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How Can Sri Lanka Navigate the Asian Arms Race Conundrum?

Malinda Meegoda*

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***Malinda Meegoda** is a Research Associate at the Lakshman Kadirgamar Institute of International Relations and Strategic Studies (LKI). The opinions expressed in this article are the author's own views. They are not the institutional views of LKI and do not necessarily represent or reflect the position of any other institution or individual with which the author is affiliated. The author is most grateful for comments received from Admiral Travis Sinniah, former Commander of the Sri Lanka Navy, and to comments received during his presentation at the 2018 Sri Lanka Air Force Symposium on 19 October 2018.

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Lakshman Kadirgamar Institute of International Relations and Strategic Studies (LKI)

24 Horton Place, Colombo 7, Sri Lanka

Email: programmes@lki.lki. Website: www.lki.lk

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With many states in Asia looking to increase their military modernisation drives, smaller states operating in a tight fiscal environment such as Sri Lanka may find it difficult to match the scale and scope of military expenditure levels in the region. This policy brief will look at the options available for Sri Lanka to best navigate this increasingly uncertain strategic environment.

I. Introduction

The [2018 US Nuclear Posture Review](#)¹ and the nuclear crisis on the Korean peninsula have dominated discussion of the global security climate in 2018. These headlines have obscured other major developments in global security, among which the Asian arms race is certainly worth noting. Against the backdrop of this regional arms race, a smaller and fiscally constrained state like Sri Lanka may find it difficult to match rising regional military spending.

This Policy Brief explores some of the trends and regional implications of the Asian arms race, and what Sri Lanka, as a smaller state in the Indian Ocean, can do to ensure its national security without comprising its economic stability. To achieve this objective, Sri Lanka could develop a smart and ‘lean’ military procurement and transformation plan that prioritises quality and effectiveness, while maintaining its long-standing principles of nonalignment and commitment to a rule-based order.

II. The Asian Arms Race – Expanding Inventories and Deadlier Technologies

According to figures released by the Stockholm International Peace Research Institute (SIPRI), military spending in Asia reached USD [446 billion in 2017](#).² The top four regional military spenders—China, India, Japan, and South Korea—were also among the top 15 military spenders globally that year. China ranked second and India fifth in the global rankings.

India’s military expenditure [crossed the USD 50 billion](#)³ mark for the first time in 2016. Many Indian analysts defend this higher spending as part of a broader military modernisation plan rather than a deliberate effort to start an arms race in the region. However, this expenditure has had a knock-on effect on other countries in the region. Bangladesh, for example, had one of the [highest relative increments](#)⁴ in military expenditure in the region between 2008 and 2017. It is in Pakistan, though, that such knock-on effects have the most far-ranging consequences. Economic disparity between India and Pakistan has limited the latter’s ability to expand its conventional military capability. This handicap has compelled Islamabad to pursue cheaper, but potentially devastating deterrent options like the [Nasr ballistic missile](#),⁵ a [Tactical Nuclear Weapon \(TNW\)](#).⁶ The asymmetrical strength of conventional weapons systems between India and Pakistan is cited as a major reason for Islamabad’s refusal to commit to a [no-first-use](#)⁷ policy on nuclear weapons.

The ongoing military modernisation and transformation programs are taking place over multiple military operational domains: land, air, sea, and the emerging cyber sphere.

2.1. Land and Air Domains

India's recent acquisition of the [S-400](#)⁸ antiballistic missile defence system (ABM) and the actions of both China and India to increase their number of [active aircraft carriers](#)⁹ perpetuate a spiral of successive defensive and offensive weapons platforms. The proliferation of ballistic missiles with Multiple Independently Targetable Re-entry Vehicles (MIRV), and ABMs, weapons classified as counterforce weapons (strategic weapons aimed at targeting military targets), are undermining stability in the region and leading it down the path to a new strategic weapons arms race.¹⁰

