 and net zero carbon emissions by 2050 helps everyone. U.S. assistance is helping Sri Lanka make its power sector more secure, reliable and sustainable, and that sector will also attract investment to Sri Lanka and advance its prosperity.

The fourth is Indo-Pacific security. Not only is it important for the United

States to be a steadfast ally in this region, we also need to enhance the capabilities of our partners to maintain a secure region, to defend our shared interests, defend an open rules-based global order, and deter aggression. The Indo-Pacific Strategy is built on collaboration.

Finally, we want to build regional resilience. We are only as strong as our collective ability to respond to shared challenges. We saw this in our collaboration in fighting the COVID-19 pandemic. The U.S. donated more than 180 million doses of COVID-19 vaccine to the region and we are working with India and other QUAD partners to expand production of COVID-19 vaccines in India for distribution in the Indo-Pacific region and beyond. In the face of Russia's war against Ukraine, we must all remember that the principles of sovereignty and territorial integrity are being challenged in many places around the world, including right here in the Indo-Pacific. The kind of aggression we are seeing in Ukraine cannot be tolerated lest our rule-based international community dissolve into an anarchic world. I hope we can stand together as a united Indo-Pacific region to denounce this brutal war and the idea that a big country can simply invade its smaller neighbor.



# PLENARY SESSION



## **DIPLOMACY**

**AFREEN AKHTER**

**Senior Adviser to the Assistant Secretary of State for South and Central Asian Affairs, US Department of State**

Expanding engagement in the Indo-Pacific is a critical U.S. priority as our security and prosperity are fundamentally tied to the Indo-Pacific. The U.S. is committed to ensuring this region remains free and open and becomes more connected, prosperous, secure, and resilient. This is a commitment that the United States is prepared to keep.

As President Biden announced last year, the United States is developing an Indo-Pacific economic framework with allies and partners to deepen economic partnerships in the region and coordinate our approach to global economic challenges. The Indo-Pacific economic framework is aimed to develop new approaches to trade that meet high labor and environmental standards and will govern our digital economies and cross-border data flows. We will work with our partners to advance resilient and secure supply chains that are diverse, open and predictable while removing barriers in improving transparency and information sharing. We will promote private sector investment in this region, encourage innovation, strengthen economic competitiveness, create good-paying jobs, rebuild supply chains and expand economic opportunities for middle-class families as 1.5 billion people in the Indo-Pacific will join the global middle class in this upcoming decade. Building high quality infrastructure is the key to economic growth and also a main focus of the Biden administration.

The Infrastructure Transaction and Assistance Network is an example of our infrastructure work in this region. This network brings together 14 U.S. government agencies that have collaborated to support dozens of quality infrastructure projects with a market value of more than \$190 billion in the Indo-Pacific, further strengthening partners' governance and project management capacity. Through President Biden's Build Back Better World (B3W) initiative, we are also mobilizing private capital to invest in the Indo-Pacific in order to close the infrastructure gap and support

regional infrastructure that is value driven, transparent and adhering to strong standards.

To build prosperity in this region we need to make sure our economies recover fully from the COVID-19 pandemic. That is why the United States in partnership with COVAX has donated to Sri Lanka 3.4 million vaccines and provided over \$18 million in health equipment and other relief to address the COVID-19 pandemic in this past year. We will continue to work closely with our partners in the region and beyond to strengthen their public health systems to withstand future shocks, drive investments in global health security, and expand regional platforms to prevent, deter and respond to emergencies including biological threats.

We'll also work with the WHO, G7, the G20 and other multilateral fora to strengthen preparedness and response. Together these initiatives will help end the COVID-19 pandemic and prepare us for future crises enabling our economies to recover and grow.

Climate change is one of the biggest security and economic threats facing all of our nations, and it is inextricably linked to the welfare of this region and the key driver of economic prosperity. That is why the Biden administration is working hard to address the climate crisis in this decisive decade and limit the most serious impacts of climate change. We are approaching this issue on multiple fronts. Clean energy technologies represent multi-trillion-dollar global market opportunities through 2030. U.S. leadership on developing, deploying and driving down the costs of these technologies will help our foreign partners commit to increasingly more ambitious and achievable targets. For example, we are supporting Sri Lanka's ambitious climate and clean energy goals to achieve 70 per cent renewable energy by 2030 and reach net zero carbon emissions by 2050.

The U.S. is helping the government of Sri Lanka make its power sector more secure, reliable and sustainable. Efforts in the Indo-Pacific have allocated more than \$200 million for technical assistance programming in Indo-Pacific markets to meet climate and clean energy goals, improve those markets regulatory environments and procurement processes, develop national and regional energy markets, empower women and in the energy sector, deploy private capital, and modernize energy infrastructure.

The U.S. International Development Finance Corporation (DFC) plays a crucial role in catalyzing private sector-led investment in developing economies. DFC has increased its portfolio to \$265 million in loans designed to support Sri Lanka's small and medium-sized enterprises, particularly women-owned businesses, and we are exploring additional initiatives



for sustainable manufacturing, businesses, fair trade food producers, and health services.

The Biden administration is pursuing many different initiatives to advance prosperity in the Indo-Pacific region. We are building infrastructure, tackling the climate crisis head-on, responding to the COVID-19 pandemic and building resilient supply chains. We are making large investments across the board and together with our partners, and we are answering the call to do more.



## **DEVELOPMENT**

### **CHRISTOPHER STEEL**

#### **Senior Coordinator for the Indo-Pacific at the U.S. Agency for International Development (USAID)**

The development objectives of the 2022 IPS are focused on how the collective pursuit of development goals can strengthen diplomacy, security and prosperity across the Indo-Pacific region. After the 2017 launch of the Indo-Pacific Strategy, USAID got to work advancing the goal of a free and open Indo-Pacific region.

We adopted the USAID Indo-Pacific Framework in early 2018 to build upon our successful development efforts across the region. This Framework informed all of the country-level strategies that we develop with our partners in the region and in line with the broader U.S. government vision for a free and open Indo-Pacific. USAID worked on strengthening democratic institutions, boosting inclusive economic growth, and improving natural resource management. At the same time, we continue to prioritize health and education, which are the foundations for sustainable progress across all other sectors.

In Sri Lanka, USAID has helped increase parliament's transparency, giving Sri Lankans more information on their legislature's work. To do this, USAID refurbished the parliamentary media center, introduced the live broadcast of parliamentary proceedings, and opened committee meetings to the public - contributing to timely, accurate, and efficient news reporting system that supports more informed citizens in Sri Lanka.

Also in South Asia, USAID launched a regional digital program, the South Asia Regional Digital Initiative, which increased open and secure connectivity and improved access to the internet to reduce the digital divide. Moreover, this program increased users' awareness about digital safety and helped more citizens participate in the booming digital economy, especially benefiting small and women-led businesses.

As a result of USAID's long engagement with power trading across South Asia, just over 20 million megawatt hours of power were traded between 2019 and 2020. This is enough energy to power 28 million homes for a

year. We have since launched the South Asia Regional Energy Partnership to promote clean and renewable energy and combat climate change across the region. These successes were possible in part because the Indo-Pacific Strategy promotes resilience building as a key aspect of all U.S. government efforts in this diverse and dynamic region.

But the shocks of COVID-19 were swift and unanticipated. When the pandemic hit, COVID-19 response became our top priority. USAID pivoted our assistance to meet the crisis head-on because COVID-19 needs were urgent and lives were at stake. We revised our country-level objectives based on urgent country needs and this pivot was, and continues to be, absolutely critical for saving lives and restarting economic growth. When a second COVID-19 wave overtook South Asia in the spring of last year, the U.S. government mobilized medical supplies to our partners in Bangladesh, India, Nepal, Maldives, Pakistan, and Sri Lanka. In India alone, the U.S. government rapidly deployed six plane loads of life-saving supplies to New Delhi in six days across South Asia. USAID delivered medication, equipment and more to save lives and support hospitals.

Today, we continue to address the secondary economic impacts of COVID-19. In Sri Lanka, USAID supported enterprises hit hardest by the pandemic to repurpose and retool their business operations for the “new normal,” and partner with the government of Sri Lanka. We provided specialized mentoring to small and medium enterprises, including women-led businesses, so that they could adapt while strengthening their competitiveness.

Across South Asia, the U.S. government has provided over 129 million COVID-19 vaccines, including 3.4 million doses for Sri Lanka. These vaccines complement \$386 million of COVID-19 support for South Asia to expand vaccine access, address the global oxygen crisis, and provide rapid response support to virus hot spots. But the fact remains that COVID-19 has underlined -- and in some cases exacerbated -- the governance, economic security, and environmental issues facing countries across the Indo-Pacific. In the face of these pressing challenges, the 2022 Indo-Pacific Strategy is an opportunity for USAID to re-examine our ambitious development goals. It guides us to redefine our critical work, prioritize our efforts and partnerships, and extend our leadership role to advance U.S. and regional security and prosperity. As we speak, USAID is reimagining and building upon our Framework to better harmonize with and reflect the 2022 IPS, and refine our approach to tackling issues that are important to the entire region. We are consulting with our field personnel and on-the-ground partners about this reimagined Framework. This allows us to take into account new realities facing partner countries, including the

damage from COVID-19 and its evolving challenges, as well as countries' hopes and aspirations.

Moving forward, we want to strengthen global health security while elevating climate action to the forefront of everything that we do. Advancing a secure, resilient, and prosperous region, we will renew our commitment to social inclusion, human rights, and gender equity inequality so that everyone experiences the benefits of development progress, contributing to prosperity, and increasing freedom for all in the region.

We will adapt and refine our work on critical emerging technology, digital connectivity and integration, and infrastructure so that more people can access the resources they need to thrive in line with a more connected, open and secure Indo-Pacific. We will maintain our laser-sharp focus on countering the effects of democratic backsliding to uphold democratic ideals and institutions, furthering the region's openness while advancing good governance.

Finally, a central point of our approach moving forward will be additional bilateral, regional and multilateral partnerships. Since 2020, we have expanded our presence in the region, including in the Pacific Island countries. We have deepened our development collaboration with like-minded partners, including New Zealand and Taiwan, Australia, South Korea and Japan. We intend to work even more closely with partners in South Asia, both bilaterally and through coordination with the QUAD. We are also leveraging the resources and expertise of U.S. private sector players in the region to spur even more significant development impact.

In closing, under the 2022 Indo-Pacific Strategy, USAID looks forward to continuing to improve lives and brighten futures across this vibrant region and within the countless communities that call it home, to support a free and open, connected, prosperous, secure and resilient Indo-Pacific.



## **DEFENSE**

**PETER A. GUMATAOTAO**

**Rear Admiral (Retd.)**

**U.S. Navy, Director of the Daniel K. Inouye Asia-Pacific Center for Security Studies (DKI-APCSS), Honolulu Hawaii**

Development and defense in the Indo-Pacific Strategy can be broken down into three main thoughts. From a defense perspective, the first question is what has not changed in the Indo-Pacific Strategy, what continues to grow and evolve, and finally what is at stake.

### **What Has Not Changed in the Indo-Pacific Strategy?**

U.S. interests and intentions in the Indo-Pacific region have been consistent for many decades despite changes in administration. From the defense perspective, the stress is on the importance of the centrality of working with allies and partners and focusing both on what is workable and not workable when engaging with allies and partners. Development and implementation is through collaboration and cooperation initiatives, which need to be a consultative process because the views and the concerns from countries like Sri Lanka are important.

What has not changed in the IPS is the security umbrella that has been consistently there for the past three-quarters of a century that seeks to preserve the essential stability of the region for economic growth and prosperity that is an overall priority of the Indo-Pacific. To preserve the liberal rules-based international order has, therefore, been important for us for many decades.

The IPS may look different if you think about it from a big lens, a pivot to the Pacific that went through different administrations. But what is clear is that from the United States perspective the Indo-Pacific is recognized as a region of great consequence. The U.S. truly values our partners and our allies in the region as an integral part of the Indo-Pacific Strategy because no one country -- including the United States -- can on its own ensure the security stability and prosperity of the region.

## **What Continues to Evolve?**

Some key terms from the defense side stand out when it comes to a free and open Indo-Pacific. Some key terms, or key enablers of values or principles that we all embrace, include sovereignty, rule of law, societies that are free of coercion, and open lines of communication. Prosperity in the IPS involves economic integration, foreign direct investment, and global community telecommunications. Looking at the fourth objective on building regional resilience to transnational threats, it's clear that natural resources are vital and there will be increased competition as the demand goes up. How we work with regional institutions, along with individual countries, is a part of a process that needs to evolve and grow.

Finally, integrated deterrence is not just about our national power, but is about a collective approach to deterrence. When it comes to defense in the Indo-Pacific Strategy, integrated deterrence is the cornerstone. It involves using all capabilities in all domains - including sea, land, air, and cyber space --and leveraging every instrument across the whole of government.

## **What is at Stake?**

What is at stake is our ability to respond to activities that undermine the values and principles of a free and open Indo-Pacific. Competition is good, but when rules are changed, the process should be transparent and agreed on. We should all work collectively as a group of like-minded countries to ensure the preservation of the existing framework that has provided all of us these many decades of peace, prosperity, and opportunities for development.



# POLICY PAPERS



# **BIDEN INDO-PACIFIC STRATEGY AND ITS IMPLICATIONS ON SMALL STATES: A SRI LANKAN PERSPECTIVE**

**Harinda Vidanage**

## **ABSTRACT**

*The paper explores the transformation of the Indian Ocean region into a geopolitical space of contestation, its unique characteristics, and the key players that shape and provide meaning to a new strategic space. The analysis focuses from the vantage point of the Indo-Pacific Strategy of President Biden that was unveiled in early 2022, while reflecting on strategies adopted by previous Administrations and the necessity and functional purpose of these strategies. The core of the policy focus is on the impact of grand strategic road maps and their action plans on small island states in the region and how regional hegemon India uses the strategy to seize the moment to advance and preserve its interest in the region and beyond. The central focus is on the dual policy dilemma of a small state through the experiences of Sri Lanka with its latest mix of political economic and social crisis and increasingly under the shadow of a rising India in the neighborhood and a United States that has invested serious interest in the region and yet tethered to China due to its loans and political support to end the war, generating a strategic dilemma. Sri Lanka's policy compulsions and challenges make the core dispensation of the analysis, which is underpinned by concepts and framings that academics have used to understand the role of small states in the context of big power rivalry and the defining rivalry of the 21<sup>st</sup> Century.*

**Keywords:** *Indo-Pacific Strategy, Small State, Sri Lanka, Policy Dilemma*

## **Introduction**

Sri Lanka has entered its own version of a geopolitical quagmire partly self-made and partly externally superimposed, this concoction is made from a serious endogenous (momentous economic crisis, and exogenous shocks since the 2019 Easter Sunday attack, Covid-19: health security

dimension) and weaponization of the Indian Ocean. The paper explores the concise origins of this new condition and its impact on the region and on a small state like Sri Lanka, its limited policy options and the fallout of deep strategic constructions created on small island nations.

In the late 19<sup>th</sup> Century, Sri Lanka was called the 'Clapham Junction of the Ocean', especially due to the increase in bulk of steam ships that connected far east locations to Australia, Colombo became an important coaling port, and these include many western powers as well as the ships representing the Russian Volunteer fleet. By the early 20<sup>th</sup> Century, Colombo port had achieved a phenomenal winning streak with its profits increasing up to 300 percent (Wright 1907:369). nearly a century on, Sri Lanka and its strategic location remains today more as a myth than an actual hub that generates strategic interest.

The new development is that Sri Lanka's location amidst the busy sea lanes has witnessed a newly vitalized interest and competition developing to dominate or influence affairs in the Island nation among rival and revisionist powers in the 21<sup>st</sup> Century. This policy driven academic paper is based on the premise of small states' plight in the context of new geopolitical architectures.

## **Indo-Pacific**

The shaping of the Indian ocean and its most recent iteration of being rebranded as 'Indo-Pacific' is a sheer geopolitical strategic construct which is embraced by the USA, India, Australia, Japan and is pushed as a new identity, ideologically and as the normative operational parameter, which is the effort of institutionalizing the new construct. The above strategic configuration and the subsequent naming of it as the Indo-Pacific represents in the words of Australian security scholar Rory Medcalf (2018) the attempt to create a 'Strategic system' or in many western perspectives to unpack the sheer number of economic and trade volumes that use the Indian and Pacific ocean systems that is opening up of a 'super-region' as Jaishankar, the current Indian foreign secretary argues that (Jaishankar, 2020: 38). In the light of the global balance being so fluid, the shaping of the local one has become a subject on its own.

The significance of the Indo-Pacific Strategy of the United States beyond its direct importance as a strategic container was its influence on elevating the competition within the regional commons and its clear intention of competing, buffering and strategic deterrent to China. This binary construction has made it a serious challenge for small island nations in

the region and especially ones that already are endowed with geo-strategic significance such as Sri Lanka.

Jackson argues the impact of Robert Kaplans tour de force the Monsoon, where he popularized the idea of the Indian Ocean and its importance as the pivot region of 21<sup>st</sup> century geopolitics. Whilst American security establishment was pushing for a reorientation of US state foreign policy goals that incorporated a firm push towards prominence to Asia, the analyst is concerned that US maybe creating a super region which is amalgamating South Asia with that of East Asia where strategic and security concerns of states in the region are not mutually exclusive (Jackson, 2021).

Even in the latest Indo-Pacific Strategy of Joe Biden, there is a clear view, 'that American interests can only be advanced if we firmly anchor the United States in the Indo-Pacific and strengthen the region itself, alongside our closest allies and partners' (2022 White house). Kevin Rudd (2022) argues that such ambitions can only be achieved through managing strategic competition of each country in the region while that can be offset across realms of diplomacy, economics and ideology where American and Chinese leadership then can find forums to cooperate despite the competition.

Whilst the Indo-Pacific Strategy is based on an American strategic ambition and America's security outlook for the 21<sup>st</sup> Century, to understand the impact of such grand strategic container on small and island states in the region, it is critically important to understand the reception of the idea by regional powers. In the case of Sri Lanka, nothing matters more than how the Indo-Pacific is embraced and operationalized by India.

