A Smaller State’s Quest for Indian Ocean Security:
The Case of Sri Lanka

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As a smaller state in the geopolitically contested Indian Ocean region, Sri Lanka’s security would be best served by continuing its advocacy for regional rules-based order, a project dating back to its Indian Ocean Zone of Peace proposal of 1971. In doing so, Sri Lanka should engage with multiple states and regional organisations, and perhaps seek to strengthen existing regional normative instruments.

This LKI Policy Brief is one of a series of papers originating from LKI’s Sri Lanka Foreign Policy Forum in 2017.

I. Introduction

Sri Lanka’s strategic location at the centre of the Indian Ocean has, over centuries, attracted the attention of various great powers emerging in or venturing into the region. From the Chola Empire in the 11th century to the Portuguese, Dutch and British empires from the 16th to the 20th century, Sri Lanka has been a site of strategic contestation in the shifting geopolitical dynamics of the Indian Ocean region. Today, the rising powers of India and China seek to shape the region to advance their strategic interests, with Sri Lanka once again being caught up in this ‘great game.’

This Policy Brief outlines what Sri Lanka, as a smaller state in the Indian Ocean region, can do to ensure its security against this context of growing geopolitical competition. It argues that Sri Lanka’s security is best served by continuing to advocate for regional rules-based order, by engaging with a multiplicity of states and regional organisations. Equally important, Sri Lanka must work to support a range of mechanisms that can effectively enforce such an order.

II. Smaller States and Rules-Based Order

Small state security responses are arguably, a less understood area in the literature of international relations. However, there is some general agreement that smaller states thrive best under a strong rules-based order. Therefore, it is in their interest to advocate for strong normative foundations, and to uphold strong normative responses to security threats.

A few historical examples demonstrate how smaller states have advocated for a rules-based order. States like the Netherlands were initial supporters of the idea of the Law of the Sea, seeking to uphold freedom of trade and navigation. Later, in the post-colonial era, policymakers in smaller states, such as Singapore’s first foreign minister S. Rajaratnam, explicitly stated that upholding a rules-based order (based on the principles of the United Nations (UN) Charter) was the only way to ensure their wellbeing and security. Sri Lanka also made an early pitch for a rules-based order in the Indian Ocean region, in its 1971 proposal to declare the Indian Ocean region a ‘Zone of Peace,’ to prevent ‘great powers’ from establishing a military presence in the region.
Norms, however, are ineffective without accompanying harder power – both military and economic – that can be used to enforce them. While smaller states benefit from a rules-based order, they are themselves unable to shoulder the costs of enforcement and must necessarily partner with larger powers in doing so. In cases where the interests of the smaller states and the larger powers diverge, norms remain toothless and become forgotten ideas – as happened with Sri Lanka’s Zone of Peace proposal.

III. The Indian Ocean Region: Norms without Enforcement

The Indian Ocean is a good example of a situation where normative frameworks such as the UN Convention on the Law of the Sea (UNCLOS) apply in principle, but without any accompanying enforcement capacity. While the US has the enforcement capabilities to be a unilateral security guarantor in the region, the relative decline of US power against an increasingly assertive China means that the US may seek to pass some of the responsibility of maintaining security in the Indian Ocean to regional partners.

Yet most of these partners, such as India, Thailand, and Australia, still lack the military and economic clout to each act as a security guarantor for the region. In addition, the adoption of a non-aligned foreign policy by many countries in the Indian Ocean region has resulted in the collective rejection of the possibility of a regional or extra-regional power guaranteeing regional security; indeed, this was the policy orientation that lay behind Sri Lanka’s Zone of Peace proposal.

These developments increasingly threaten to make the Indian Ocean a less ‘governed’ space, with growing competition between the rising powers of China and India. China has made substantial investments in India’s neighbours as part of its Belt and Road Initiative (BRI); including in the Colombo International Financial City in Sri Lanka, the Gwadar Port in Pakistan, and the Kyaukpyu Port in Myanmar. Meanwhile, India is investing in developing the Chabahar Port in Iran as a response to China’s involvement in Gwadar, aims to expand its naval fleet to 200 warships by 2027, and is attempting to court China’s own neighbours – like Vietnam – through its ‘Act East’ policy.

In Sri Lanka, Sino-Indian competition is most evident from China acquiring a majority stake in the Hambantota Port on a 99-year lease, and in India showing interest in acquiring the adjoining Mattala Airport as well as in reviving a WWII-era oil tank farm at the strategically important Trincomalee Port. The competing acquisitions of Sri Lanka’s strategic assets by Asian powers in Colombo, Hambantota and Trincomalee testify to the island’s shrinking space to successfully manoeuvre between China, India and other regional powers.
IV. Sri Lanka’s Security Strategy: Multilateral Engagement

What can Sri Lanka then, as a smaller Indian Ocean state, do in this context of heightened strategic competition? In short, it needs to engage with a multiplicity of actors to secure a regional rules-based order in its interests. Such a rules-based order should set clear normative guidelines and expectations as to how countries in the Indian Ocean should conduct themselves in the maritime domain, including in accessing ports and other maritime infrastructure. For Sri Lanka, sovereign control of a modern and competitive maritime infrastructure is vital to its security and growth.