2.2. Maritime Domain

China's plans to have a greater maritime presence in the Indo-Pacific have been accompanied by the development and deployment of [conventional and nuclear vessels](#).¹¹ These include, but are not limited to, platforms like ballistic missile submarines, aircraft carriers, and light frigates. With the increasing presence of such vessels in the Indo-Pacific, incidents such as the [near collision](#)¹² between a US Navy ship and a Chinese warship in the South China Sea could become more common, especially in the absence of any agreements covering incidents at sea between the major regional and global powers active in the Indo-Pacific. Not to be outdone, India recently completed its nuclear triad capability with the first deterrent patrol of its first indigenously built [Arihant-class](#)¹³ nuclear-powered ballistic missile submarine (SSBN).

India's development of a sea-based deterrent is part of its effort to develop second-strike capability, and reflects its theory of sea-based deterrence that the use of a SSBN with its emphasis on constant mobility will make it much more difficult for opponents to monitor. Maintaining a sea-based system of deterrence is, however, costly. If Pakistan were to divert resources away from conventional defensive measures, and deepen the asymmetries between its conventional forces and India's, it would be forced to keep up with India's nuclear weapons development.

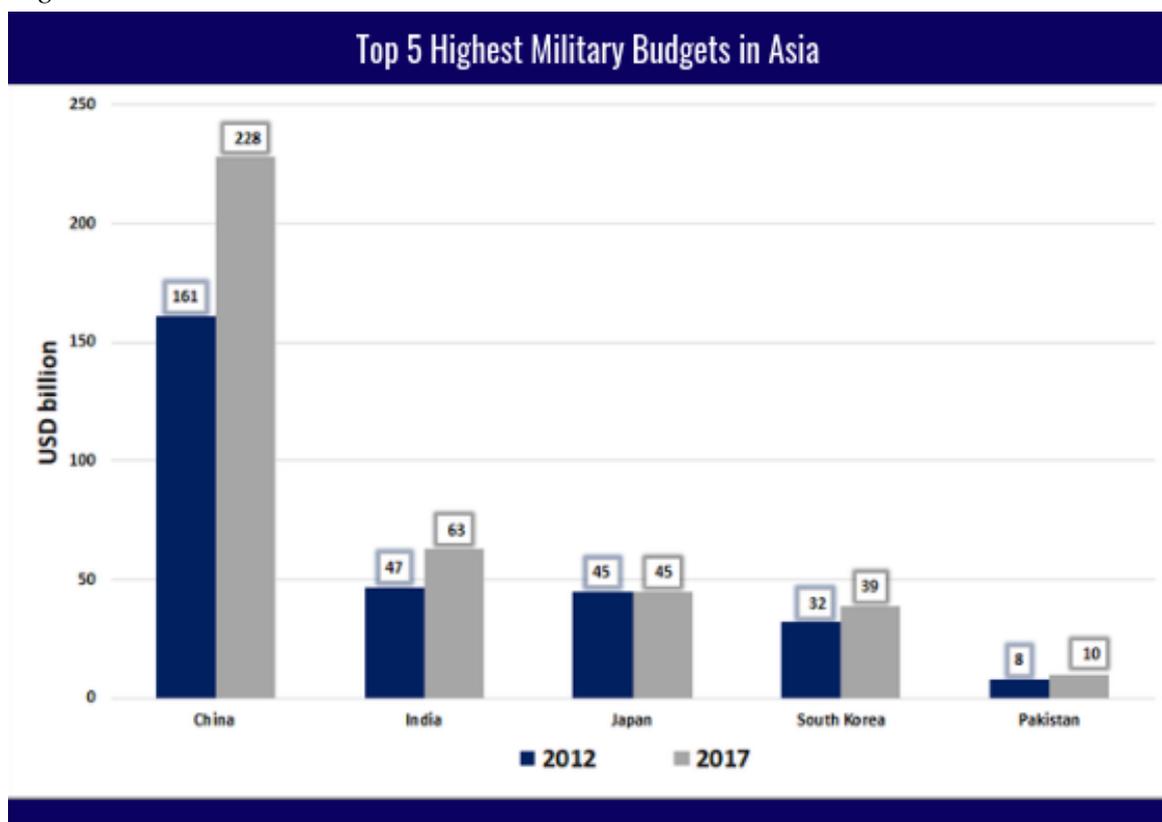
In addition to quantitatively expanding national arsenals, the Asian arms race has brought rapid technological advances. As the pace of such advancement picks up, long-standing military doctrines and deployment frameworks that govern conventional and nuclear weapons systems could change in ways that pose grave risks for the region. The proliferation of ballistic missile submarines (SSB) from India and China, and the development of large and cost-effective Unmanned Underwater Vehicles (UUVs) has increased the risk of inadvertent escalation in the maritime domain.¹⁴