## **Region and India**

South Asia is a key strategic sector in the larger Indo-Pacific framework that signals the increasing competition mainly between China and the United States to shape the regional order to advantage itself. From a policy perspective, India's role in embracing this new reality and its approach is a key determinant of how it affects small states in the region. India's focus on the idea and concept of Indo-Pacific is driven by the China factor, as Prime Minister Modi in his keynote address to the Shangri la dialogue in 2018 explicitly commented about India's position vis a vis the Indo-Pacific signaling India's strategic posture and ambition.

Enhanced security cooperation in the region which includes bilateral and multi-lateral agreements between India, United States, Japan, and

Australia has witnessed an unprecedented modernization drive with the Indian security establishment with a clear China focused approach. The activation of the Quadrilateral Security Dialogue (QUAD), a strategic security grouping tying the United States, India, Australia and Japan and QUAD based security collaborations and military exercises, and multilaterals such as two plus two arrangements between India and the United States are driving an unprecedented level of securitization of a multiple of domains and spheres of strategic interest in the region

In his keynote address at the 2018 Shangrila dialogue, Prime Minister Modi unveiled an ambitious Indian vision of the Indo-Pacific. His geographic framing was a container with wide boundaries 'from the shores of Africa to that of the Americas'. This came in the backdrop of Modi's reorientation of Indian foreign policy from one that was exploring the new frontier of its engagements to a more nuanced by proactive engagement with the East. Rajagopalan (2020) claims that the act east policy has a primary leaning towards economic linkages its genesis has a strong strategic connotation. He further claims, 'India's approach to the Indo-Pacific is much more directly designed to counter China's growing power and expansion into South Asia and the Indian Ocean.' If one analyses policy statements that came from top American policy makers since the pivot to Asia and into Pacific strategy, Former Vice President Mike Pence's speech at the Hudson Institute stands out as one of the most poignant and targeted delivery of America's strategic interest in the Indo-Pacific and its perception of China as a strategic rival. He stated that,

'to advance our vision of a free and open Indo-Pacific, we're building new and stronger bonds with nations that share our values across the region, from India to Samoa. Our relationships will flow from a spirit of respect built on partnership, not domination' (Mike, 2018)

Similar to United States' view on China as the key driver of the Indo-Pacific Strategy, India has the same compulsions given the fact that as Rudd points out that the United States also could engage with China in platforms of multilateral arrangements. India's urgent need to balance China underscores the fact that India also seeks avoiding provoking China. Rajagopalan (2020) points out that these two objectives remain incompatible as India since Modi has gone down a rapid military modernization and a strategically assertive path where China clearly feels India's revulsions, and India has not successfully balanced in conveying the message to China that it is not seeking a concentrated targeting of China. Such ambiguity in the Indian position has led to Chinese reactions especially in island nations such as Sri Lanka where China till recently maintained a significant influence through direct government linkages,

and it will do so for a foreseeable time given its investments, loans for developing vital and critical infrastructures.

### **Geopolitical Compulsions**

As South Asia remained and still remains a non-priority operation theatre for Americans and since US withdrew from Afghanistan there seems to be a drawdown of the US foot print in the terrestrial sense, yet the Ocean system remains more of a priority. According to Joshua White, the major policy implication is the conduit the ocean space plays which he identifies as an interstitial location that binds two priority operational theaters for American forces, the Middle East and the Western Pacific.

The larger strategic and geopolitical meaning comes from, as recently observed by Doshi and Campbell, the need to establish a balance of power in the region, the acute need to establish partnerships and alliances to deter China. China in the Indo-Pacific context is the largest trading partner with many of the region's nations, and it has surpassed the United States as the largest trading nation in the world by 2013 (Monaghan, 2014). Thus there clearly is a deficient in strategic consensus in the Indo-Pacific realm on how to respond to China. What needs to be understood is how will China respond to all these constellations and how its interventions will work. At the moment it is focused on a new kind of infrastructure grand strategy in the form of the Belt and Road Initiative (BRI) which has its critiques as well as supporters.

The Geopolitics of the region has evolved significantly as a reactionary feature emanating from Indian Defense and Foreign policies, which has factored in by China's expanding influence in the region and its engagement with India's immediate neighborhood. Harsh Pant (2019) observes that China's economic and political power has been matched by commensurate growth in its profile in the Indian Ocean region, which he argues is driving Beijing to increase its leverage in the region, and the India's state security concerns are that in such case the Chinese expansion is nothing less than of an encirclement strategy of India (Rajagopalan, 2020).

India has recently strengthened its strategic partnership with the United States, even as defense ties have advanced, the overall bilateral relationship has become notably imbalanced, with other key areas of cooperation characterized by friction or indifference (White, 2019). The new administration will, in any case, have to grapple with this new and complex set of centripetal and centrifugal forces acting on the bilateral relationship as divergences are emerging on global governance issues and

foreign relations when it comes to India's position on Ukraine, Iran and even its role in the Asia-Pacific.

It is important to observe in two new publications with significant policy impact, the current foreign secretary and the former foreign secretary and national security advisor Shiv Shankar Menon of India have highlighted the challenges for India in the new century, and they both argue that we have entered a complex time and the implications of continuous distribution of power and increasing number of great powers competing power sources that will ultimately lead to the erosion of the existing rules-based systems and regulatory frameworks as highlighted by the ongoing Russian military campaign within Ukraine. Jaishankar points out that, as new capabilities and domains rise, global rules will struggle to keep pace. These developments will pose challenges to a rising power like India that would definitely prefer greater predictability. (Jaishankar, 2020: 41)

While the United States is promoting the freedom of navigation mantra, Australia is influencing the popularization of the rules based global order, when actually the post-world war liberal order is in serious crisis. India under Modi is an important factor in understanding the Indian ocean dynamics from an Indo-Pacific connotation, Modi has successfully managed to take India out of the South Asian fold and containment. Indian Amb. Parthasarathy claims India embraced the idea of South Asia and its strategic contours as a form of India's practical accommodation of its limits that was confined to influencing South Asia in the early 90s (Pararthasarathy, 2018).

Yet with Modi administrations Act East policy and India's active role in expanding its security parameters, military modernization, diplomatic engagements with East Asia and clear consolidation of power in the Bay of Bengal are clear signs of an India that has overcome its inhibitions of being a limited sub regional power to a more confident player. Prime Minister Modi's most recent remarks and India's clear thrust in the Maldives is a classic example of its confidence and rather open moves to consolidate power. India in the last three years have built up capabilities especially in the Indian Ocean and through a robust neighborhood policy to embed itself in affairs of the Maldives, Nepal and Sri Lanka. Sri Lanka since 2019 has seen a clear shift and expansive dependency developing on India to achieve its security objectives, and India using the internal security challenges from Covid19 and Sri Lanka's ongoing economic crisis has deepened its strategic footprint in the Island nation.



## **Sri Lanka's Contemporary Security Challenges**

Munich Security Conference report 2021 identified the pandemic as a poly-pandemic (pandemic that has cascading effects on all structures of society) which shakes the other foundations of a society. Sri Lanka was caught right at the center of the crisis. It was deeply ill-prepared to face the cascading effects of the crisis. Two years on from the outbreak, whilst the global economic and finance outlook seems bleak for the considerable future, Sri Lanka's situation remains much worse, and its strategic calculus will be deeply affected by limitations across the board.

Sri Lanka is a unique case of how the security thinking managed to incorporate its military arms to successfully achieve vaccination campaigns to mitigate the waves of Covid19 outbreaks and remarkably remain one of the success stories in achieving high vaccination levels in the public. It also is a victim of its own success as these tactical efforts could not be institutionalized or government policy could not be derived to sustain the success to provide a holistic security to the country, as the country did not possess a national security strategy that was integrated into safeguarding dimensions such as supply chains, banks, economic enterprises, thus the lack of a sustainable security policy soon undermined the success of the military civil achievements such as high vaccination rates.

Sri Lanka's security dilemmas are intrinsically linked to its status as a small state in an increasingly polarizing and militarizing regional sphere. As Keohane (1969) locates the properties of a small state, it is one that is not confident of independent decision making, and as Robert Rothstein (1968) defines a 'small state' is one which recognizes that it cannot obtain security primarily by its own capabilities and that it must rely fundamentally on the aid of other states, institutions, processes and developments to do so. Sri Lanka in the last two decades have drifted to China's orbit starting from the last phase of its conflict with the separatist Tamil tigers and in the last few years has made a major course correction and is currently seeing the pressure from India. India has become the fundamental lifeline for Sri Lanka's existence as it is reeling from a triple crisis of food, energy and financial security.

Sri Lanka's security challenges remained constant from the early 80's till the end of the conflict in 2009, and the focus of every administration was to respond to and counter the threats from the LTTE amidst negotiations, peace talks and cease fires, while the threat was constant. The country's security discourse and narrative were deeply entrenched as a response to its internal conflict. Even the narratives on non-traditional security issues such as economic and political security, conflict resolution and

transformation (Uyangoda, 2007) were all focused on the conflict dynamics. In the last decade or so since the end of the conflict, Sri Lanka has gone through a period of transformation especially in addressing its security issues. Yet internal and external volatility has contributed to a failure to articulate a clear security strategy or foreign policy.

## **Policy Implications**

Sri Lanka faces a multitude of policy challenges across national security, foreign policy and defense planning since the end of the internal conflict in 2009. A major policy limitation is the collective imagination among public and policy makers of an oceanic identity. Sri Lanka still needs to make national security policies, which it is struggling to achieve, and a national security policy will assist Sri Lanka in calibrating its foreign policy as well.

Sri Lanka is still living in the time between building reliable alliances, and partnerships versus discovering its strategic autonomy. Not just Sri Lanka but Bangladesh and Nepal are developing their strategic autonomy. Sri Lanka's foreign policy choices remain anachronistic to the demands of the era, and it is trapped in a semi-cold war mentality that constantly makes us see the world as a set of binaries and to best avoid the binary trap we follow a non-aligned policy or when it comes to great power rivalry, Sri Lanka has recalibrated it into a neutrality concept. Nonaligned policy or neutrality are pragmatic choices for the 21<sup>st</sup> Century and in theory it may feel and sound right but with sheer necessity of economic crises and development drives Sri Lanka needs to pragmatically make its foreign policy choices and make use of strategic drives such as the Indo-Pacific Strategy.

There is a fresh initiative since the last two years with serious focus on the development of a national security strategy. Still the puzzle remains why Sri Lanka took nearly one and a half decades since the end of its military operations against the separatist Tamil Tigers to articulate a national security strategy that responds to the rapidly transforming global security challenges.

Despite the political, economic and non-traditional security challenges that were mentioned above, policy planning for the future needs to be based on certain fundamental strategic shifts because the new build up in the Indian ocean powered by competing grand strategies or Indo-Pacific and Belt and Road Initiative (BRI) are different to how big power rivalry played out in the neighborhood during the past especially in the Cold War era, where most of Sri Lanka's foreign and defense policy stances were shaped

as a response to Cold War dynamics and as a small state's navigational guide. Such binaries dissipated, a new complex environment is emerging, and thus diplomatic and strategic thinking for the future cannot afford to be based on the 20<sup>th</sup> Century DNA of its predecessors.

Political myopia has infected policy membranes of the system. Thus, Sri Lanka remains without a national security strategy, minus a doctrine and handicapped by the inability to articulate a national defense strategy. Biden's policy in the Indo-Pacific represents the efforts to institutionalize the region, to create order and to generate a set of norms such as the free and open Indo-Pacific, and it also encourages the balance of power solutions to construct strategic groupings as AUKUS demonstrated. Sri Lanka's impending economic crisis and political myopia, when it comes to longer term decision making and strategizing, symbolize a state which is strategically located yet in its legacy mode remains strategically blind and a small state drifting with less visibility in an increasingly contested ocean space, which is an alarming situation.

The policy choices that Sri Lanka is compelled to make as a small state in the context of strategic rivalries will decide its future. The current big power rivalry presents an allusion to a new Cold War, yet the complex global systems and interdependent cascading effects of crises such as Covid19, technological disruptions symbolize new global conditions. What worked in the 20<sup>th</sup> Century has half the efficacy in these scenarios. If the country pursues ideological neutrality, and at the same time rubs India in the wrong side, Sri Lanka's successful escapism of the cold war may run out. Its policy choices must be pragmatic and functional. The classic example is the loss of the Millennium Challenge Corporation Compact (MCC) in 2021 due to pressures emerging from local protests. Sri Lanka remains a case of what is yet to be seen and a negative case for doing too little too late when region's fluidity becomes regions of rigidity, the price we pay is yet to be seen, the opportunities offered by grand strategic framings such as the Indo-Pacific should be approached not as regular development assistance but as an opportunity that has to be approached without compromising the fundamental national security imperatives.

## **Conclusion**

The cold war period and the post-Cold War period both saw the Indian Ocean not as a primary thrust vector in any rivalry, nor did it have competing players who were regional. The only regional power was India and the United States remained an extra regional player. This was the typology that was used, and China was an Asian power but not an Indian

Ocean contender. The new strategic construct of connecting the two oceans into one large strategic space or continuum has brought increased interests and presence of the big three, i.e. India, the United States and China as regional and systemic competitors.

Since the end of the conflict in 2009, Sri Lankan policy makers have failed to come up with any form of national security strategy that reflects the comprehension of the new global environment.

Whilst there were efforts to formulate such strategies, they were limited to mere deliberations with only one such proposal reaching at Cabinet level as revealed in interviews conducted for this research, where the common grievance was lack of political will to implement or expand the deliberations. There were changes in governments, yet there were no initiatives to set up or introduce a national security strategy. Whilst the practitioners blame policy leaders, the last decade has witnessed the increasing of rigidities of foreign policies of external players from US Indo-Pacific strategies to India's view of the Indian Ocean and of South Asia.

To address the above theme of security and defense in 21<sup>st</sup> Century Sri Lanka, the endogenous dimension should be revisited, which inevitably has to address modern historical developments. The reason this approach is taken is to showcase a unique dilemma that led to the puzzle of why Sri Lanka remains resistant to change despite being an island nation with historical tracings of various waves of traders from far east to west traversing and interacting mostly on trade with ancient kings and coming to a century where geopolitical drivers have an increasingly maritime form.

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# MARITIME SECURITY ISSUES OF SMALL ISLAND STATES IN THE INDIAN OCEAN

CHULANEE ATTANAYAKE

## ABSTRACT

*The emergence of the Indo-Pacific as a key theatre of engagement in the 21<sup>st</sup> century is a result of its profound strategic transition to the post- Cold War scenario. The transition of the Indo-Pacific security architecture into a multipolar system from a unipolar system structured around the US dominance, the rapid ascension of China as a global power challenging the Western-centric liberal order that has led to the return of great power competition and incorporating South Asia into the center of the world geopolitics are all part of a profound transition the world is experiencing. These rapid changes have raised conceptual problems and strategic challenges for countries in the region provoking the US and its allies to revisit their strategies in the region.*

*One of the significant characters of the emerging global geopolitics is the increasing relevance of the small island states for Indo-Pacific geopolitics. The islands are seen as objects that can be shaped and used in various ways to enhance major players' strategic position in terms of defense cooperation, joint military operations, and offshore facilities. This increasing relevance has both enhanced and marred their potentials and opportunities, and risks and challenges.*

*Amidst this backdrop, this chapter explores the importance of island states within the Indo-Pacific framework and sheds light into their security concerns. The paper discusses how the US strategy of engagement should focus on overarching security concerns of the small island states.*

**Keywords:** *Indo-Pacific, Island States, 21<sup>st</sup> Century Geopolitics*

## Introduction

The Indo-Pacific region has emerged as a key theatre of engagement in the 21<sup>st</sup> century. The region is undergoing a strategic transition as profound as the economic transformation that preceded it. The rapid ascension of China as a global power has challenged the Western-centric liberal order. The resulting revision to global order and the power transition has led to the return of great power competition. As a result, China and the US are competing for strategic influence, resources such as energy and raw material, and connectivity. The competition has transformed the sea lanes of communication to maritime highways.

The major power transitions in Asia have resulted in advances in military technology, are shifting the regional offence-defense balance and have provoked the US and its allies to revisit their strategies in the region. As such, multiple minilateral alliances have emerged within a framework of a multipolar system. Besides the Quadrilateral Security Dialogue or the Quad, which is led by the United States, there are other minilaterals in which the US is not a part of, such as ones between India-Japan-Indonesia and India-Japan-Australia. Intrinsicly, the post-Cold War Indo-Pacific security architecture built on a unipolar system structured around the US dominance is gradually changing into a multipolar system.

In the meantime, the region is also showing bipolarity. Majority of the existing minilateral security groupings, including the Quad are being seemingly formed to respond to China's rise. As a result, the lines of divides between the two ideological camps of the US and China are becoming stronger.

Finally, the new Indo-Pacific system has brought South Asia into the center of the world geopolitics, and an integral determinant. With India making a choice to be aligned with western democracies in order to balance against China for the first time in the history, South Asia as a region, and the small island states in the Indian Ocean in particular, have become extremely important strategic partners. The more their strategic importance has risen, the more their security concerns have grown. While the island state's security threats emanating from the great power garnered widespread international attention, their unique security concerns are being ignored in the public discourse. The world is focused on geopolitical and strategic competition in the Indo-Pacific region, neglecting the small island state's broader conception of security in the region.

Amidst this context, this paper explores the importance of island states



within the Indo-Pacific framework and sheds light on their security concerns. The paper discusses how the US strategy of engagement should focus on overarching security concerns of the small island states.