Sri Lanka has already taken this step by raising the idea of an eventual Indian Ocean Code of Conduct,\(^\text{17}\) to cement the regional applicability of UNCLOS, including its principles of freedom of navigation and overflight. Such a Code would be more capable of addressing the specific regional context and issues that may not covered within the UNCLOS framework. Pursuing this idea with other like-minded states in the region would highlight Sri Lanka’s regional ‘citizenship’ and the importance it places on a regional rules-based order. This would mark an important step forward in Sri Lankan foreign policy, which has previously tended to shy away from bold normative proposals due to the need to balance the interests of major powers.

As mentioned above, however, Sri Lanka cannot ensure enforcement of normative frameworks on its own. If a Code of Conduct is to be effective in managing great power competition in the region, it must receive the support of both larger powers and smaller states in the region. It is also worth noting that such a Code would also require considerable coordination and communication between governments, the academic community, and think tanks that provide recommendations on such initiatives, though addressing the manner of this coordination is beyond the remit of this paper.

Of course, this begs the question of how Sri Lanka can effectively engage with a multiplicity of actors in the current context. In this regard, there has been much speculation that Sri Lanka’s growing economic ties with China will implicitly align it with China’s strategic agenda, thereby limiting its space for multilateral engagement. Indeed, some in India’s and other countries’ strategic establishments view these economic developments as balancing behaviour ‘against’ India, as is evident from Shivshankar Menon stating that it was natural\(^\text{18}\) for neighbours like Sri Lanka to play China off against India.

Conversely, however, it can be argued that Sri Lanka’s economic relationship with China obscures many aspects of Sri Lanka’s multi-pronged engagement with other powers and smaller states in the region, and even its security-related links with India. This Policy Brief presents below Sri Lanka’s existing multilateral engagement to secure a regional rules-based order under three broad themes (engagement with regional organisations, security-related engagement, and economic engagement), before examining how it can support mechanisms to enforce such a rules-based order.
1. Sri Lanka’s engagement in regional organisations

Sri Lanka’s regional engagement in regional organisations is a longstanding part of its foreign policy. Sri Lanka was one of the founding members of the South Asian Association for Regional Cooperation (SAARC) in 1985, the Indian Ocean Rim Association (IORA) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in 1997, and the Indian Ocean Naval Symposium (IONS) in 2008. Many of these regional groupings lay largely dormant until recent years, when intensifying geopolitical competition in the Indian Ocean region arguably jolted participating countries into re-examining the potential of multilateral organisations to manage the security risks of such competition. In addition to helping to meet security objectives, some of these organisations can increase intra-regional trade and other factors of economic growth, thereby providing countries with an added incentive for multilateral engagement.

2. Security-related multilateral engagement

On the question of security-related engagement, Sri Lanka has sought an active role in IORA, being appointed in 2017 as Lead Coordinator of its Working Group on Maritime Safety and Security. The UN Office on Drugs and Crime recently opened an office in Sri Lanka to headquarter the Indian Ocean Forum on Maritime Crime, which acts as a regional coordination platform for law enforcement against maritime crime in the Indian Ocean. At the same time, Sri Lanka has also linked with other regional security forums such as the Shanghai Cooperation Organisation (SCO), in which it became a Dialogue Partner in 2009. Besides engagement with the above-mentioned multilateral security platforms, Sri Lanka is also party to a trilateral maritime security agreement with India and the Maldives, which has a strong focus on enhancing Maritime Domain Awareness (MDA) capabilities. It has also enhanced bilateral defence cooperation with India and China. With India, Sri Lanka has several forms of defence cooperation, including the annual Indo-Lanka Defence Dialogue since 2012, the annual Mitra Shakthi joint military exercises since 2012, and four rounds of the SLINEX naval exercises since 2005.

Compared to its security-related engagement with India, Sri Lanka has a lower-level engagement with China. In 2015, Sri Lanka concluded a two-stage military exercise with China, and in 2017, it had both the Chinese and Indian militaries participate in the eighth edition of a field training exercise, the Exercise-Cormorant Strike VIII. Besides these two Asian powers, Sri Lanka has lately strengthened its cooperation with the US, which trained and held joint exercises in 2016 with Sri Lanka’s first-ever Marine battalion. Finally, it should be noted that Sri Lanka also welcomes port visits from the vessels of various foreign navies. According to former Navy Commander, Admiral Jayanath Colombage, there were 399 visits by visiting naval ships between 2009 and 2017; with India having made the most visits, followed by Japan and China.

These facts should make it clear that Sri Lanka has actively pursued a strategy of multilateralism in its quest to ensure its security as a small Indian Ocean state. Such multi-actor
engagement has not sought to be at the expense of one state or another, particularly India against China. Indeed, the foregoing facts have indicated that, if anything, Sri Lanka’s strategic cooperation with India is stronger than that with China.