2.3 Cyber warfare, Artificial Intelligence and Autonomous Weapons

Technological advancement in the cyber domain has created two new pathways of warfare. The first is the increasing integration of cyberspace into conventional weapons platforms, and command and control structures, and the second is the development of covert digital weapons like the [zero-day exploit](#),¹⁵ known as the [Stuxnet](#)¹⁶ virus, a malicious computer malware program. This program is widely believed to be responsible for sabotaging the [Natanz](#) uranium-enrichment facility in Iran. These covert digital weapons have opened up a new domain of digital warfare that is still yet to be effectively regulated in the manner of other weapons. The threats emanating from cyber warfare are potentially greater than traditional security threats due to (1) the rise of militant non-state actors, and (2) the comparatively low barriers to entry. As the scope of attacks continues to change, such digital weapons could become threat multipliers, affecting multiple security domains.

Rapid advances in Information and Communication Technologies (ICT) have spurred progress in robotics and machine learning to a stage where a number of militaries around the world are contemplating the integration of lethal autonomous weapons systems. These developments have raised fresh concerns regarding the regulation of the development and use of such weapons [under international law](#).¹⁷

Figure 1



Source: Figures derived from the Stockholm International Peace Research Institute (SIPRI) database.

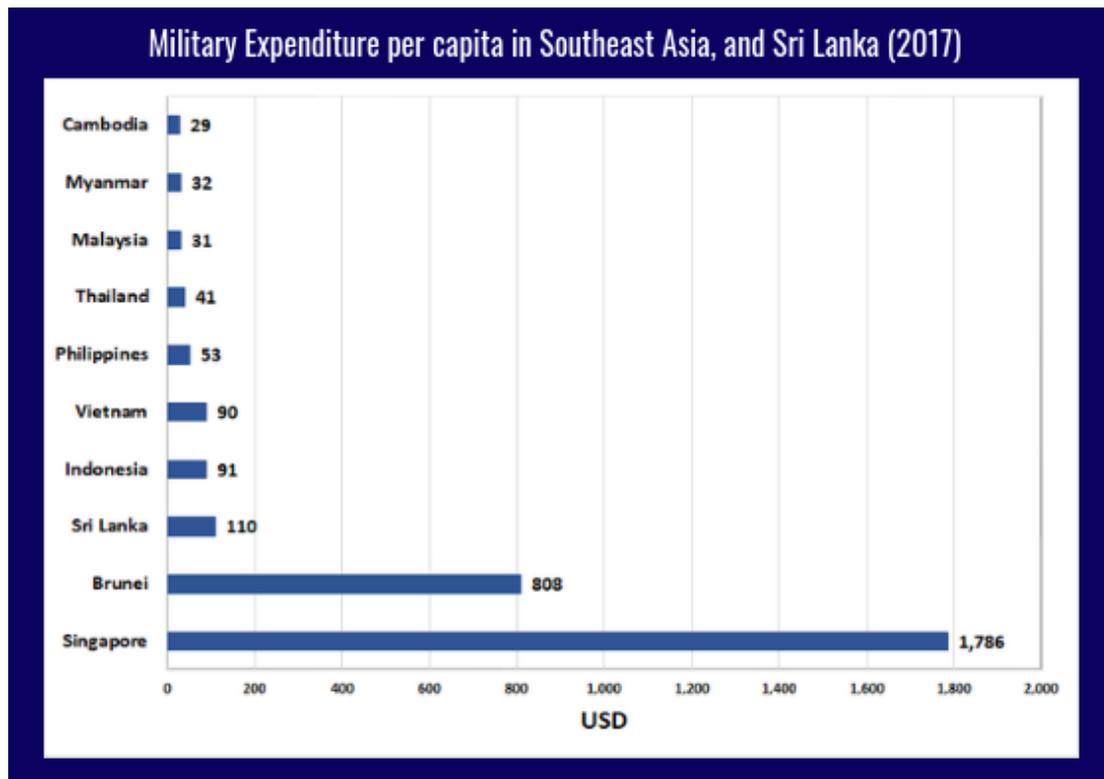
III. Sri Lanka's Defence Modernisation Dilemmas