### **Small Island States in the Indo-Pacific Context**

The islands are seen as objects that can be shaped and used in various ways to enhance major players' strategic positions (Till, 2019). They can be bases for offensive or defensive operations, or be offshore facilities like Djibouti. They can offer valuable logistics support for naval and air force operations like Diego Garcia. While they can be important partners for defense cooperation and joint military operations, they can also pose a strategic concern to competing powers. For instance, the islands of the South Pacific are becoming a strategic concern for Australia due to the growth of China's naval and commercial presence in those island states (Dobell, 2018; Wallis, 2020). Kurt Campbell, the US National Security Council coordinator for the Indo-Pacific, identified the Pacific as the theatre where Washington is most likely to see a "strategic surprise" from China reflecting that they are concerns of the possibility of China seeking to acquire military facilities in the Pacific, limiting US influence in the region (Brunnstrom and Needham, 2022; Singleton, 2021).

Even though the US raises concerns over China's growing influence in island states in the Indian and Pacific Oceans, its policies of engagement with the island states are obscure and abstract. Moreover, the limited focus given to island states are for islands in the South China Sea and the Pacific. This is evident in the latest strategic report, the US Indo-Pacific Strategy. The report notes at the beginning that the US will "focus on every corner of the region, from Northeast Asia and

Asia to South Asia and Oceania, including the Pacific Islands." However, there is no significant focus on Indian Ocean island states such as Sri Lanka, the Maldives, Mauritius and Seychelles throughout the report. Given how the Indo-Pacific Strategy is seemingly constructed to focus around ASEAN centrality, Mauritius and Seychelles are seemingly even more neglected. There is significantly less engagement on the part of the US with small countries in South Asia and the Indian Ocean, as opposed to its engagement with the Southeast Asian nations and the Pacific nations. The limited engagement in the South and Western Indian Ocean region is implemented via its engagement with India. Hence, it is evident that the US and other Quadrilateral countries have limited understanding on the island states' security and strategic concerns. Their perceptions are marred by the great power rivalry and their equation with China. their

equation with China.

### **Island States in the Indian Ocean**

In discussing their security concerns within the growing Indo-Pacific context, this paper focuses on the island states of Sri Lanka, the Maldives, Mauritius and Seychelles. These island states are different in their geographic, demographic and economic compositions, yet they share several common characteristics. The four island states are modern-day multiparty democracies with a complex ethnic situation and bound by common colonial history. Hence the demographic, economic, social and political changes emanating from the colonial experience have had a greater influence on their post-colonial destinies. They are abundant with natural beauty, but they have limited resources to boost their economic development. As a result, they are dependent on limited industries such as agriculture and tourism. Most importantly, they are strategically located, making them theaters of power play in the Indo-Pacific power struggle, especially caught between India and China.

Sri Lanka is a self-proclaimed small island state situated in the middle of Indian Ocean sea lanes of communication connecting the East with the West. While it does not fall within the theoretical definition of a small island state, it is being identified so for its smallness compared to its big neighbor India, and due to domestic and external perception of a state's role in the international hierarchy and external behavior (Attanayake & Atmakuri, 2021). Its strategic geographic location has been a source of attraction for many great powers in the history including the Portuguese, the Dutch and the British. Today the great powers, the US and China along with the regional power India are vying for influence to realize their respective national interests. Particularly, Colombo is subjected to China's and India's great power competition in the Indian Ocean. This competition has impacted Sri Lanka's economic and foreign relations in ways of bringing economic advantage as both countries flex their economic muscle to gain strategic influence. In the security sphere, Sri Lanka's strongest military and defense partnerships are with India. For decades Sri Lankan forces are trained at prominent military schools and establishments in India. Recent years however have seen Colombo strengthening its ties with Beijing and Washington. For the US, Colombo has emerged as one of the important maritime security partners. This is evident from the fact that Washington's defense and military engagement has increased over the last decade including maritime exercises and frequent port calls (Gunasekara, 2021; Attanayake, 2018). Marking a pinnacle in the relationship, then-US Pacific Command (PACOM) Commander Admiral Harry B. Harris was the keynote speaker for the seventh iteration of the Galle Dialogue in

2016. The Acquisition and Cross-Servicing Agreement (ACSA) was signed in 2017. The Status of Forces Agreement signed in 1999 was discussed to be renewed to Visiting Forces Agreement (VFA) in 2019, yet it did not see the light due to domestic opposition. Apart from military and defense agreements, the two countries have continued to engage in joint military exercises in which the US has been facilitating Sri Lankan military in maritime domain awareness.

Sri Lanka's defense and military ties with China have mainly focused arms trade where the Stockholm Peace Research Institute notes that military equipment traded since 1959 is worth US\$ 749 Million. The military ties have gradually improved since the end of the war in Sri Lanka in 2009. Apart from continued arms purchase, which has significantly declined in volume, there is an increase in the bilateral military interactions including the port calls by Chinese warships and missile destroyers, and the visits by senior defense officials including the Minister of Defense (Attanayake, 2021). China participated in joint exercises with Sri Lankan tri-forces, including the Cormorant Strike which was initiated in 2010.

The Maldives is located 250 miles southwest of India. With its extended security, cultural and economic ties, the island state is in India's orbit. Even though it has had a non-aligned foreign policy since the cold war era, it calibrated a strategic relationship with India as its de facto port of the first call for security and defense purposes, which later developed into an "India First" foreign policy since early to mid-2000s (Zahir, 2021). Following this, India became the main provider of military training and equipment for the Maldivian defense forces. Even so, China remains an important actor in the Maldives providing infrastructure investments and development loans. The entry of the USA into the Maldivian waters has further escalated the strategic contests in the island nation. In September 2020, the US and the Maldives signed a defense pact which was in discussion since 2013, and was delayed due to not receiving a favorable signal from New Delhi. The resumed agreement is perceived as a bid to check China in the Maldives and as a result of the strengthened relationship between India and the US.

The African island nation of Seychelles is a small island state with a similar colonial history and political, social and demographic characteristics to those of the South Asian islands discussed above. With a racial mix of a predominantly African descent Creole population that consists of followers of Catholicism and Christianity, the island also has Franco Seychellois and Chinese influence, and an Indian element in its population (McDougall & Taneja, 2019; Lintner, 2019). The Indian affinity has played a significant role in Seychelles' foreign relations, and New Delhi provides military training, has built Seychelles Defense Academy, and has provided naval patrol

vessels and maritime surveillance aircraft and coastal surveillance radar system (Brewster, 2014; McDougall & Taneja, 2019; Ministry of External Affairs, India, n.d.). In 2003, India signed a defense cooperation agreement with Seychelles and provided defense consultations to the President (Pant, 2018; Das, 2019). In 2014, Seychelles was included in the India-led Trilateral Maritime Security Cooperation Arrangement with the Maldives and Sri Lanka. In 2018, New Delhi also signed an agreement allowing the establishment of an Indian naval base and an airstrip (Lintner, 2019). However, it has not materialized as of now. China, in the meantime, have explored the possibilities for enhancing defense cooperation, including training, equipment supply, and high-level exchange with Victoria. Prior to establishing its first overseas naval base in Djibouti, China established a port in Seychelles or facilitated the Chinese Navy getting assistance during anti-piracy patrols on the Somalian coast (Lintner, 2019; Brewster and E Percival, 2014).

Mauritius is an African island state located 800km from Madagascar and further away from the African mainland. It is a transit point of trade between South Africa and other countries. Mauritius has had a defense cooperation agreement with India since 1974, and since 2014, it joined the India-led TMSC mechanism (Scott, 2015, Mohan, 2013). Moreover, India also provides national security advice to Mauritius, making the small island country willingly subordinate to New Delhi (Brewster, 2015). Mauritius' ties with China focus primarily on economic and trade relations. China sees Mauritius as significant in its BRI and the island state as its gateway to Africa (Lintner, 2019). Mauritius values expansion of trade and investment with Beijing as advantageous for its economic development (Ancharaz, 2009; Cotterill, 2017; Lintner, 2019; Ancharaz & Tandrayen-Ragoobur, 2013).

### **Island States' Security Conception in the Indo-Pacific Region**

In 2012, the former President of Kiribati Anote Tong noted the increased interest in the Pacific Islands by external powers, commenting that it is 'nice to be relevant' (Smith and Wesley-Smith, 2021). However, it was also noted that the increasing relevance has both enhanced and marred their potentials and opportunities, and risks and challenges. For the small island states, partnership with traditional players such as the United States and India is important, yet they are also sympathetic to Beijing's interests (Baruah, 2022). For them, China's new-found interest in their region has provided an opportunity and has been a catalyst in renewing focus from the traditional players.

Most importantly, there is a significant difference in the way the small island states perceive their security concerns and challenges. Their concerns are not limited to increasing geopolitical tensions in the region, and they extend to both traditional and non-traditional security issues.

It is important to note that, unlike the way the major powers perceive, small island states do not view China as a security concern. They do not want to be a part of geopolitical tension as they do not want to rely on one partner for their security. For them, engagement with all players is equally important in realizing their security and economic interests. This is evident from the fact of how the small island states attempt to steer away from having exclusive policies or strategies to support the Quad or the Indo-Pacific Strategy specifically as their way of staying neutral. Almost all these small island states discussed in this paper participate in discussions, dialogues and international engagements on Indo-Pacific, yet, rarely use the term Indo-Pacific in their official documents. For instance, discussing the geopolitical tension between China, the United States and India, Foreign Secretary of Sri Lanka, Jayanath Colombage stated, “We don’t want to be a part of it. And honestly, we don’t like to see a single power becoming a hegemonic power in the Indian Ocean. We wish to remain neutral in the game.” (Carnegie Endowment, 2021b). Moreover, even though Sri Lanka officially endorsed the Indo-Pacific concept in 2017 in a joint statement issued with the US at the second US-Sri Lanka Partnership Dialogue, the Foreign Secretary has repeatedly raised the issue of the Quad becoming an exclusive military alliance, but he has emphasized Sri Lanka’s willingness to collaborate on economic terms.

The Maldivian Foreign Minister Khaleel has noted that the “Indian Ocean may become a key threat for strategic competition between major rival powers”, and he expresses hope that “the Indian Ocean will not witness a security dilemma in which activities by larger outside powers to enhance their own security interests create insecurity for others in the region” (Carnegie Endowment, 2021a). Male has not issued an official strategic document on the Indo-Pacific; however, given Solhi’s pro-Indian foreign policy, it is evident that Male perceives the concept positively. Male emphasizes the impact of the geopolitical development in the Indo-Pacific and its critical significance to the Maldives and stresses that peace and stability in the region is intrinsic to the peace and stability of the island state. Both Mauritius and the Seychelles have participated in events such as Ministerial Forum for Cooperation in the Indo-Pacific held in France in February 2022. Yet, the use of Indo-Pacific in its official political rhetoric is missing in the latest policy documents.

It is interesting to note how there is a discrepancy in the understanding

of security priorities for the small island states. The Quad partners view China's presence and growing influence as the major security priority for the small island states. However, the island states have a different view point. They acknowledge that the great power struggle brings new security challenges and concerns. Yet, for them, climate change; illegal, unregulated, and unreported (IUU) fishing; piracy; plastic pollution; and oil spills are the biggest security threats in the Indian and Pacific Oceans (Baruah, 2022). These issues rarely make it to the top of the list of security concerns for major powers in the region.

### **Destabilized Security, Militarization and Nuclearization**

As the naval competition is increasing among the major players, there is a risk of conventional naval balance and nuclear balance being destabilized. Like it was in the previous decades, there is a risk of such competition ending up with hot wars due to accidental, inadvertent, or deliberate escalation. The issue of deliberate escalation is particularly concerning in the Indo-Pacific because its geography consists of closed narrow and shallow seas and choke points. Almost all the players involved in the competition are highly dependent on the SLOCs in the region for their economic, political and security stability. As the competition is increasing, they fear that their opponents may disrupt the supply chain. China raises concerns with regard to Malacca strait. The US, Japan and other players raise concerns over China's activities in the South China Sea. For instance, in 2004, a Chinese submarine "accidentally" navigated undersea from the south towards the north of Japan's territorial sea. This incident led to a diplomatic issue in which Japan requested an 'apology' from Beijing. However, China only issued a statement regretting the incident that happened (Masahiro, 2006). Given the history and development between China and Japan, the Chinese atomic submarine's accidental incursion would have been read as some hidden or latent intention in the extensive submarine activities of China in the East and South China Seas and beyond into the Pacific Ocean (Masahiro, 2006). In October 2021, a US nuclear submarine collided with an unidentified object while operating underwater in the Asian region. While there is no available public news on the exact location where the collision happened, the submarine is claimed to be operating in the South China Sea. The US Navy has sought to challenge China's disputed territorial claims on small islands, reefs and outcrops (CBS News, 2021). Beijing voiced its displeasure over the US submarine collision claiming Washington had failed to provide an explanation of the vessel's navigational intentions, the specific location of the accident, whether it was in the exclusive economic zone or territorial waters of any country, and whether it caused any nuclear leak or damage to the ocean environment (Dangwal, 2022).

With the geopolitical tension between the US-led western bloc and China unveiling in the Indian Ocean, the conventional naval and nuclear balance in the Indo-Pacific is diminishing. As India joins the ‘nuclear triad’ power group by introducing nuclear-powered ballistic missile-carrying submarine (SSBN) to its nuclear deterrence, Pakistan will likely be compelled to restore the strategic balance, making the Indian Ocean region a nuclear ocean, contrary to its former existence as a nuclear-free zone during the cold war period.

### **Violation of Maritime Boundaries**

The small island states are concerned with the risk of great powers not abiding by the rule of law and norms of behavior in the high and territorial seas as a by-product behavior increased geopolitical competition.

On the one hand, some great powers make aggressive territorial claims avoiding the rights of the small countries. As it is experienced in the South China Sea, China has made extensive claims that are in conflict with the territorial claims of the small Southeast Asian island states. In response to China’s aggressive behavior, the US and its allies have been making their own missions in the area. Most importantly, the situation in the South China Sea clearly shows that the small islands have limited capacities to counter and respond to such maritime encroachments. Even though other major powers can and do respond to such issues of freedom of navigation, such operations too may encroach upon the EEZ and maritime policies of small states. For instance, in March 2019, Chinese UUV was discovered on the shipping line of the Strait of Malacca between Indonesia and Singapore. In January 2020, a drone was found near the Sunda Islands belonging to Southern Indonesia and on the Lombok Strait of Indonesia, which connects the Java Sea to the Indian Ocean. (The Guardian, 2020). China is repeatedly seen deploying survey ships in the Indian Ocean to gather information on the underwater environment. In 2021 there were multiple reports on China surveying Indian Ocean Seabed near Indonesia and the Andaman and Nicobar Islands (Sutton, 2021).

In the meantime, some great powers interpret and perceive the innocent passage and the freedom of navigation differently. For instance, an agreement concluded between the US and the USSR in 1989 has acknowledged that, as the two major naval powers at the time, they have the right of innocent passage, without prior authorization or notification, for warships (Lowe, 1991). This contradicts with the UNCLOS definition of innocent passage which is being followed by the majority of the countries. Following this interpretation, the US continues to conduct Freedom of

Navigation Operations (FONOPS), which sometimes violates the territorial rights of the maritime states. While such operations have become common in the South China Sea, the recent FONOPS conducted in the Indian Territory in April 2021 by the US provide an example as to how this can well be implemented in the Indian Ocean region should Washington see the need (Mittal, 2022). Even though these may raise concerns, there is little that the small island states can do in response.

## **Illegal Fishing**

One of the major security concerns for the small island states is illegal, unreported and unregulated (IUU) fishing. IUU fishing has proven to be more problematic for fisheries that straddle the EEZ and the high seas or migrate across national boundaries. It contributes to the overexploitation of fish stocks and hinders the recovery of fish populations and ecosystems. In Sri Lanka, IUU fishing activities in the Mannar basin by Indian fishing trawlers have destroyed the entire marine habitat with their bottom trawling techniques impacting the marine environment and the people's livelihood. The impact of IUU on the Maldives is significant because fisheries provide around 80 percent of the country's export revenues and contribute to a significant portion of the GDP (Ministry of Fisheries, Marine Resources and Agriculture, 2019). For Seychelles as well, the fishing industry is the second most important sector after tourism and it contributes to 20 percent of the GDP and employs 17 percent of the population (World Bank, 2017). In 2019, it exported about 6,600 metric tons of fish and crustaceans bringing more than US\$13 Million into the country (Alberts, 2022). As the Maldives' Minister of State for Foreign Affairs, Ahmed Khaleel noted in a program, "For a lot of other countries, the threats [such as IUU fishing and climate change] are on the margins. But for a country like the Maldives, it's life or death itself" (Carnegie Endowment, 2021a).

## **Climate Change and Disasters**

Climate change and marine environmental disasters are other major security concerns for small island states. Environmental stresses, including pollution, threaten Indian Ocean biodiversity and marine life. Small island states discussed in this paper are all victims of climate change and marine disasters. The Maldives are threatened by rising sea levels, and it is at the risk of disappearing (Gilchrist, 2021; Asian Development Bank, 2021). Beach erosion, linked to climate change and coastal development related to international tourism, is expediting the repercussions of existing climate change issues (Arnall, 2021). Mauritius and the Seychelles are vulnerable



to a range of climate change impacts, including sea level rise, flooding, and drought. In March 2013, a flash flood in the capital of Port Louis in Mauritius claimed the lives of 11 people (ECA External Communications and Media Relations Section, n.d.). It is estimated that Sri Lanka annually mismanages 1.59 million metric tons of plastic, of which the majority ends up in the ocean and is among the leading causes of plummeting fish stock in Sri Lankan waters (Cole, 2020; Hadunnetti, 2019). Marine disasters such as the 2021 oil spill in Mauritius and the cargo ship fire in Sri Lanka highlight how vulnerable the island economies to their marine ecosystems (Ighobor, 2021; Regan and Jeong, 2021; UN Environment, 2021). Particularly the incident in Sri Lanka showed lack of adequate resources in responding to similar maritime disasters and the need for extensive cooperation and coordination with other countries. In these events, Sri Lanka lacked readiness for emergency response, and unpreparedness and under-preparedness for maritime disasters were evident (UN Environment, 2021).

Impacts of climate change and marine disasters are dire for these island states since their tourism and fishing industries are dependent on them. For these states, fishing and tourism are of particularly important sources of income and an essential component for economic and food security (Baruah, 2022).