3. Economic dimensions of Sri Lanka’s engagement

It is increasingly accepted that a state’s security depends also on economic networks; a point exemplified by President Obama’s push for the Trans-Pacific trade initiative to strengthen the US in the Asia-Pacific as a way of countering a rising China. For economic reasons, and secondarily for strategic reasons, Sri Lanka also aims to grow its economic links in the Indian Ocean. Since 2015, the current government has therefore sought to reposition Sri Lanka as an economic centre of the Indian Ocean. As a result, Sri Lanka has sought to expand its economic engagement and integration with regional states, beyond the largely political engagement of previous years.

Sri Lanka is pursuing multiple trade agreements, including a recently signed Free Trade Agreement (FTA) with Singapore, and potential FTAs with other regional countries including China, Malaysia, Indonesia, Thailand and Bangladesh. Similarly, Sri Lanka is also looking to expand its existing FTA with India into an Economic and Technical Cooperation Agreement (ETCA) and has discussed using its upcoming chairmanship of BIMSTEC to pursue a long-discussed regional FTA among BIMSTEC countries.

In this way, Sri Lanka’s vision to be a centre of the Indian Ocean will be facilitated and underpinned by access to regional markets and value chains. In keeping with Sri Lanka’s smaller-state strategy of engaging multiple actors, it has also sought to embed itself within the Belt and Road Initiative (BRI) and related institutions such as the Asian Infrastructure Investment Bank (AIIB), which help finance the large-scale infrastructure needed to support Sri Lanka’s hub ambitions.

V. Mechanisms to Support and Enforce Regional Rules-Based Order

Having demonstrated Sri Lanka’s policy of multi-actor engagement, it remains to be seen which actors and regional groupings might best serve as the central mechanisms to uphold and enforce Sri Lanka’s vision of a rules-based regional order. The emerging quadrilateral security dialogue between India, Australia, the US, and Japan (known informally as the Quad), is a nascent group of great and middle powers in the region that may be able to provide the enforcement capacities for a regional rules-based order. As Rory Medcalf has noted, however, the Quad is at an early stage of development, a point supported by the fact that the four member countries each issued a separate statement (rather than a joint one) following their ministerial-level meeting in November 2017. In this context, Sri Lanka should observe the evolution of this grouping, and as Dinusha Panditaratne has argued, perhaps later consider seeking a lower level of membership that is consistent with the principle of non-alignment, such as observer status in the Quad. Given that a role in the Quad seems unlikely in the short
term, Sri Lanka can consider other regional groupings where it can advocate for a rules-based order and build broad-based acceptance to help enforce that order. Two key multilateral forums in which Sri Lanka can make this case are IORA and IONS. IONS’ inclusion of key Indian Ocean states that are not included in IORA (including Pakistan) could make it a better forum for negotiating regional rules-based order compared to IORA. In the meantime, Sri Lanka should proceed with its own initiative of discussing a regional Code of Conduct with other Indian Ocean states which have similar security concerns and interests. All these platforms would provide Sri Lanka an opportunity to display normative leadership in advocating for a regional rules-based order.

There are, however, significant challenges for a smaller state like Sri Lanka in such an endeavour, especially in resource constraints. The task of convening all the countries of the Indian Ocean littoral, as well as several extra-regional countries, to discuss and pursue an Indian Ocean Code of Conduct would stretch the resources of Sri Lanka’s government, including its Foreign Ministry and diplomatic corps.

One way of surmounting this challenge is to not attempt to formulate a Code of Conduct from scratch, but rather, to seek to strengthen an existing regional normative statement.

The Jakarta Concord, which resulted from the first-ever IORA Leaders’ Summit in March 2017, could be one such statement that could be further strengthened into a regional normative framework. It is based on UNCLOS and affirms basic principles such as freedom of navigation and overflight. The task of formulating an Indian Ocean Code of Conduct would be easier if done within the framework of an existing normative instrument. Strengthening the Jakarta Concord – including by adding potential enforcement capacities – could avoid needless repetition of normative instruments, and could also represent a diplomatically and logistically less challenging option for Sri Lanka and like-minded states.

VI. Conclusion: Towards a Strategy of ‘Multiplying Multilateralism’

As geopolitical competition – especially between China and India – intensifies in the Indian Ocean, Sri Lanka’s best strategy to ensure its own security is to make a clear stand for a rules-based order. However, recognising its inherent limitations as a smaller state, Sri Lanka must continue to pursue a proactive strategy of multi-actor engagement, in military and economic terms, to realise this goal.

In seeking out regional mechanisms that could uphold and enforce a rules-based order, Sri Lanka could watch and see how the Quad evolves, and perhaps later seek something akin to ‘observer status’ within the Quad. To reduce the resource-related challenges it could face in pushing for a rules-based order, Sri Lanka could aim to supplement or strengthen existing regional groupings and frameworks like IONS and the Jakarta Concord, rather than seek to draft a Code of Conduct from scratch.
The Indian Ocean at present is a sea of uncertainty. While navigating this space is no easy task for smaller states like Sri Lanka, this should not prevent them from thinking proactively and collectively about regional security, to develop responsive frameworks on regional issues. While regional initiatives by proactive smaller states might be discouraged by some Asian powers, they can at least fuel important dialogue on regional threats and opportunities, with long-term benefits for all.
Notes


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