Sri Lanka's defence spending rose substantially from USD 78.8 million in 1977 to USD 1.5 billion in 2009, as a result of the 30-year civil conflict.¹⁸ Although post-conflict defence spending continued an upward trend to USD 1.8 billion in 2017, overall defence spending as a share of GDP decreased from 3.6% in 2009 to 2.2% in 2017.

Sri Lanka's spending per capita of USD 89 in 2017¹⁹—while comparable with that of a number of high-performing Asian economies such as Thailand (USD 91) and Malaysia (USD 110)—is much higher than for larger ASEAN economies like Indonesia (USD 31), the Philippines (USD 41) and Vietnam (USD 53).²⁰ Singapore, which has the highest military spending per capita in the region at USD 1,786,²¹ remains an anomaly in Asia. This is due to its perceived vulnerability as a small city-state, in addition to having far greater economic resources made available by much higher per capita income compared to many of its counterparts.²²

Military strategists and policy planners in Sri Lanka, with its limited resources, have at least two options at their disposal. One is continued growth in military expenditure at a constant rate, and the second is to look to increase the efficiencies of available assets while planning for the future.

Figure 2



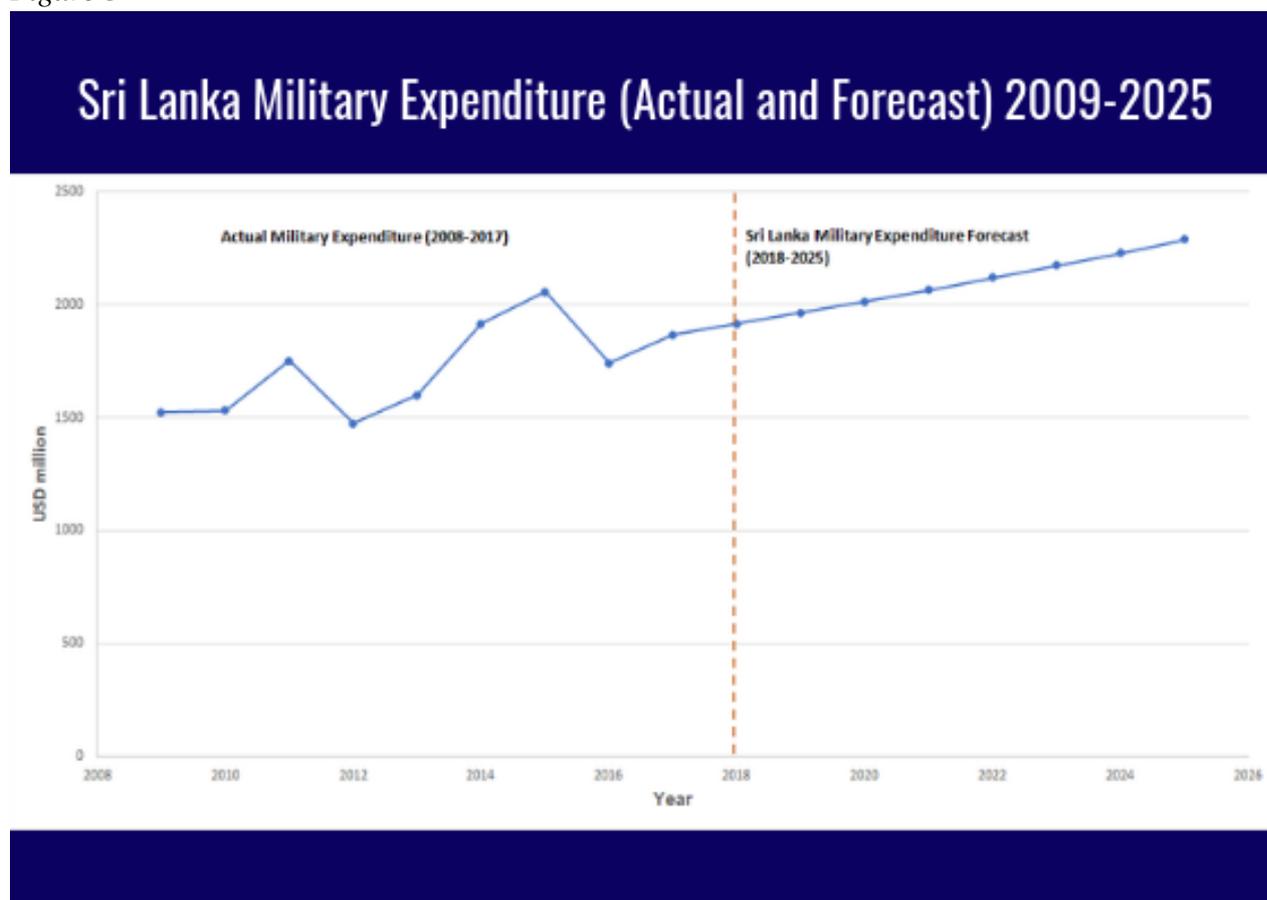
Source: Figures derived from the Stockholm International Peace Research Institute (SIPRI) database.