### **Policy Suggestions for the US**

Evidently, there is a discrepancy and a gap between the US-led Quad countries and other major powers, and small island states discussed in this paper in conceiving Indo-Pacific security. The impact of this discrepancy can be readily seen in the development of regional infrastructure projects, in which major powers provide financing support to island nations. Such projects often miss the nuance in the demand for climate resilient and environmentally conscious infrastructure.

If small states that look for security assistance and major powers that offer solutions are divided by their conceptions of security, then the policies and frameworks constructed in Washington, New Delhi, Canberra, Tokyo and Paris will fail to resolve regional concerns. This shortcoming also harms U.S. interests as key partners and allies are located throughout the region. Stability in the Pacific is critical to U.S. strategic and security interests, but Washington's focus has narrowed to military and strategic competition (Baruah, 2022).

It is important for the US to understand deeply the interests and needs of the small island states. It is important to note that the strategic concerns

in the Pacific, South China Sea and the Indian Ocean are different from one another. While China is a rule-breaker in the South China Sea, it is a rule-follower in the Indian Ocean. It does not have territorial disputes or maritime disputes in this part of the region. As such employing a blanket policy against growing Chinese presence in these small states will not serve the US interest.

The US should also have an idea on the deeper issues and security concerns small countries have. As of now, the small states' conception of security and that of the US are different. Therefore, at a time when the small states want to partner with the US, the response could not match. The policies and frameworks constructed in Washington may fail to resolve the concerns of these countries. The US should understand that the small islands in the Indian Ocean region in particular are concerned with nuclearization of its environment. As such, the US should focus on mitigating the policies in their engagement.

Small countries in South Asia believe that the US is engaging with the respective countries via India and that they view these countries through India's lens. Thus, it is important for Washington to engage with these countries individually and to find niche capabilities for cooperation. As Rory Medcalf from ANU mentions in his recent book, *Contest for the Indo-Pacific: Why China won't Map the Future*, no island is remaining an island amidst this growing geopolitical context. Thus, it is important for the major players to give due attention for these island players in forming their new policies and frameworks.

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# **BIDEN’S INDO-PACIFIC STRATEGY, SOUTH ASIA AND SRI LANKA: AN ECONOMICS PERSPECTIVE**

**GANESHAN WIGNARAJA <sup>1</sup>**

## **ABSTRACT**

*The paper explored the implications of the Biden administration’s Indo-Pacific Strategy for South Asia in a gloomy world economy. Four points are noteworthy. First, South Asia’s economic outlook has worsened due to the economic shocks from Russia-Ukraine conflict and Covid-19. This underlines the urgency of giving attention to South Asia in the Indo-Pacific Strategy. Second, the Indo-Pacific Strategy document seems to focus on the security component and on India while the economic component appears to be less developed and the rest of South Asia’s seems excluded. Third, a stocktaking in South Asia identified gaps and crucial areas for support in fostering supply chains, new approaches to trade, infrastructure investment and the digital economy. Fourth, foreign aid under the Indo-Pacific Strategy could enable a re-setting of US-Sri Lanka relations and support crisis-hit Sri Lanka to mitigate the economic crisis. Further research can expand these preliminary findings into workable operational proposals for South Asia under the Indo-Pacific Strategy.*

**Keywords:** *Indo-Pacific, Economic crisis, South Asia, Sri Lanka*

## **Introduction**

On 11<sup>th</sup> February 2022, the Biden administration announced a new Indo-Pacific Strategy. The document deals with a vast geographical area including South Asia, which borders the Indian Ocean. Covering many security and economic related issues, it pledges US support for regional connectivity, trade and investment, and deepening bilateral and

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1. Professorial Fellow in Economics and Trade, Gateway House, Mumbai and Senior Research Associate, ODI Global, London. The views expressed here are mine and should not be attributed to the organizations with which I am affiliated.

multilateral partnerships. A pressing policy question in the scant literature is what the Indo-Pacific Strategy implies for economic cooperation with South Asia.<sup>2</sup> To stimulate discussion, this paper explores three themes related to the Indo-Pacific Strategy. First, as an updated backdrop, it examines the effects of the Russia-Ukraine conflict on South Asia's economic outlook. Second, it discusses possible support to enhance South Asia's trade, infrastructure and digital economy. Third, it looks at foreign aid to alleviate Sri Lanka's debt crisis.

## **The Russia-Ukraine Conflict Effect on South Asia's Outlook**

Just as the Indo-Pacific Strategy was unveiled, the conflict between Russia and Ukraine escalated in late February 2022. The fragile global economy was beginning to recover from the COVID-19 pandemic following the worst contraction since the great recession. The outlook for the global economy in 2022 has become grim with effects on South Asia.

Reflecting the Russia-Ukraine conflict, in October 2022 the International Monetary Fund (IMF) significantly revised downwards its growth forecasts made in January 2022 (see Table 1). South Asia's recovery from the Covid19 pandemic could slow down in 2022-2023 with differences at country-level. In 2022, the faster growing economies could be the Maldives (8.7%) Bangladesh (7.2%) and India (6.8%), while the slower ones could be Pakistan (6.0%), Nepal (4.2%) and Bhutan (4.0%). However, Sri Lanka is expected to contract (-8.7%) due to its worst economic and political crisis since independence. Forecasts are not available for Afghanistan which came under Taliban rule in 2021. Looking ahead to 2023 amid high global uncertainty, the IMF expects growth in most South Asian economies to further slow down while Sri Lanka is likely to continue contracting (-3.0%). Interestingly, most South Asian economies are expected to exceed projections for the global economy of 3.2% in 2022 and 2.7% in 2023.

Inflation is at a much higher rate than in recent decades and it causes a cost-of living crisis in South Asia. Advanced economies have withdrawn the monetary stimulus provided during the pandemic and a monetary policy tightening is occurring. Disruptions in supply chains and rising petroleum prices before the invasion of Ukraine caused challenges in managing global inflation and growth. Russia and Ukraine combined have a significant share of global supplies of oil, gas and other commodities, so the invasion increased commodity prices. Volatility in global financial markets has increased due to concerns on the timing of major central bank's monetary policy tightening.

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2. South Asia is defined here as the 8 regional economies listed in Table 1.



**Table 1: Annual Average Growth Rates in South Asia**

	2018	2019	2020	2021	2022*	2023*
<b>India</b>	6.5	3.7	-6.6	8.9	6.8	6.1
<b>Bangladesh</b>	7.9	8.2	3.5	5.0	7.2	6.0
<b>Pakistan</b>	6.1	3.1	-1.0	5.6	6.0	3.5
<b>Sri Lanka</b>	3.3	2.3	-3.6	3.6	-8.7	-3.0
<b>Nepal</b>	7.6	6.7	-2.1	2.7	4.2	5.0
<b>Bhutan</b>	3.8	4.4	-2.4	-3.7	4.0	4.3
<b>Maldives</b>	8.1	6.9	-33.5	33.4	8.7	6.1
<b>Afghanistan</b>	1.2	3.9	-2.4	n/a	n/a	n/a
<b>World</b>	3.6	2.9	-3.1	6.1	3.2	2.7

\*Projections

Source: IMF (2022a).

The direct impact on South Asia is mainly occurring through trade linkages, via rising commodity prices as the region is a net importer of commodities.<sup>3</sup> Even before the invasion, inflation in South Asian economies was rising relative to competitors in global markets. The additional shock in commodity prices is further widening the gap increasing the relative cost of production in the region and eroding the competitiveness of cheap labor and energy-intensive industries. Dependence on fossil fuels for energy generation is higher in South Asia than elsewhere.

Lower global demand for goods and services from the region and increased volatility and uncertainty in financial markets leading to capital flight to safety is indirectly impacting the region.

The direct impact is translating to a higher relative inflation while the indirect impact is the lowering of growth leading to stagflation in the second round. Much depends on the duration of the conflict, the severity of Western sanctions on Russia and Russia's response. The hit to South Asian economies is likely to vary depending on their economic linkages with Russia and Ukraine, the growth and financial market linkages to the rest of the world and the extent of their self-sufficiency in food and commodities.

Stronger and lengthy Western sanctions against Russia will cause a persistent rise in commodity prices and global inflation. This would hit

3. Weerasinghe and Wignaraja (2022) contains a more detailed analysis of the transmission mechanisms to South Asia and possible scenarios.

the global growth leading to lower external demand for South Asian exports. Inflation in South Asia rose after the pandemic, increasing income inequalities and poverty. A full invasion scenario is likely to further increase the region's inflation which will hamper growth and widen income inequalities.

The worst-case scenario is a full-scale war in Europe. The situation may deteriorate further with the use of nuclear weapons as Russia is playing a 'chess game' with the West including keeping its nuclear forces on high alert. The economic fallout for South Asia from the worst-case scenario would be more harmful than the total economic impact of COVID19. It could tip the global economy into another recession with possible differential effects across South Asia.

Due to its bigger domestic market, India may be able to sustain a positive (but lower) growth for some period. Bangladesh is heavily dependent on exports and remittances, so it will also be affected by lower external demand through the growth channel.

Smaller economies, which are more vulnerable to external shocks - Bhutan, Nepal, Maldives and Sri Lanka could see larger shorter-term growth contractions compared to India and Bangladesh. Pakistan's vulnerable economy could also contract. Tourism and trade linkages will take a hit in Sri Lanka and the Maldives. Russia and Ukraine are important tourism markets for these countries, and Russia imports about 20 percent of Sri Lankan tea.

As financial flows are low with Russia and Ukraine, South Asia's financial markets could be insulated from the conflict in the short term. But global financial flows to South Asia could be indirectly affected due to volatility in global financial markets.

Sanctions on Russia can create opportunities for countries in Asia to benefit as Russia is likely to look for more trade with friendly or neutral countries like India to circumvent sanctions by the West. A similar trade diversion was observed when the United States imposed sanctions against Iran and India conducted barter trade with Iran exchanging oil for food. But such benefits may not be sufficient to offset the cost of higher commodity prices and lower external demand for South Asian countries.

Economic management in South Asia during heightened global uncertainties from the Russia-Ukraine conflict will be challenging. India can minimize the growth impact through domestic demand management policies using available monetary and fiscal policy. Others in South Asia

will be forced to absorb the impacts of lower external demand and volatile financial market conditions through economic contraction, leading more people to fall below the poverty line.

### **Biden's Indo-Pacific Strategy and South Asia**

The Biden administration has made its Indo-Pacific Strategy central to its foreign policy (White House, 2022a). While it continues the hawkish tone on China introduced during the Trump administration, there are some distinctive features of the Biden administration's strategy to deal with China.

First, it embodies a cooperative approach by stating that the US will work more closely with its allies, partners and regional institutions to counter China. This contrasts with the America First approach of the Trump administration which often put the US at odds with its allies and partners.

Second, it targets developing US ties with specific regional allies and partners. In particular, it seeks to deepen five regional treaty alliances (with Australia, Japan, the Republic of Korea, the Philippines and Thailand) and key regional partners (India, Indonesia, Malaysia, Mongolia, New Zealand, Singapore, Taiwan, Vietnam and the Pacific Islands). Although India is included, the rest of South Asia is excluded.

Third, the security component of the strategy is well developed but the much-anticipated economic component remains a work in progress. Driving regional prosperity is recognized as one of the strategy's five objectives and there is a mention of priorities such as increasing trade and supply chain resilience, developing new approaches to trade that meet high labor and environmental standards, filling the infrastructure investment gap and helping digital economy transformation. But the document is short on operational details. The Biden administration attempted to address this gap by launching an Indo-Pacific Economic Framework for Prosperity (IPEF) on 23 May 2022 (White House 2022b). The IPEF is divided into four pillars: (a) connected economy: digital, environment, and labor issues, (b) resilient economy: supply chain cooperation and coordination, (c) clean economy: decarbonization and infrastructure development, and (d) fair economy: taxation and anti-corruption efforts.

The rest of South Asia's exclusion from the Indo-Pacific Strategy and limited detail on the economic component suggests that it is useful to explore the role of South Asia in the Indo-Pacific economy and ways to enhance US-South Asia economic cooperation. While the Russia-Ukraine conflict shock is weighing on South Asia's economic outlook, regional economies have historically grown faster than the world economy

benefiting from the effects of geography and outward-oriented policies. The Indian Ocean’s transformation into one of the world’s busiest East-West trade and industrial corridors on the back of Asia’s global rise is a developmental success story of the 21<sup>st</sup> Century. Maritime trade in the Indian Ocean carries two-thirds of global oil shipments and a third of global bulk cargo. The spread of global supply chains to manufacturing hubs in China and suppliers in East Asia has spurred rapid trade-led growth across Asia. Bordering the vibrant Indian Ocean, India and smaller outward-oriented South Asian economies have experienced some spillover benefits like maritime trade growth, port development, maritime logistics development, and participation in global supply chains.

Table 2 shows South Asia’s contribution to the Indo-Pacific by the numbers. Already the world’s most populous sub-region, South Asia accounts for as much as 45% of the population of the Indo-Pacific. It also makes up 30% of the total oceans of the Indo-Pacific and about 15% of its land area. However, South Asia only makes a modest contribution to the Indo-Pacific economy accounting for as little as 7% of the Indo-Pacific’s GDP (2020) with the large Indian economy dominating this figure. The low weight of South Asia in the Indo-Pacific’s GDP relative to its shares in population and geography underlines the enormous unfulfilled economic potential role for South Asia in the Indo-Pacific economy.

Four headings under the economic component of the Indo-Pacific Strategy merit special interest in South Asia: (1) increasing trade and supply chain resilience, (2) developing new approaches to trade that meet high labor and environmental standards, (3) filling the infrastructure investment gap, and (4) helping digital economy transformation.

**Table 2: South Asia’s Economic Contribution to the Indo-Pacific: By the Numbers**

	<b>South Asia's share of the Indo-Pacific</b>	<b>Indo-Pacific's share of the World</b>
Population*	45%	53%
Ocean Area (sq.km)	30%	65%
Land Area (sq.km)	15%	25%
GDP (Current US\$)*	7%	60%

\*2020 data

Source: Author’s own calculations based on World Bank Data; White House (2022) and data from the National Oceanic and Atmospheric Administration [https://www.ngdc.noaa.gov/mgg/global/etop1\\_ocean\\_volumes.html](https://www.ngdc.noaa.gov/mgg/global/etop1_ocean_volumes.html)

## **Increasing Trade and Supply Chain Resilience**

South Asian economies are attractive locations for labor-intensive segments of global supply chain activities such as those continuing to shift away from China.

Rising wages and supply chain bottlenecks in China have led to American and European firms gradually reducing their reliance on China, and its popularity as a sourcing market among Western buyers. South Asia's attractiveness is due to the strategic location in the Indian Ocean, having ample supplies of low-cost and trainable labor and a large and growing middle class of consumers.

However, the data indicate that South Asia is a latecomer to global supply chains. South Asia's makes up less than 3% of global supply chain trade, less than that of Southeast Asia and East Asia. Most of this supply chain activity is concentrated in India. Intra-regional trade in South Asia is among the lowest in the world at 5%. India's trade with South Asia is less than 4% of its global trade. Many impediments have held back South Asia's entry into global supply chains. These include: high import tariffs and non-tariff barriers to trade, restrictions on FDI, high cross-border logistics costs and inadequate infrastructure for warehousing, weak digital connectivity and a lack of high-quality suppliers and subcontractors.

Implementing policy reforms and investing in trade-related infrastructure is critical for South Asian economies to join global supply chains. The Indo-Pacific Strategy can support national efforts in South Asia in practical ways by sharing best practices on supply chain resilience, supporting open and transparent FDI policies, assisting regionalization of supply chains (for instance, helping to upscale the Make in India Program) and investing in supply chain logistics and digital connectivity.

## **Developing New Approaches to Trade that Meet High Labor and Environmental Standards**

South Asia represents a new frontier in the drive towards free trade agreements (FTAs) in Asia. East and Southeast Asia began Asia's FTA wave motivated by the failure to progress in multilateral trade negotiations under the World Trade Organization, the need to reduce barriers to global supply chains crisscrossing East Asia and as insurance against rising protectionism globally. South Asia had 38 free trade agreements (FTAs) in effect in 2020, less than in East and Southeast Asia. India (15) and Pakistan (9) dominate the sub-region's FTA activity. Most agreements are shallower preferential trade agreements (PTAs) rather than deep FTAs which

include high labor and environmental standards. Concerns over security and economic issues with China led India to withdrawing from talks for the Regional Comprehensive Economic Partnership (RCEP) in November 2019.

But there are recent indications that India may be on the cusp of a flurry of deep FTAs involving advanced economies. The EU and India agreed to restart stalled trade talks in May 2021 followed by the starting of India-UK FTA talks in January 2022. Some Indian think tanks are pointing out risks to India from staying out of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). If India's efforts at deep FTAs bear fruit, the rest of South Asia may be incentivized to join the FTA bandwagon in Asia. The Indo-Pacific Strategy can facilitate national efforts towards deep FTAs involving South Asian economies by supporting exchanges of good practices in FTAs, providing capacity building for FTA negotiations and exploring APEC membership for like-minded South Asian countries.

### **Filling the Infrastructure Investment Gap**

Variable infrastructure quality and access to infrastructure services means that South Asia has large infrastructure investment needs. ADB (2017) estimates that to sustain growth and deal with climate change, South Asia needs to invest about 9% of its GDP on infrastructure development over 2016–2030, higher than most other sub regions of Asia. But a large infrastructure investment gap means that financing is less than South Asia's needs. Bridging the sub-region's investment gap requires better planning, improving the efficiency and quality of public investment, selective public private sector partnerships (PPPs), scaling up multilateral development bank (MDB) investments and capital market development. The Indo-Pacific Strategy can aid national efforts by supporting shared investments in decarbonization and clean energy, advocating scaling up of MDB infrastructure activities (PPPs, loans and grants) and creating a BIMSTEC infrastructure fund for investments in quality infrastructure.

### **Helping Digital Economy Transformation**

The spread of smart phones means that the mobile broadband coverage has increased significantly across South Asia, but a big usage gap persists with 61% of the population not using mobile Internet despite living in areas with mobile broadband coverage. The gender gap in mobile Internet usage has narrowed in South Asia but remains with women 36% less likely to use mobile Internet than men. The rising trend towards sophisticated and coordinated cyber-attacks (including ransomware demands) on ill

prepared government institutions and businesses in South Asia is another worrying development. Finally, although 3G and 4G networks cover the bulk of South Asia's population, the transition to 5G networks has not yet commenced. The Indo-Pacific Strategy can facilitate investing in 5G connectivity, upgrading cybersecurity systems' world standards and significantly improving digital economy skills particularly among women.

### **Mitigating Sri Lanka's Debt Crisis**

A prime island location in the center of the Indian Ocean means that the US and China consider Sri Lanka's role as an example of a small economy punching above its weight class (see de Silva, 2017). Alice Wells, Principal Assistant Secretary for South and Central Asian Affairs at the US State Department, recently observed that "Sri Lanka occupies some very important real estate in the Indo-Pacific region, and it's a country of increasing strategic importance in the Indian Ocean region" (US State Department, 2020). Not surprisingly, some observers see Sri Lanka largely through the lens of competition between the US and China. The country is about ten nautical miles off the main East-West maritime trade route which sees some 60,000 ships passing through annually and only 34 nautical miles off the Southern coast of the large Indian economy. Furthermore, great powers have long eyed Trincomalee Harbor in North East Sri Lanka - reputed to be one of the world's deepest natural harbors - as a potential naval base particularly for submarines. Trincomalee was home to the East Indies Station of the Royal Navy during World War 2 and has become the Sri Lanka Navy's main base.

Following economic liberalization in 1977 to become South Asia's most open economy, Sri Lanka attracted foreign direct investment (FDI) and exported ready-made garments thereby leveraging its advantages of preferential treatment under the Multi-Fibre Arrangement (MFA) and cheap labor. More recently, Sri Lanka has aspired to become a major regional trading, logistics and finance hub, situated between the leading global hubs of Dubai and Singapore. Major investments to handle containerized cargo since the early 1980s has led to the emergence of Colombo Port as a pivotal South Asian port handling about half of all India's foreign transshipment trade. To overcome the disadvantage of a small domestic market in the eyes of foreign investors, Sri Lanka began securing preferential market access to the dynamic Asia market through a strategy of bilateral free trade agreements (FTAs) with China, India, Singapore and Thailand.

Sri Lanka was once cited as a success story in the developing world for meeting basic human needs for a low-income country as early as the late 1970s; however, it is currently in the midst of the worst economic and political crisis since independence in 1948. Debt servicing became unsustainable with economic and political consequences. In a preemptive move, on 12 April 2022, Sri Lanka temporarily suspended foreign debt payments pending a bailout from the IMF which amounts to a soft default on foreign debt. Sri Lanka's public debt to GDP ratio rose from 91% to 119% between 2018 and 2021 (IMF, 2022b). In April 2022, Sri Lanka had external debt service payments of \$ 6 Billion for the remainder of 2022 against dwindling foreign reserves. The default has sparked a political crisis with the resignation of the Cabinet, mass public protests over the rising cost of living and economic mismanagement.

Sri Lanka's crisis is due to a combination of external economic shocks and policy mis-steps (Weerasinghe, 2021, Wignaraja, 2021, IMF, 2022b). The severe economic shock from Covid19 meant an economic contraction of -3.6% in 2020 and an additional half a million new poor (mostly in urban areas, among formal sector employees and informal sector workers). As economic recovery began, the Russia-Ukraine conflict shock hit the economy through higher import bills for fuel and food leading to 60+% inflation by August 2022 and a significant depreciation of the rupee against the US\$. These external shocks hammered an already weak economy reeling from the economic costs of a thirty-year civil conflict which ended in 2009, persistent fiscal and current account deficits, excessive foreign borrowing for low return infrastructure projects and rising external debt service.

A successful Covid vaccine rollout was also overshadowed by recent policy mis-steps including comprehensive tax cuts which reduced government revenues, banning imports of chemical fertilizers without preparing farmers which prompted a surge in food prices, maintaining a highly expansionary monetary policy beyond its shelf life, persisting with a fixed exchange rate without the foreign reserves to support it and a long delay in seeking an IMF programme. With these factors weighing on the country's outlook, Sri Lanka's economy could contract by as much as -8.7% in 2022 (see Table 1). A worsening economic crisis led to Sri Lanka finally going to the IMF, and an IMF Staff-level Agreement for an Extended Fund Facility Arrangement was reached with Sri Lanka on 1 September 2022. However, IMF Board approval could take some time as Sri Lanka has to first get assurances from its creditors including private sector creditors and China. At the time of writing, India provided significant bridging finance for Sri Lanka, and debt restructuring talks with Sri Lanka's creditors are on-going.



The US and Sri Lanka have enjoyed cordial diplomatic relations since Sri Lanka's independence. Important milestones include Sri Lankan President J.R. Jayewardene's State Visit to the US to meet with President Roland Reagan in June 1984 and US Secretary of State John Kerry's visit to Sri Lanka to meet with President Maithripala Sirisena in May 2015. These high-level visits have been underpinned by growing trade and aid relations.

The US is probably the only major trade partner with which Sri Lanka enjoys a rising bilateral trade surplus which increased annually from US\$ 1.7 Billion to US\$ 2.3 Billion between 2010-2012 and 2017-2019. This figure increased further to US\$ 2.6 Billion in 2021. This reflects Sri Lanka's successful export performance to the US market, driven by ready-made garments. The US is Sri Lanka's single largest export destination accounting for 25% of total exports in 2021 (up from 18% in 2010). Garments dominate making up nearly three-quarters of Sri Lanka's exports to the US.

However, US FDI inflows to Sri Lanka lag bilateral trade flows. Cumulative US FDI inflows to Sri Lanka amounted to only US\$ 74 Billion during 2017-2020 (or about 2% of total FDI inflows into Sri Lanka). In the eyes of US investors, Sri Lanka may be viewed as being far away from the US, as having a limited domestic market (of only 22 million people) and hampered by cumbersome trade barriers and red tape.

Meanwhile, Sri Lanka has received US foreign aid grants from USAID worth over US\$ 2 Billion since the country's independence. In April 2019, in an attempt to significantly up its aid game, a sizeable grant of \$ 480 Million over five years was offered to the Government of Sri Lanka by the Millennium Challenge Corporation (MCC) compact for infrastructure development (Wignaraja, 2019). But indecision and delays by the government led the MCC Board to withdraw the offer in December 2020. This is a missed opportunity for Sri Lanka as the MCC compact was an outright grant which does not have to be repaid. It has also caused some damage to US aid relations with Sri Lanka which may be shifting more towards humanitarian aid. For instance, since the start of the pandemic, the US has provided medical/humanitarian aid on a grant basis, most notably 3.4 million doses of the effective Pfizer vaccines for booster shots (or about 7% of total vaccines received by Sri Lanka in 2021) which are welcome in Sri Lanka.

The Indo-Pacific Strategy introduced with Sri Lanka in a debt and economic crisis offers the opportunity to reset bilateral economic relations. Support from the US and its allies under the Indo-Pacific Strategy (particularly Japan, Korea and India) can help Sri Lanka to mitigate the effects of the crisis and leverage the gains from a strategic location. In this vein, five

areas of development assistance are important for Sri Lanka: (1) continue humanitarian food and medical aid for the people of Sri Lanka, (2) expand assistance for private sector development and exports to boost the country's non-debt creating sources of foreign exchange, (3) advocate for implementation of the IMF program to restore macroeconomic stability and economic reforms for inclusive growth in Sri Lanka, (4) provide bridging finance (e.g. swap arrangements between central banks and concessionary loans) to tide over the country's capacity to finance essential imports (e.g. food, fuel and medicine) until an IMF program is put in place, and (5) provide technical assistance for fiscal policy management to improve Sri Lanka's public finances. With such support, Sri Lanka stands a sporting chance of emerging peaceful and prosperous from the devastating crisis.

## **Conclusion**

The paper discussed implications of Biden administration's Indo-Pacific Strategy for South Asia by considering South Asia's changing economic outlook, support for economic cooperation and aid for crisis-hit Sri Lanka. Four preliminary findings should be noted. First, the economic outlook for South Asia has worsened in the aftermath of the Russia-Ukraine conflict on top of the Covid19 pandemic. This underlines the urgency of giving due attention to South Asia in the Indo-Pacific Strategy. Second, the Indo-Pacific Strategy document seems to focus on the security component and on India. Meanwhile, economic component appears to be less developed and the rest of South Asia's seems excluded. Third, a stocktaking of the state of play in South Asia has identified gaps and crucial areas for support in fostering supply chains, new approaches to trade, infrastructure investment and the digital economy. Fourth, foreign aid under the Indo-Pacific Strategy enables the opportunity to re-set US-Sri Lanka relations and offer crisis-hit Sri Lanka a sporting chance of mitigating the economic crisis. More detailed research is needed to translate these preliminary findings into workable operational proposals for South Asia under the Indo-Pacific Strategy.

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# THE INDO-PACIFIC DILEMMA: QUAD 2.0, QUAD PLUS AND QUAD 3.0

BHAGYA SENARATNE

## ABSTRACT

*The term Indo-Pacific emerged appreciating the convergence of two of the world's largest oceans: the Indian Ocean, and the Pacific Ocean. It underscored that these two regions were far more connected than it was credited for, thus requiring a new terminology that moved beyond the Asia-Pacific region (APAC). Accordingly, this paper examines as to why the concept of the Indo-Pacific region that was introduced to expand and foster inclusivity, has shifted away from its initial objective and how states can correct this Indo-Pacific dilemma of insecurity and exclusion.*

**Keywords:** China, Indo-Pacific region, Quad 2.0, Quad Plus, Quad 3.0

## Introduction

The term Indo-Pacific emerged appreciating the convergence of two of the world's largest oceans: the Indian Ocean, and the Pacific Ocean. It underscored that these two regions were far more connected than it was credited for, thus requiring a new terminology that moved beyond the Asia-Pacific region (APAC). This is illustrated by Prime Minister Shinzo Abe's address to the Indian Parliament titled "Confluence of the Two Seas". The Indo-Pacific appreciates the economies of the two oceans as well as their littoral states, thus expanding the regional understanding from the shores of Africa to those of the United States. The APAC region on the other hand was limited to East Asia, Oceania, Russian Far East, South Asia, and Southeast Asia. Hence, the new terminology underscores the role played by countries from the United States to the east African coast in the region's affairs. In his address in 2007, Prime Minister Abe emphasized the need for the pursuit of economic interests and for "...people, goods, capital, and knowledge to flow freely" (Abe, 2007). The fresh terminology not only

expanded the inclusion of states, but it also significantly expanded the responsibility for regional connectivity, stability and prosperity. Therefore, this paper examines as to why the concept of the Indo-Pacific region that was introduced to expand and foster inclusivity, has shifted away from its initial objective and how states can correct this Indo-Pacific dilemma of insecurity and exclusion.

Towards this end, this paper is divided into six sections. This introduction is followed by an examination of the Quad 2.0. This section discusses about the merits and weaknesses of the revived Quadrilateral Security Dialogue (Quad) since 2017. The third section examines the Quad Plus, a possible expansion of the Quadrilateral Security Dialogue to include other countries from the Indo-Pacific region. The fourth section analyses the possibility of a Quad inclusive of China, or a Quad 3.0. This section examines the advantages and disadvantages of the concept and whether collaboration would be the future of the Indo-Pacific region. The penultimate section details what policies countries could implement to ensure that the Indo-Pacific region is devoid of tension and the policy implications of those decisions. The last section provides the concluding remarks and recommendations for policymakers to consider and implement for making the Indo-Pacific region a safer and more stable area.

## **Quad 2.0**

The Quadrilateral Security Dialogue is a defense collaboration that emerged in 2007 with the partnership of Australia, India, Japan, and the United States. The precursor to the Quadrilateral Security Dialogue was an informal grouping of the above four countries that responded to the 2004 tsunami. Through the Tsunami Core Group, “...officials from the four countries coordinated the response to the 2004 tsunami in the Indian Ocean.” (Madan, 2017). Tanvi Madan (2017) further notes that these four were able to collaborate as they “were the ones with the resources and the desire to act effectively and quickly.” This ad hoc informal initiative illustrated that regions benefited more through shared resources, and that countries could have more reach when their efforts and resources were collaborated.

This led to the formation of the Quadrilateral Security Dialogue in 2007. These efforts were predominantly spearheaded by Japanese Prime Minister Shinzo Abe citing values-based foreign policy, shared democratic values, and closer ties with regional powers. However, Quad 1.0 died a natural death even before it could begin to crawl due to a variety of concerns from the four members such as antagonizing China, economic interests, and the lack of enthusiasm in joining a security establishment. Given the various

other trilateral engagements, it was understandable that the four states were lackluster in a quadrilateral arrangement with the same countries. Therefore, internal, and external concerns could be attributed to the lack of enthusiasm in Quad 1.0, despite momentum gained via diplomatic and maritime collaborations.

A decade later, in November 2017, enthusiasm to re-establish the quadrilateral grouping was seen. After deliberating, the four countries met in Manila for a meeting chaired by Japan. This time the regional economic, political and security landscape had changed to a considerable extent, and therefore, the Quad was more determined in its collaborative efforts. Since the regrouping in Manila, the Quad states have been meeting biannually (see Madan, 2020). This illustrates seriousness in their commitment to regroup and the regional concerns they have identified that require attention.

Regardless of the need to regroup, the revived Quadrilateral Security Dialogue has some merits and weaknesses that require review. One of the foremost challenges Quad 2.0 faced is that it is too focused on the perceived threat posed by China. Various policy documents highlight that China poses a threat to the Indo-Pacific region. The U.S. Indo-Pacific Strategy for instance states:

This intensifying American focus is due in part to the fact that the Indo-Pacific faces mounting challenges, particularly from the PRC. The PRC is combining its economic, diplomatic, military, and technological might as it pursues a sphere of influence in the Indo-Pacific and seeks to become the world's most influential power. The PRC's coercion and aggression spans the globe, but it is most acute in the Indo-Pacific. U.S. Indo-Pacific Strategy (2022, p. 5)..

Whereas the European Parliament (2021, p. 5) notes that “China's aggressive assertiveness in the past decade has increased the Quad countries' awareness of the threat it poses”. Hence, this writer opines that through the increased attention that it gives to China and ‘the Chinese threat’, the grouping has lost its focus on why it sought to form a grouping of this nature, i.e., to collaborate their resources and efforts to assist countries in the region. This belittles the ability and the strength of the Quad. During the post-Tsunami relief operations, the four countries were able to provide mammoth support towards the affected countries. However, what is currently visible is a power struggle in the region.

The power struggle with their focus on China has invariably led to lack of cohesion in the efforts conducted by the Quad 2.0 member states. Moreover,

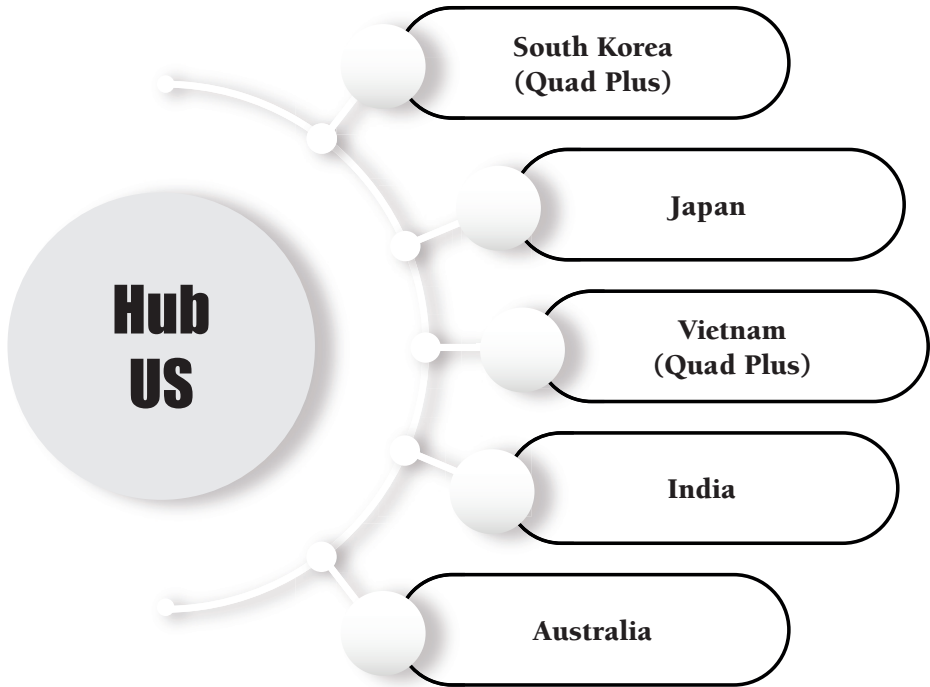
focusing on China amplifies the connections and animosities each of these individual states have with the People's Republic of China. Hence, the grouping is influenced by and would be limited by these bilateral sentiments in their engagements. Therefore, how Quad 2.0 could create a shared vision for the Indo-Pacific requires thought and deliberation.

### **Quad Plus**

Quad Plus reflects a natural expansion of the growing interest in the regional grouping amidst a variety of economic and security requirements. According to Jagannath Panda (2022), "...the idea of Quad Plus refers to a minilateral engagement in the Indo-Pacific that draws from the Quad to include other crucial emerging economies." Hence, the Quad Plus could be defined as a small grouping around Quad 2.0 that is gathered to fulfil similar needs or to seek assistance from Quad 2.0.