* Note: Military spending as a share of gross domestic product: Cambodia 2.1%, Indonesia 0.8%, Myanmar 2.5%, Philippines 1.4%, Vietnam 2.3%, Sri Lanka 2.2%, Thailand 1.4%, Malaysia 1.1%, Brunei 2.9%, Singapore 3.3%. Military expenditure for Laos is not publicly available.

3.1 Continue to Increase Defence Spending

Between 2009 and 2017, Sri Lanka maintained a compound annual growth rate of 2.5% for military expenditure.²³ If Sri Lanka were to maintain this rate of growth, defence spending could rise to almost USD 2.3 billion by 2025. However, in reality Sri Lanka may find it difficult to match the rise in regional military spending due to its difficult economic circumstances. These circumstances include slow growth,²⁴ large budget deficits, notable deficits in the balance of payments, and significant external debt servicing.²⁵ In addition, demographic issues²⁶ such as an aging population and a labour shortage place further constraints on the supply of domestic workers, not only for the private and public sectors but also for the military. Further, public pressure is building, as presidential and parliamentary elections approach, to increase government spending on health, education, and agriculture. Hence, a higher military expenditure may not be feasible.

Figure 3



Source: Figure derived from the Stockholm International Peace Research Institute (SIPRI) database. Forecasting done based on the annual compound growth rate for the years 2009-2017.

3.2 Improve the Efficiency of the Defence Apparatus

Given the difficult economic situation, Sri Lanka needs to consider alternative policy options. One possible option is to increase efficiency in its defence apparatus to become a leaner and

much more effective force to face the new realities in the post-conflict era. To this end, Sri Lanka could develop a strategic planning document maps the broader transformation required in its security services over an extended period, possibly in excess of two decades. The comprehensive document could be accompanied by defence reviews conducted in a four- or five-year cycle to assess threats, challenges and other developments in the region. In developing a long-term strategy document, two key questions should be considered: How is Sri Lanka going to manage or restructure the composition of its military personnel? And how can Sri Lanka respond to intensifying strategic competition among larger powers in the Indian Ocean.