Accordingly, countries such as South Korea, Vietnam, and New Zealand have demonstrated their keenness in engaging minilaterally with the Quad. This minilateral expansion is visible via collaboration on Covid-19 relief efforts. Panda (2022) notes that "the importance of multi-sectoral cooperation and convergence in the larger interest of the global community among like-minded countries is the need of this fragile post-COVID era." Drawing parallels with the US Hub and Spokes Model, Gitanjali Sinha Roy (2020) indicates that "Viet Nam, South Korea and New Zealand are already Quad plus countries, but can be fitted into the realm of Spokes. Hence, the Quad 2.0 can be termed as the return of the Hub-and-Spokes model." Roy rationalizes why the extension is natural citing existing relations and geopolitical leverage. However, there is a significant role for the Quad as there is further potential for it to collaborate and expand connections with partners to expand on its vision of collaboration.



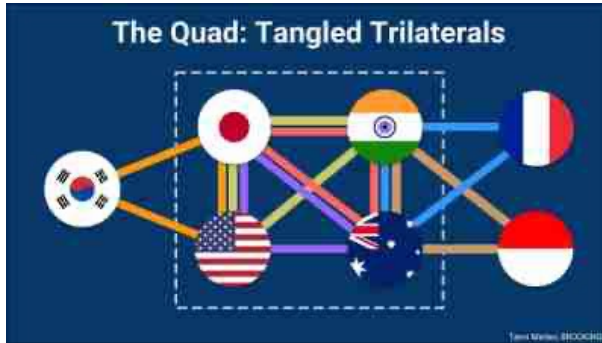


**Figure 1: Quad Plus illustrated as the Hub and Spokes Model**

*Source: Roy (2020)*

However, the China factor is an underlying theme in these minilateral groupings too. Thus, it can be ascertained that China's behavior is a common security concern the Quad Plus countries too share and that South Korea, Vietnam, and New Zealand formed this minilateral grouping to seek assistance from the Quad, against the perceived Chinese threat. Therefore, these countries are seen coalescing through minilateral mechanisms to counter the Chinese influence as opposed to addressing these concerns through bilateral diplomatic channels. However, it must be noted that the expansion of the Quad illustrates a voluntary involvement by states, illustrating that there is a shared vision for collaboration among countries in the Indo-Pacific region.

Conversely there is an interim challenge in the expansion, as the Quad states have existing engagements with others via trilateral groupings and military exercises. The Aukus agreement, the Malabar Naval Exercises, possibly re-including Singapore (see Abke, 2021), Raisina Dialogue, the New Quad, which consists of India, Israel, UAE, and USA (see Singh, 2022) can be cited as examples for existing security arrangements. Like the expansion of Quad 2.0 via the Quad Plus, these trilateral engagements too are voluntary



**Figure 2: The Quad: Tangled Trilaterals**

*Source: Madan, 2020*

Nevertheless, the amplified activity in the Indo-Pacific mentioned above causes concerns as to whether other neighboring states would be influenced into joining. Hence, we must ask ourselves as to what would happen if countries were pressured into joining. What will be the fate of these states? South Asian and Southeast Asian states are particularly of concern in this regard as they are bordered by India and China respectively and engaged with the United States. In South Asia, Sri Lanka and Bangladesh are vulnerable states as they both engage closely with India and the United States. Nepal and even the Maldives would be in a delicate situation due to their close ties with India. Thus, how would these countries withstand the pressure and how would they diplomatically maneuver this are questions that require examination.

### **Quad 3.0: To Include China or Not?**

If the Covid19 pandemic has taught us anything, it is that we must be compassionate and considerate of one another's needs. We have witnessed multiple trade restrictions being imposed on countries from 2018. Hence, restrictions on one another are counterproductive when attempting to facilitate growth and prosperity in the region. Today, we see that these restrictions have expanded to South Asia, Oceania, and Europe (Lau, 2021; Roggeveen, 2021; Szlapek-Sewillo, 2021; Yuen Yee, 2022).

In its revised Indo-Pacific Strategy the US government states, "Our objective is not to change the PRC but to shape the strategic environment in which it operates, building a balance of influence in the world that is maximally favorable to the United States, our allies and partners, and the interests and values we share." (US Indo-Pacific Strategy, 2022, p. 5). In February 2022, the U.S. State Department launched the Indo-Pacific Circle, of which this writer has the privilege of being a member. At the

opening ceremony, C. Raja Mohan indicated that it was important to create an inclusive international system, especially in including China into the discourse on the Indo-Pacific. This is an argument I wish to elaborate on as it is imperative to the stability of the Indo-Pacific region. Likewise, the involvement of other regional powers such as Indonesia too needs to be considered. The other fact is that we cannot forget that China is propelling the regional economic growth, and Asian countries are slated to drive economic development by 2050 (Asian Development Bank, 2011). Therefore, the inclusion of countries such as China and Indonesia is vital for the growth and stability of the Indo-Pacific region.

The Chinese Ambassador to Bangladesh, Li Jiming's comments in May 2021 reflect how countries are alienating China from the international system. This amplifies the insecurities and straining of relations between states. Therefore, it is important to identify mechanisms that would propel inclusivity, instead of exclusion. Accordingly, governments must call on each other to behave more responsibly, to facilitate growth. States must strive to build bridges as it is the only way states are able to understand one another, their interests, and their requirements. States have a better chance at diplomatic engagement when there are channels for communication and are included as opposed to when they are ostracized. Think of that ill-behaved child in school or at home. Why do they behave like that? It is because they have been alienated and they want attention. This holds true even with states, as at the core, states too are governed by humans. Therefore, states would tend to reject other states that do not include them. Therefore, it is of paramount importance to create networks that unite states over dividing them. Alienating China and disregarding their interests in the region will only amplify their aggression as C. Raja Mohan (2021) aptly states: "In the pursuit of its growing regional interests, China is no longer reluctant to intervene." Hence, the Indo-Pacific dilemma should be to move away from these limited mentalities. In his 2021 article titled "Quad 3.0: A Hypothetical Quad with China (Myth or Necessity)", Haridass Sankar argues for the need to include China into the discourse on the Quad. Sankar writes:

In his 2021 article titled "Quad 3.0: A Hypothetical Quad with China (Myth or Necessity)", Haridass Sankar argues for the need to include China into the discourse on the Quad. Sankar writes:

For the sake of the world, a Quad with China is preferable to a Quad against China. This entails a Quad grouping that prioritizes the member nations' and region's growth and development over China containment. Imagine a Quad where the USA and China are cooperating rather than competing, along with the regional powers like India, economic power such as

Japan and other big players like Australia. This Quad, a.k.a Quad 3.0, will encompass the world's top economies, and their geographical location will cover the entire world, including the developed west and emerging east.

...the current member countries and China must accept collaboration rather than competition if this coalition is to succeed. The basic concept behind Quad 3.0 is to visualize the Quad from a construction standpoint, or to put it another way, to redirect the Quad from a realist to a liberalist position. When viewed from a liberal viewpoint, China's inclusion in the Quad becomes a prerequisite. (Sankar, 2021).

Accordingly, Sankar floats the idea of Quad 3.0, a Quad that includes China. There are merits in including China into the narrative on the development, security and overall well-being of the Indo-Pacific region, as regional states can hold China accountable for not abiding by laws and norms that have been agreed to by all stakeholders. This also instills a sense of responsibility, not least on China, to abide by collective decisions. Therefore, instead of antagonizing and building a policy narrative around containing China, this writer argues that it is sensible for China to be included into the discourse on the Indo-Pacific to facilitate regional growth and ensure there is a peaceful environment.

## **Policy Implications**

This section deliberates on the policy implications of the Quad, the positions it holds in the Indo-Pacific region, and what policies countries could implement to ensure that the Indo-Pacific region is devoid of tension..

Currently, the Quad has limited insight on how it can work as a collective to further the interests and needs of the states involved. The security grouping is more focused on the anti-China stance than on how it can productively collaborate on other issues. Therefore, focusing on non-China related issues such as collaborating on global health, technology, economic well-being, and climate would be a pragmatic and futuristic move. Cooperating on this non-traditional security issues would help build trust between the states of the Indo-Pacific and reduce the trust deficit.

Economic security should be prioritized over forming military alliances. It is worthy of mention that during the Cold War too, the US attempted to form a military alliance by way of the Southeast Asian Treaty Organization (SEATO) in the South Asian and Southeast Asian regions, which was opposed by countries including India and Sri Lanka. We must remember that existing issues cannot be addressed by adding fuel to the fire.

Therefore, policymakers have the responsibility of de-escalating tension. During discussions on SEATO in the 1950s, Sri Lanka's then Prime Minister Sir John Kotelawala stated: "Defense against Communism should primarily be an economic defense not military" (Kotelawala as cited in Kodikara, 1992, p.106). This requirement has not changed in the 2020s as countries in the Indo-Pacific opt to collaborate with China due to economic reasons. Therefore, understanding the concerns and requirements of the people of the Indo-Pacific region, which are predominantly economic is something the leaders of the Quad states should aspire to.

Continuously antagonizing China could result in amplifying the tension in the already taut region. Thus, we must consider whether antagonizing China is the most pragmatic path to follow for the future. Therefore, I inquire as to whether this will really bring countries the results, they seek.

## **Conclusion**

The term Indo-Pacific was timely in redefining the contours of the region and in identifying the specific engagement of countries. Therefore, former Japanese Prime Minister Shinzo Abe must be credited for appreciating the connection between the two oceans and their people. The phrase further recognized the involvement and the importance of East African states and the United States in the region. Additionally, in renaming the Asia-Pacific region as the Indo-Pacific region, it identified the region's potential for development and broadened its understanding for collaboration and integration.

In conclusion, focusing on non-military related security issues would enable the countries of the Indo-Pacific region to collaborate and prosper. Collaborating on areas such as global health, technology, economic interests and overcoming climate change would be in the best interests of the prosperity and stability of the Indo-Pacific region. This also means that China can be included in the discussion as issues such as global health and sustainability are relevant even to China.

Secondly, including China into the narrative on Indo-Pacific policy affairs is crucial. Thus, whether Quad 3.0 would be the natural progression of collaboration in the Indo-Pacific is left to be seen. It is noteworthy that the September 2021 Joint Statement from the Quad Leaders highlights that the grouping is 'inclusive' (White House, 2021). Therefore, including China into the narrative would be pragmatic as it is impossible to deliberate about a safe and secure Indo-Pacific region without including the interests of populous states such as the PRC and Indonesia.

Since the Indo-Pacific region encompasses a vast area, it is understood that it may require small groups to address specific issues. Thus, the requirement of various minilateral groupings to discuss matters relating to the Indo-Pacific region would be pertinent, as it will assist in maintaining the focus on issues or an area.

Finally, the challenge that is before all the states in the Indo-Pacific region is to ponder on how they can shift away from the Indo-Pacific dilemma. Countries and leaders must remember that the Indo-Pacific region is a large area, and hence, issues that are raised must address the concerns of states from the east coast of Africa to the west coast of USA. This would mean that the minilateral grouping of the Quad 2.0 would have to address a wide range of specific issues that are relevant to all, rather than focus on issues that are limiting. This would ease tensions and ensure the longevity of the minilateral grouping.

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# UNITED STATES OF AMERICA - SRI LANKA RELATIONS: COMPREHENDING DIPLOMATIC PROSPECTS

GEORGE I. H. COOKE

## ABSTRACT

*The United States of America and Sri Lanka are linked through engagement which has charted the path for much interaction at diverse levels of society and through an assortment of sectors. Since the establishment of diplomatic relations in 1948, the two main areas of intense interactions have been with regard to ideology and economics, which have strengthened and sustained relations between the two otherwise very different countries. An attempt is being made to explore the bilateral relationship while emphasizing these two spheres, which could be considered constants, though relations have varied, depending on the powers that be in the respective capitals. What has been the trajectory in the last seven decades, and how have relations soared and soured? While both sides have erred, they have also sought to return to strengthen relations, which is mutually beneficial. In the long term, Sri Lanka looks to the international community for trade, investment, and political support, and uses all means of diplomacy it can muster to engage. The United States in contrast is the leading nation of the world and wields immense power. Thus, comprehending the rationale of magnanimity, and the dilemma of small states, while attempting to encourage and support states like Sri Lanka, would, it is argued, aid the preservation of democracy, enhance trade and ensure that diplomatic prospects continue to flourish for all concerned.*

**Keywords:** *Democracy, Diplomacy, Sri Lanka, Trade, United States of America*

## Introduction

The trajectory of countries, their policies, achievements, failures, and the opportunities they possess, as well as their characteristics, remain in contrast. The United States of America and Sri Lanka, which are 9,000 miles apart, are two such countries. Yet these two nations are linked through engagement which has charted the path for much interaction at diverse levels of society and through an assortment of sectors. Two major underpinnings have consolidated bilateral relations and led to the strengthening of ties over the decades since the establishment of diplomatic relations in 1948. The spheres of ideology and economics have boosted and sustained relations between the two otherwise very different countries.

An endeavor is made herein to explore the bilateral relationship while placing emphasis on these two spheres the democratic bond and trading ties - which could be considered a constant, though relations have varied at times, depending on the powers that be in the respective capitals. Democracy, and the ideological foundation it provides, connects the two nations, and is seen as the most lucrative for heightened political engagement. Although political linkages have not always been ideal, the democratic bond is one that, it might be argued, could have been relied upon more, and should be relied upon in the years ahead. Similarly, in the economic realm, the United States stands out as the largest export destination for Sri Lanka and has been a reliable trading partner.

Despite the varied forms of engagement, it is evident that these two significant aspects have remained constant throughout the last seven and a half decades. As two countries which embraced the same political ideology and strove to maintain sound trading links, the relationship between United States and Sri Lanka is thus a model of a Major Power and a Small Power in these two arenas. Democratic ideals, though it may be argued existed under earlier avatars of governance in the island nation, were formally introduced into the Ceylonese structure of governance in 1931 when universal franchise was being tested in the country. Within the sphere of economic engagement and trade, a firm foundation was established in those initial years of independence through trade.

These two spheres would see continuous strengthening over the period from independence onwards and remain the bedrock of engagement today. Whilst the past has been determined by these two spheres, they are also the sectors that possess immense potential for the decades ahead, and would give impetus to the bilateral relationship, if duly focused on. An attempt is made herein to reflect upon periods of heightened engagement, especially in the initial years after independence, during the Jayewardene presidency,

and segments of the Kumaratunga presidency. The intervening periods were not bereft of significant developments, but would experience distinct variations. These interstices were during the periods of premierships of S. W. R. D. Bandaranaike and Sirimavo Bandaranaike and the presidencies of Ranasinghe Premadasa and Mahinda Rajapaksa.

### **Democracy and Economic Diplomacy: Onset of Engagement**

While the engagement has not been limited to merely an interaction of the leadership or exchanges at regular intervals, the deep-seated nature of diplomatic relations, which were established in 1948 when then Ceylon gained independence, saw a steady increase and a concerted effort that led to many achievements. At the dawn of independence, the United States was one of the first countries to recognize Ceylon with President Truman extending such recognition to the first Governor General, Sir Henry Monck-Mason Moore. With the establishment of diplomatic relations in October 1948, D. S. Senanayake nominated Sir Claude Corea as the first Ambassador and opened an Embassy in the American capital. In August 1949, the United States reciprocated with the appointment of Felix Cole and opened an American Embassy in Colombo.

The recognition and establishment of diplomatic relations was indicative of the solidarity between the U.S. and the United Kingdom, as the latter had signed an agreement with Ceylon in 1947 to facilitate international engagement for Ceylon as she re-emerged on the world stage after four and a half centuries of colonialism. Further, it was understood that as a Dominion, Ceylon would remain a key ally of countries of the West which were gradually experiencing the first signs of the Cold War that was brewing. In those initial years it was quite evident where Ceylon's loyalty lay.

With the rise of nationalist sentiments across the country in the decades preceding independence, there was also a rise in Marxism. At the 1947 general election the main contenders were the centre-right United National Party (UNP) and the leftist Lanka Sama Samaja Party (LSSP). The announcement of the granting of independence during campaigning weighed in favor of the UNP, which pledged to remain in the Commonwealth and would be subsequently seen working with the West, led by the United States. Hence at independence, under D.S. Senanayake and Harry S. Truman, the foundation had been laid for strong bilateral bonds, which J.R. Jayewardene summed up. He noted that 'there are two powerful factors, the United States of America and the U.S.S.R. We have to follow either the one or the other. We have decided, and we intend as we are in power, to follow the United States of America, and its democratic

principles' (Gajameragedara, 2011)

The May 1951 bilateral agreement that led to the initial installation of three short-wave broadcasting transmitters, a studio and recording facilities to enable the broadcast of 'Voice of America' programs over Radio Ceylon is one of the first tangible measures that was taken to consolidate the democratic link. Sir Oliver Goonetilleke<sup>1</sup> opined that 'we are glad that there is equipment in our country to spread the voice of the free through the world.' (Senate Proceedings, 1951) The unambiguous stance of the government and thereby the state was in favor of upholding democracy and being a part of the free world.

Ceylon's affinity to the US and the United Kingdom saw Ceylon's bid to enter the United Nations being vetoed several times by the U.S.S.R. Although Ceylon was not envisaged to be a country under direct 'threat' of international communism, the United States and the West worked hard to contain the active presence and prevalence of communist teachings.

When the premiership changed from D.S. Senanayake to his son, Dudley Senanayake, the desire for upholding democratic ideals remained constant. The same was seen in the economic arena. 'The United States remained Ceylon's major source of dollar earnings. During this period, US imports from Ceylon mainly rubber accounted for about 18 percent of the latter's total exports, thus becoming the second largest importer of Ceylon produce' (Gajameragedara, 2011). This position would continue in the ensuing decades and even at present, the United States remains the largest buyer of Sri Lankan exports' (SLEDB, 2021).

1952 would be a year of consequence as Ceylon attempted to obtain rice first from the United States. Efforts were also made to convince the Americans to procure rubber as sales had fallen from 51 percent in 1950 to 20 percent in 1951. Due to the required progress not being achieved, the Dudley Senanayake government proceeded to sign the Rubber-Rice Pact with China. This agreement disturbed relations and caused the US to impose economic sanctions. The attractive conditions under which the agreement had been negotiated left even the American Ambassador to India, Chester Bowles observing that 'the Ceylonese government, one of the most conservative in Asia, simply could not refuse such favorable terms.'

Thereafter Ceylon would see the appointment of a new America Ambassador, Philip K. Crowe in July 1953, who had been the Economic

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1. Sir Oliver Goonetilleke served as Minister of Home Affairs and Rural Development at this time

Cooperation Administration representative to China, and was instrumental in carrying forward the Marshall Plan. His knowledge of China made him a natural candidate for the post, as Ceylon was the first non-communist country to enter into agreement with a communist state. American concern persisted and Ceylon was added to the Asian tour of Vice President Richard Nixon in November in a bid to ensure that Ceylon remained firmly on the side of the Western bloc.

Efforts that were made to admit Ceylon to the newly created South East Asia Treaty Organization (SEATO), in which Sir John Kotelawala was offered the first Secretary General post did not make the desired progress. US Secretary of State, John Foster Dulles also tried to lobby Ceylon, mainly due to the naval strategic value of the island.

Kotelawala's convening of a Prime Ministers' meeting in April/ May 1954 with the participation of Burma, India, Indonesia and Pakistan, which finally led to the famous Bandung Summit of the following year and the creation of the Non-Aligned Movement in 1961 in Belgrade, Yugoslavia, were not without their impact on bilateral relations.

Ideology and economics were intertwined at this stage. With American displeasure over the signing of the Rubber-Rice Pact, concern remained over political ideology. Trade volume would fall from 7.98 percent in 1953 to 6.83 percent in 1954, and as Nissanka claims, it was Kotelawala's repeated anti-Communist pronouncements that saw export trade rise to 9.4 percent in 1955. S.W.R.D. Bandaranaike's entry in 1956, and the establishment of diplomatic relations with the U.S.S.R. and China in 1957, saw 'export trade with the US drop from SLR 147 million in 1957 to SLR 135 Million in 1958, but it increased to SLR 163.3 Million the next year, [when Ceylon] had a surplus trade balance of SLR 26.4 Million with the U.S.' (Nissanka, 2003)

The first eight years were ones of overt engagement between the United States and Sri Lanka, where despite the Rubber-Rice Pact, relations continued to be strengthened, the Vice President visited and trade increased. Democracy remained the bedrock upon which relations had been built, and was vital for further deepening of ties. During the next Dudley Senanayake administration from 1965 to 1970 there was a continuation of sound engagement with Senanayake also meeting Lyndon B. Johnson at the White House in 1966.

### **First Interstice – The Bandaranaike Era**

S.W.R.D. Bandaranaike, whilst identifying as a democrat nurtured a strong

leaning towards the left, as evidenced through his coalition, the Mahajana Eksath Peramuna, which brought him to power in April 1956. Relying on economists, including J. K. Galbraith, Bandaranaike formulated a ten-year plan which was to be gradually operationalized. Much enthusiasm led to an accelerated program. This zeal angered countries, notably the United Kingdom, and caused concern for other Western nations, including the U.S. which witnessed a shift in Ceylon's stance.

In a bid to uphold democratic values and ensure that Ceylon did not drift towards the left, the United States increased aid to Ceylon. In the period from 1956 to 1959, aid amounted to SLR 160, 000, 000, while that from the USSR totaled SLR 142, 000, 000. Bandaranaike's premiership saw the signing of 19 agreements with the Western bloc, of which 3 were with the United States.<sup>2</sup>

Sirimavo Bandaranaike was to continue her husband's policies, yet she was not as strong-willed as her spouse, in her first term, and her coalition partners applied much pressure resulting in numerous policy decisions which were seen to be against Western entities. Nationalizing oil companies had far-reaching impact, especially with the US, resulting in the invocation of the Hickenlooper Amendment.

Despite the reservations held by the U.S., there were several instances in which a deep degree of cordiality was maintained owing to the firmly entrenched diplomatic relations. When, in 1961, the United States introduced the Disposals Policy which saw a drop in rubber prices in the world market as the US released stockpiles of natural rubber, Bandaranaike urged John F. Kennedy to consider the plight of natural rubber producing countries. Kennedy made amendments to the policy within three weeks. When in

1962, the US carried out testing of nuclear devices, Bandaranaike expressed concern that it was against cumulative global sentiments. Kennedy noted her views and added that 'although there may be some differences between us as to what constitutes 'effective' inspection and control, I am heartened that we seem not to differ over the need for it.'<sup>3</sup> In 1963, when Buddhists were being persecuted in South Vietnam, Bandaranaike asked Kennedy to use his ties to grant freedom of worship and religious equality.

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2. The three agreements were: Agreement for the grant of economic aid to Ceylon-1956; Agricultural Commodity Agreement-1958; Agreement on the amendment to the original Agreement (1952) for financing certain education exchange programs - 1959

3. Kennedy Presidential Library - Letters exchanged between Prime Minister Sirimavo Bandaranaike and President John F. Kennedy.

In her second term, when Ceylon experienced a youth uprising, Bandaranaike sought international assistance, which was immediately granted by Richard Nixon. Bandaranaike asserted that her government 'will not be intimidated or diverted from the firm course it has set itself in bringing economic growth, social advancement and a cultural resurgence within the framework of social democracy.' However, her penchant for Non-Aligned alienated her to some extent from the United States, which believed her to be more tilted than Non-Aligned.

### **Democracy and Economic Diplomacy: Unswerving Commitment**

It may be noted that as Finance Minister, Jayewardene made abundantly clear that Ceylon's loyalties lay with the United States. His election in 1977 and ascent to the presidency in 1978 was after the promulgation of the second Republican constitution which had been modeled on the US and French versions. During his time at the helm every effort would be made to strengthen relations with the United States.

In November 1979, when the Iranian hostage crisis erupted, 'the U.S. government turned to J.R. as one of a small group of Non-Aligned moderates, for assistance in making an appeal to Khomeini to release the hostages. J.R. strongly sympathized with the plight of the hostages and sent his Minister of Foreign Affairs to Teheran with a personal letter to Khomeini, on this futile mission.' (De Silva and Wriggins, 1994).

Being the leader of the Non-Aligned Movement (NAM) was an uncomfortable title. When attempts were made to delay the 1979 Havana summit, Jayewardene ensured it was held on schedule. Assertions were made at the NAM Ministerial Meeting in May 1979, that 'non-aligned runs like a golden thread through the fabric of our country's foreign policy... [and that] at no stage has our country deviated from that policy. At no stage, I will make bold to say, will it do so in the future,' (Ibid.) Jayewardene did deviate from this stance.

When forces of the USSR entered Afghanistan in December 1979, Jayewardene was keen to have a strong statement denouncing the move. Foreign Minister Hameed reduced the severity of the sentiments, resulting in an erosion of relations between the Presidency and Foreign Ministry as Jayewardene believed the statement had been prepared by the diplomats in the ministry. While the Indian government led by Indira Gandhi took umbrage at the increasing closeness between the United States and Pakistan around this time, Sri Lanka too got closer to the United States, earning the wrath of Gandhi who was already incensed that Sirimavo

Bandaranaike had her civic rights removed through action instigated by Jayewardene. This resulted in the training of the Liberation Tigers of Tamil Eelam (LTTE) in India, a move which was initially denied by India but subsequently exposed by the United States.

The Reagan-Jayewardene bonhomie reached a pinnacle when the latter was accorded a State Visit in June 1984, a gesture not extended to his predecessors or successors to date. The visit came less than a year after the racial pogrom of July 1983. While human rights violations did occur and many lost their lives and livelihoods, the strong bond of democracy served to tide over the misgivings of the Jayewardene presidency. Despite possessing potential for criticism, it was the friendliness of the two leaders, and the support pledged for the opening of the economy and resulting economic policies that would stand Jayewardene in good stead with the United States.

On the economic front, the UNP had established free trade zones, which Reagan was keen to emulate. The Accelerated Mahaweli Programme was not seen favorably. 'President Carter had stopped a number of dam construction projects in the US sponsored by the Army Corps of Engineers and Republican Senators because they were seen to have environmental liabilities....however if the dams and headwork were completed, the US would undertake some of the downstream work such as canals and roads.' (Ibid.) In 1987, Congressman Stephen Solarz, Chair of the Asia-Pacific Subcommittee in the House of Representatives nominated Jayewardene and Rajiv Gandhi for the Nobel Peace Prize due to efforts to bring about peace through the Indo-Lanka Accord. (Ibid.)

Incidents such as the introduction of the state of emergency which Jayewardene used for most of his tenure, the passage of the Prevention of Terrorism Act in 1979, the extension of the term of Parliament, the referendum to ensure his reelection, the July 1983 riots, and deployment of foreign troops on Sri Lankan soil, were massive causes for concern within the country, owing to the erosion of democratic principles, but were not overt sore points in the bilateral relationship. This could be attributed to the appreciation of the US leadership in the economic policies and historic sentiments of Jayewardene.

## **Second Interstice – The Premadasa Presidency**

Though holding the premiership under an Executive President might have been of lesser significance, Ranasinghe Premadasa carved out a niche for himself. During a private visit to the United States in April 1983, an



appointment was sought and received with Ronald Reagan. While not considered wholly unusual for such appointments to be granted, Premadasa was unique among leaders of Sri Lanka. A staunch nationalist whose 'campaign speeches were awash in anti-Western and anti-Establishment rhetoric advocating that his 18 million countrymen throw off the yoke of more than a century of British colonial rule and four decades of neo-colonialism by Sri Lanka's educated Westernized elite.' (Fineman, 1992)

When the United States launched a campaign to repeal the United Nations resolution that equated Zionism with racism, Premadasa opted to oppose the move, earning the wrath of the United States. The position of Sri Lanka was viewed to be anti-American, and a follow through on his traditional stance against the West.

Within the Cabinet, when a national position was being debated following the Iraqi invasion of Kuwait, Premadasa was keen to support Saddam Hussein. It was only after Lalith Athulathmudali, who was still a part of his Cabinet had explained that Kuwait was a small country and Iraq, a bigger one had invaded, that Premadasa decided to support Kuwait. Athulathmudali explains that his position had been initially influenced by his anti-American posture of 'big countries should not tell us what to do.'(Ibid.)

The David Gladstone incident in May 1991, when the British High Commissioner was declared *persona non grata*, whilst souring Sri Lankan relations with the United Kingdom, would also see ramifications among other Western countries, notably the United States. The decision to suspend diplomatic relations with Israel and close the Israeli Interests section in the US Embassy in Colombo further aggravated relations. The Interests Section had become the Israeli Embassy after Jayewardene established diplomatic relations in May 1984. Done to placate Arab countries, Premadasa succeeded however in alienating the Americans.

The underpinnings of democracy were to be reiterated at the time of his assassination, when Bill Clinton used his message of condolence to condemn the 'brutal act of terrorism...[and hoped that] the people of Sri Lanka will join together at this difficult time to renew their commitment to the fight against terrorism and to underscore their support for their democratic institutions.' (Clinton, 1993)

With D.B. Wijetunge becoming President, Ranil Wickremesinghe was appointed Prime Minister. They saw the thirteen-member Sri Lanka Aid Group of donor nations, which included the United States, pledge \$ 840 Million for 1994, which was \$ 15 Million more than had been

pledged in 1993. The United States found that there had been ‘continuing improvement in the human rights picture’ and asked the government to redouble its efforts to implement commitments made to the UN Human Rights Commission, specifically to ‘prosecute those responsible for abuses, to further revise the Emergency Regulations to reduce the opportunities for abuse and to remove non-emergency related provisions [and to] investigate the conditions under which detainees and prisoners are interrogated.

Within a short span of a month, Sri Lanka found favor in the United States, and Prime Minister Wickremesinghe was invited to Washington D.C. where discussions were held with Secretary of State, Warren Christopher, among others, to bolster the new administration, which would however only last till August 1994 when Chandrika Bandaranaike Kumaratunga, began her ascent.

### **Democracy and Economic Diplomacy: Mixed Moves**

The advent of the Kumaratunga presidency induced mixed prospects for the bilateral relationship. Kumaratunga brought her family heritage into the relationship but the catalyst of change was the new Foreign Minister, Lakshman Kadirgamar. Deliberations with the US were chiefly through Kadirgamar in the initial phase of this presidency. In October 1997, the United States proscribed the LTTE identifying it as a terrorist group. This proscription came well ahead of many other western nations and is associated with Kadirgamar’s intense lobbying.

The period of cohabitation from December 2001 onwards came after the attacks on the World Trade Center in New York which swelled international outrage against terrorism and compelled the international community to reanalyze the causes of terrorism. Whilst for many decades terrorism had been regarded as a ‘third world’ problem dependent on poverty and want, the attacks changed the discourse. The perpetrators of those attacks neither originated from third world countries nor did they hail from an impoverished stratum of society. This development worked in favor of Sri Lanka. With a government keen on exploring the potential of peace through negotiations, the LTTE themselves realized that continuing the military confrontation would adversely affect the movement, and hence declared a unilateral cessation of hostilities within days of Prime Minister Wickremesinghe being sworn in.

Unprecedented American involvement and interest in Sri Lanka was seen thereafter with the Prime Minister traveling to the White House on two occasions in 2002 and 2003. It was during his second visit that

Kumaratunga sacked three of his Ministers, a move seen as a direct affront not only to the Prime Minister but to the US as well.

Wickremesinghe was keen to see an increase in trade relations in addition to support for the peace process. From finalizing the Agreement on Avoidance of Double Taxation to the establishment of the US-Sri Lanka Joint Council on Trade and Investment, the Prime Minister had numerous doors opened for him in Washington D.C. This gave him leveraging power in Sri Lanka, on two fronts with the President, on cohabitation, and with the LTTE, on the peace process.

In March 2004, on the eve of the general election, the US Senate approved the Double Taxation Agreement, which would relieve the process of Double Taxation both in the US and in Sri Lanka through a mechanism identified as the Foreign Tax Credit Mechanism. The treaty provided for non-discriminatory treatment by one country to residents and nationals of the other. Treasury Secretary John Snow claimed that 'tax treaty [would] expand our economic relations with Sri Lanka, an important trading partner in the developing world, and is an important step in our ongoing efforts to broaden the reach of our tax treaty network.' (US Department of the Treasury, 2004)

By April 2004, it was evident that relations had reached a peak. Continuous engagement of this nature was not seen before or after this phase ended. It was apparent that the US was keen to secure a key ally in South Asia, and they found that ally in Sri Lanka. With the statements of support and solidarity emanating from the White House, State Department and the US Embassy in Colombo, the Bush administration ensured that their position and message were clear.

The third phase of the Kumaratunga presidency would see the return of Kadirgamar, his subsequent assassination, the devastating tsunami that saw the visits of Presidents Bush Snr and Clinton as special envoys of George W. Bush, as well as Secretary of State, Colin Powell, and an outpouring of sympathy and support.

Wickremesinghe would receive similar support when he returned to the office of Prime Minister in January 2015 under the presidency of Maithripala Sirisena. Secretary of State John Kerry was one of the first to undertake a visit to Colombo within months of the new government being formed, yet the depth of relations would not be reached. The victory of the Joint Opposition candidate (Maithripala Sirisena) was seen as a triumph for democracy as it ended Mahinda Rajapaksa's attempt to seek a third term as President, after having changed the constitution to remove the

two-term limit.

### **Third Interstice – The Rajapaksa Presidency**

In November 2005, when Mahinda Rajapaksa won the presidential election, relations with the United States were satisfactory. Whilst American aid was provided in the wake of the tsunami, it was Kadirgamar's assassination that reinvigorated American resolve. The US Ambassador Jeffrey Lunstead was at the end of his tenure, and by September 2006, Robert O. Blake took over. Although bilateral relations were off to a positive start, the attacks on journalists, disappearances, accusations of torture and other allegations mounted, resulting in a deterioration of ties.

The defeat of the LTTE in 2009 was a significant development for the country which had battled the tyranny of terror. Cognizance of the ability of a developing country to thwart terror and end the existence of an internationally proscribed terror organization was not forthcoming, especially not from the United States. Amidst heightened accusations of human rights violations, a moment of triumph when the United States and Sri Lanka could have marked the end of a ruthless terror organization was not to be.

When Patricia Butenis presented credentials in September 2009 just months after the end of the conflict, Rajapaksa had expressed 'a combination of bewilderment and frustration...that while President Bush personally had encouraged him to pursue defeat of the LTTE, we [the US] were now criticizing Sri Lanka for the conduct of its fight against terrorism.' (Butenis, 2009) The mixed signals were reciprocated. At the aforementioned meeting, guarantees had been given that 70 percent of the Internally Displaced Persons would be returned to their homes by January 2010, which was not feasible, as Rajapaksa himself had stressed that demining operations had to be first completed, and doing so in a few months was not a possibility. Earlier, at the time of the end of the fighting, the government stated that there had been zero casualties, which was also not possible, and it was later changed.

A gulf began to appear in relations, although engagement was routine. The fundamental democratic link, which could have been used to strengthen relations through deeper understanding in both capitals, was not to be, and eventually Rajapaksa moved closer to China, which irked the United States.

## **Conclusion**

The future of US-Sri Lankan relations rests firmly in the democratic arena. It is to the advantage of both countries that democratic values have been long entrenched in their respective systems and need to be relied upon at all times. From the last seven decades it is understood that the ideological underpinnings gave rise to heightened engagement in the first eight years after independence, during the Jayewardene presidency and the second Wickremesinghe premiership. At other times, though not entirely sour, relations were not soaring either.

As the United States looks to strengthen its presence and engagement in the Indo-Pacific region, through mechanisms such as the Quadrilateral Security Dialogue and other multilateral platforms, old bilateral relations remain relevant, and should never be discarded or even discounted. In order to ensure success in these multilateral fora, bilateral ties with countries like Sri Lanka, which are of geographical importance, should be enhanced.

Foreign policy formulation is not without error, on either side of the world. In 1979, the U.S. adopted contrasting positions over Pakistan. In 1967, Ceylon opted not to join ASEAN. Numerous other examples arise but what is significant is that countries learn from history and cultivate friendships, rather than anger and antagonize each other. Herein issues such as human rights should be connecting countries and ensuring engagement rather than dividing democracies. Concerns over corruption should be addressed in a concrete manner. Economic ties should be strengthened with tangible investments that would in turn strengthen relations.