3.3 Restructuring Sri Lanka's Defence Force

Of the USD 1.8 billion spent on Sri Lanka's military in 2017, approximately two-thirds was absorbed by personnel remuneration, with no significant procurement of arms since 2009.²⁷ The Sri Lankan military's current labour pool and future recruitment processes must be managed more effectively to avoid escalating the [labour shortage](#) in the Sri Lankan economy.²⁸ A possible solution could be to move Sri Lanka's military towards a smaller but highly trained professional army and retain a larger reserve force, following a model employed in Israel with its [reserve service](#).²⁹ The British Army is similarly undergoing a transformation based on recommendations in the [defence strategy policy reviews](#) conducted in 2010 and 2015.³⁰ The new measures will see an increase of British Army reservists to [32,000](#)³¹ and a reduction of its regular contingent to 82,000 under the restructuring process known as '[Army 2020 Refine](#).'³²

3.4 Sri Lanka's Regional Security Posture

A comprehensive transformation strategy must reflect the evolving security priorities of Sri Lanka and the Indian Ocean region. There is a growing need for capacity building to combat maritime crime such as piracy and human trafficking, as well as to respond effectively in Humanitarian Assistance and Disaster Relief (HADR) operations.³³ In this regard, Sri Lanka could look at prioritising its defence spending towards increasing its sea power capability and integrating it more closely with air power capability. A positive development is the renewal of the Sri Lanka Coast Guard's operational capabilities and the willingness of several foreign governments to fund its operations by [donation of vessels](#).³⁴

Rapid advances in weapons technologies, enhanced propulsion, and stealth techniques will increase the challenges in the littoral environment, and it is crucial that Sri Lanka develops cooperation frameworks and the capacity to thwart potential military flashpoints from occurring in its operating environment. Sri Lanka could look at the integration of sea and air power capability to develop its anti-submarine warfare (ASW) capability, purely as a monitoring tool to ensure that the [responsibilities and requirements](#)³⁵ governing the 'innocent passage' of subsurface vessels are upheld by regional players entering Sri Lanka's territorial waters. Since Sri Lanka is not interested in competing with other regional players and naturally maintains a defensive posture in the Indian Ocean, the Sri Lanka Navy could invest

in greater [active acoustic surveillance](#)³⁶ systems to track subsurface vessels as a means to maintain maritime stability in the region.

IV. Conclusion

When analysing the arms build-up in Asia, one must be mindful to look beyond the numbers and pay closer attention to the types of weapons that are deployed. As discussed above, technological advances in conventional and nuclear weapons designed with counterforce capabilities will affect the security and stability of the region. The retreat of States across the world from binding [arms control agreements](#)³⁷ will further exacerbate these security concerns. Evidence suggests that a smaller state like Sri Lanka may find it difficult to match the spending of its bigger Asian neighbours under present economic circumstances. However, Sri Lanka cannot afford to ignore matters of national security. It needs to heed lessons from its past experiences of military unpreparedness to ensure that it can deal with security threats, both internal and external. To this end, alternative approaches may be more desirable than simply increasing military expenditure.

It should be understood that the transformation of military capabilities and structure will not occur overnight. Policymakers and military strategists need to look at an extended timeline of well over 25 years to reach a stage of minimal military effectiveness to realise the objectives of a new military strategic plan. This requires a process that will abandon previous notions of compartmentalising security issues to particular ministries and government departments. The development of the strategic planning document mentioned above will require the participation of a multitude of actors with broad and crosscutting representation of various government institutions, academic and research communities, and the private sector. This was, incidentally, a key point highlighted in the [2018 US National Defense Strategy](#).³⁸

Finally, it should be noted that, since Sri Lanka's economic prosperity is very much intertwined with its ability to maintain and increase its access to the Indian Ocean, the development of Sri Lankan naval capability can be sustained if it is linked to Sri Lanka's commercial interests. The policy suggestions offered in this document are only preliminary in their nature and may require more extensive research in the future.

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