As with most countries, Sri Lanka looks to the international community for trade, investment, and political support, and uses all means of diplomacy it can muster to engage. The United States in contrast is the leading nation, not just of the West, but of the world. It is a country that wields immense power, and it would augur well to be magnanimous at all times, comprehend small state dilemmas and attempt to encourage and support states like Sri Lanka, which are also democracies just like the United States of America. This would aid the preservation of democracy, enhance trade and ensure that diplomatic prospects continue to flourish for all concerned.

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# **PROFILES OF CONTRIBUTORS**





**MAJOR GENERAL MILINDA PEIRIS RWP  
RSP VSV USP NDC PSC MPHIL (IND)**



Major General Milinda Peiris, the current Vice Chancellor of the KDU was the 47th Chief of Staff of the Sri Lanka Army, the second highest appointment in the organization. He is also a graduate of National Defence College, New Delhi, Command and Staff College, Bangladesh and Armour School, Fort Knox, Kentucky, USA. He was the Director Operations at the Joint Operations Headquarters and held the prestigious appointment as the Defence, Military, Naval and Air Attaché for Sri Lanka in the USA. During his tenure in the US, he was awarded the Legion of Merit (LOM), which is a military decoration of the United States Armed Forces for exceptionally meritorious conduct in the performance of outstanding services and achievements.

Major General Milinda Peiris was appointed as the Vice Chancellor of General Sir John Kotelawala Defence University (KDU) in 2008. Under his leadership, the university expanded to be a fully-fledged university which caters the unique and harmonious blend of civil- military education in the region. During his two tenures as the Vice Chancellor, he took an untiring effort to establish 14 academic faculties including the Medical Faculty of KDU, which became nationally and internationally known for its unique ability to produce military medical graduates of the highest caliber to fulfill the healthcare requirements of the tri-services, state sector and society at large. Further, he introduced the concept of University Hospitals to Sri Lanka by providing a tertiary care hospital for KDU.

With his invaluable contribution to the tertiary education of this country, he was conferred with the “Award for Outstanding Contribution to Education” by the World Chancellors and Vice Chancellors Congress in recognition of “the strategic and iconic position occupied by him in the fraternity of Vice Chancellors as an agent of change in global education. Further, he was conferred with the “Education Leadership Award” by the World Education Congress in July 2015.

## **AMBASSADOR JULIE J. CHUNG, US AMBASSADOR TO SRI LANKA**



Ambassador Julie Chung arrived in Colombo as the U.S. Ambassador to Sri Lanka in February 2022. A career member of the Senior Foreign Service with the rank of Minister-Counselor, Ms. Chung has served in senior positions throughout the Indo-Pacific and Western Hemisphere.

Ms. Chung most recently served as the Acting Assistant Secretary in the U.S. Department of State's Bureau of Western Hemisphere Affairs. She also has extensive experience in the Bureau of East Asian and Pacific Affairs, including as the Acting Deputy Assistant Secretary for Japan, Deputy Chief of Mission in Cambodia, and Economic Counselor in Thailand. In addition, she has served at the U.S. embassies in Iraq, Colombia, Vietnam, and Japan, and the U.S. Consulate in Guangzhou, China. She also served as an advisor on nonproliferation discussions of the Agreed Framework with North Korea while working in the Office of Korean Affairs in Washington.

Ms. Chung is from Huntington Beach, California and joined the Foreign Service in 1996 in the first cohort of the Thomas R. Pickering Fellowship program. She received a B.A. in Political Science from the University of California San Diego and an M.A. in International Affairs from Columbia University. Ms. Chung has been the recipient of numerous awards, including the Secretary's Distinguished Honor Award, and speaks Korean, Japanese, Spanish, and Khmer.



**ASSISTANT SECRETARY DONALD LU,  
BUREAU OF SOUTH AND CENTRAL ASIAN  
AFFAIRS, US DEPARTMENT OF STATE**



Donald Lu became Assistant Secretary of State for the Bureau of South and Central Asian Affairs on September 15, 2021. Prior to this assignment, Assistant Secretary Lu served as the U.S. Ambassador to the Kyrgyz Republic from 2018 to 2021 and the U.S. Ambassador to the Republic of Albania from 2015-2018. Before his posting in Albania, Assistant Secretary Lu worked on the Ebola crisis in West Africa as the Deputy Coordinator for Ebola Response in the Department of State.

Lu is a Foreign Service Officer with more than 30 years of U.S. government service. He served as Deputy Chief of Mission (DCM) in India (2010-2013), Chargé d'Affaires (2009-2010) and DCM (2007-2009) in Azerbaijan, and as DCM in Kyrgyzstan (2003-2006). Earlier in his career he was assigned as Deputy Director in the Office of Central Asian and South Caucasus Affairs, Bureau of European Affairs (2001-2003), Special Assistant to the Ambassador for the Newly Independent States in the Office of the Secretary of State (2000-2001), Political Officer in New Delhi, India (1997-2000), Special Assistant to the Ambassador in New Delhi, India (1996-1997), Consular Officer in Tbilisi, Georgia (1994-1996), and Political Officer in Peshawar, Pakistan (1992-1994). As a Peace Corps volunteer in Sierra Leone, West Africa from 1988-1990, he helped to restore hand-dug water wells and to teach health education and latrine construction.

Assistant Secretary Lu is from Huntington Beach, California. He graduated from Princeton University with both master's and bachelor's degrees in international relations. He speaks Albanian, Russian, Georgian, Azerbaijani, Urdu, Hindi, and West African Krio. He enjoys biking, watching movies, traveling, and spending time with his family.

**AFREEN AKHTER, SENIOR ADVISER TO  
THE ASSISTANT SECRETARY OF STATE FOR  
SOUTH AND CENTRAL ASIAN AFFAIRS, US  
DEPARTMENT OF STATE**



Afreen Akhter serves as a Senior Adviser to the Assistant Secretary of State for South and Central Asian Affairs. In this role, she oversees the South and Central Asia Bureau's Office of Security and Transnational Affairs.

Previously, Ms. Akhter served as the National Security and Foreign Affairs Adviser to U.S. Senator Chris Van Hollen. Ms. Akhter's prior assignments include the State Department's Office of Pakistan Affairs, Political-Military Affairs Bureau, U.S. Embassy Beijing and the National Security Council.

She was a Presidential Management Fellow and a Fulbright Scholar. She earned her Master's in Public Policy from the Harvard Kennedy School of Government and her Bachelors from Brown University.





**CHRISTOPHER N. STEEL, SENIOR  
COORDINATOR FOR THE INDO-  
PACIFIC AT THE U.S. AGENCY FOR  
INTERNATIONAL DEVELOPMENT (USAID)**



Christopher N. Steel, a career member of the Foreign Service, is the Senior Coordinator for the Indo-Pacific at the U.S. Agency for International Development (USAID). He has previously held leadership positions at U.S. Embassies in Pakistan, Guatemala, Afghanistan, and Kenya and served on the National Security Council Staff at the White House. Prior to joining USAID, Mr. Steel managed various development programs in democracy, environment, health, and education throughout Latin America and the United States. A native of New Jersey, Steel holds a doctorate from the University of Pennsylvania, a Master's degree from Harvard University, and a Bachelor's Degree from the University of Scranton.



**PETER A. GUMATAOTAO, REAR ADMIRAL  
(RETD.), U.S. NAVY, DIRECTOR OF  
THE DANIEL K. INOUE ASIA-PACIFIC  
CENTER FOR SECURITY STUDIES (DKI-  
APCSS) HONOLULU HAWAII**



Rear Admiral (Retd.) Pete Gumataotao is a native of Guam and currently serving as the Director, Daniel K. Inouye Asia-Pacific Center for Security Studies (DKI-APCSS). He is a 1981 graduate of the United States Naval Academy and earned his Master of Arts degree in National Security Strategic Studies from the U.S. Naval War College in 1994. He has extensive experience operating globally during 37 years of active duty service, including eight years as a U.S. Navy flag officer. In addition to undertaking eleven deployments conducting defense and security exercises, he served in senior leadership positions to include command-at-sea on USS Curtis Wilbur (DDG 54), USS Decatur (DDG 73), and as Commodore for Destroyer Squadron 31. As a Flag Officer, he held three command positions: Commander, U.S. Naval Forces Korea; Commander, Carrier Strike Group (CSG) 11 (Nimitz Strike Group); and Commander, Naval Surface Force Atlantic. Other Flag Officer assignments: assistant deputy chief of Naval Operation for Operations, Plans and Strategy (N3/N5B) and deputy chief of staff, Strategic Plans and Policy, Supreme Allied Command Transformation. He became the Director, Daniel K. Inouye Asia-Pacific Center for Security Studies in February 2018. DKI APCSS is a Department of Defense institution and one of five regional security studies centers that addresses regional and global security issues.

His decorations include the Defense Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit, Meritorious Service Medal, and other personal, unit, and campaign awards. He is the first recipient of the Admiral Zumwalt Award for Visionary Leadership. He was awarded the Order of National Security Merit Cheonsu Medal by the Republic of Korea for distinguished performance in promoting military cooperation between South Korea and the United States. He was also awarded the Bundeswehr Cross of Honour for Valour by the German military for his performance at NATO.

## **C. RAJA MOHAN (IPS CONFERENCE MODERATOR)**



Professor C Raja Mohan is Visiting Research Professor at the Institute of South Asian Studies (ISAS). He was the Director of ISAS, from May 2018 to December 2021. He was Professor of South Asian Studies at Jawaharlal Nehru University, New Delhi, and at the S Rajaratnam School of International Studies, Nanyang Technological University, Singapore.

Professor Mohan is one of India's leading commentators on India's foreign policy. He has been associated with a number of think tanks in New Delhi, including the Institute of Defence Studies and Analyses, the Centre for Policy Research and the Observer Research Foundation. He was also the founding director of Carnegie India, New Delhi, the sixth international centre of the Carnegie Endowment for International Peace, Washington DC. He was the Henry Alfred Kissinger Chair in International Affairs at the United States Library of Congress, Washington DC, from 2009 to 2010. He served on India's National Security Advisory Board. He led the Indian Chapter of the Pugwash Conferences on Science and World Affairs from 1999 to 2006.

He writes a regular column for the Indian Express and was earlier the Strategic Affairs Editor for The Hindu newspaper, Chennai. He is on the editorial boards of a number of Indian and international journals on world politics.

Professor Mohan has a Master's degree in nuclear physics and a PhD in international relations. Among his recent books is *Samudra Manthan: Sino-Indian Rivalry in the Indo-Pacific* (2013) and *Modi's World: Expanding India's Sphere of Influence* (2015).

## HARINDA VIDANAGE



Dr. Harinda Vidanage is presently serving as the Head of the Department, Department of Strategic Studies and a Senior Lecturer at General Sir Kotelawala Defense University. Dr. Vidanage graduated from University of Colombo Sri Lanka with first class honors for Political Science. He gained his PhD from the University of Edinburgh, United Kingdom in 2009. Among his scholarly and academic achievements, he holds the Senior Fulbright Award of Scholar in Residence 2011, the prestigious Overseas Research Scholarship (ORS) awarded by the British Government in 2005, and the Principals Scholarship awarded by University of Edinburgh in 2005. He specializes in the areas of International Security & Cyber Politics.

Dr. Harinda Vidanage was formerly, the Director, Bandaranaike Center for International Studies (BCIS), and prior to his assignment at the BCIS, he was Assistant Professor of International Relations, St. Lawrence University, New York from 2012 to 2016. He taught courses on International Relations, Global Governance, International Security, Technology & Warfare and global implications of Cyber politics. He was the Academic Director, Bandaranaike Center for International Studies (BCIS) 2009 - 2011. His professional experiences include appointments as Adviser, International Affairs to the President of Sri Lanka during 2006 - 2010, a Consultant to the Prime Minister of Sri Lanka during 2004 - 2005 on International Affairs.

Dr. Vidanage has presented in various local and international academic and corporate forums on themes ranging from cyber security, international security, and geopolitics. He is frequently consulted by the Sri Lanka Army and Air Force for academic advancement and international security related programs. Dr. Vidanage contributes regularly to electronic and print media analyzing current global political developments. He is the author of the biweekly international affairs column 'STRATSIGHT' on the Sri Lankan daily newspaper, Daily Mirror.



## CHULANEE ATTANAYAKE



Dr. Chulanee Attanayake is a Researcher, Political Analyst and Lecturer in International Politics, International Relations and International Political Economy. She is currently serving as a Research Fellow at the Institute of South Asian Studies (ISAS) Singapore. Dr Attanayake obtained her PhD from the Central China Normal University in Wuhan. She has a Bachelor in Arts from the University of Peradeniya and a Master degree in regional development and planning from the University of Colombo.

Dr Attanayake served as the Director (Research) of the Institute of National Security Studies Sri Lanka - the national security think-tank under Sri Lanka's Ministry of Defense. She was a visiting lecturer at the Bandaranaike Centre for International Studies on Politics in South Asia and Politics in the Indian Ocean, and at the Royal Institute of Colombo. She worked as a research associate at the Lakshman Kadirgamar Institute for International Relations and Strategic Studies - a think-tank under the Ministry of External Affairs. She has also served as an international expert on an international study group on Green Belt and Road, a project by UNEP and the Ministry of Environmental Protection in China. She also published a book; *China in Sri Lanka: a comprehensive analysis of Sino-Sri Lankan bilateral relations* in 2013. Her research focus is on China and its policies in South Asia, specifically China's Resource Diplomacy in South Asia, with particular interest in Sri Lanka.



## GANESHAN WIGNARAJA



Dr. Ganeshan Wignaraja is an international development expert, policy advisor and researcher. He is presently a Senior Research Associate at the Overseas Institute (ODI) in London, a Non-Resident Senior Fellow at the Institute of South Asian Studies (ISAS) at the National University of Singapore and a Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka. Ganeshan has a DPhil in economics from Oxford University and a BSc in economics from the London School of Economics.

In a career spanning over the last thirty years in the UK and Asia, Ganeshan has held senior roles in international organizations (including the Director of Research at the ADB Institute in Tokyo, Chief Programme Officer at the Commonwealth Secretariat in London and Visiting Scholar at the IMF in Washington DC), government-linked think tanks (including Executive Director of the Lakshman Kadirgamar Institute of International Relations and Strategic Studies in Colombo), and the private sector (including Global Head of Trade and Competitiveness at Maxwell Stamp PLC in London).

He has published 20 books on these topics and successfully led teams to deliver complex projects for bilateral and multilateral aid agencies in over 30 countries in Asia, Africa, Europe and Latin America. His expertise covers macroeconomic analysis, international trade and regional economic integration, foreign aid and infrastructure connectivity, economic and business competitiveness and poverty and inequality.



## **BHAGYA SENARATNE**



Dr. Bhagya Senaratne is presently serving as a Senior Lecturer in the Department of Strategic Studies at General Sir John Kotelawala Defence University. She was awarded her Doctor of Philosophy (PhD) from the University of Colombo for her thesis titled: An Analysis of Sri Lanka-China Bilateral Relations from 1994 to 2015. She concurrently holds the appointment of the Faculty Public Relations Coordinator.

Dr. Senaratne has experience in the fields of foreign policy, public relations, and communications with her previous commitments in the public and the private sectors. She has represented Sri Lanka in numerous international forums such as the International Visitor Leadership Program (IVLP) in the USA, 'IORA Meeting of Experts' in New Delhi and the 22nd Ship for World Youth Programme awarded jointly by the Cabinet Office of Japan and the United Nations University in Tokyo, Japan of which, she is an alumna. She is also an alumna of the University of Colombo, Indian Institute for Mass Communication (IIMC), the Geneva Center for Security Policy, the China Institute of International Studies (CIIS), the Near East and South Asia Center (NESA) and the International Visitor Leadership Program (IVLP) - USA.

Dr. Senaratne contributes extensively to local and international publications. She also organized many events such as the Seminar on Sri

Lanka's Post-Independence Defense Policy (2021), the KDU-CNA Track 1.5 Dialogue (2016 & 2018), and she was also the Conference Secretary of KDU's 11th International Research Conference - 2018. She researches and teaches on areas related to Foreign Policy Analysis (Sri Lanka, China, U.S.), Diplomacy, Strategic Communication and Maritime Security.

## GEORGE I. H. COOKE



Dr. George is a Diplomatic Historian whose main areas of research interest include foreign policy, diplomacy, regionalism and integration. He is a Senior Lecturer in the Department of International Relations at the University of Colombo, and a Visiting Lecturer at the National Defence College of Sri Lanka, the Bandaranaike International Diplomatic Training Institute, the Defence Services Command and Staff College, the Sri Lanka Air Force Academy, Trincomalee, NEXT Campus and Colombo School of Business and Management.

Dr. George is the Initiator of the Awarelogue Initiative, a venture aimed at enhancing awareness and dialogue in the field of International Relations through multiple platforms in the virtual realm, and he runs his own IR blog (<http://awarelogue.blogspot.com/>). Currently a columnist with the Daily Financial Times (FT), he is also the host of 'The Sri Lankan Understanding' on HiTV, and he conducts Effective English Communication programmes for professionals in the private and public sectors.

With a Doctorate in International Relations from the University of Colombo, he also possesses a Master of Arts Degree and a Bachelor of Arts Degree in Social Sciences from the Open University of Sri Lanka. An alumnus of the Netherlands Institute of International Relations, Clingendael, in The Hague, he was a Visiting Fellow at the Ubon Ratchathani University in

Thailand.

A former Sri Lankan diplomat, his decade long career saw him serving at the Ministry of Foreign Affairs as Personal Assistant to the Foreign Minister of Sri Lanka from 2007 to 2009 and at the regional desk of East Asia and Pacific, as well as the Public Communications desk. Overseas he was stationed at the Embassy of Sri Lanka in Paris and at the Permanent Delegation of Sri Lanka to UNESCO from 2009 to 2014.







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