

**SECURITY  
AND  
ECONOMIC  
CHALLENGES  
IN THE  
INDO-PACIFIC**

CONSORTIUM OF SOUTH ASIAN THINK TANKS

**COSATT**

BRIDGING POLICY RESEARCH IN SOUTH ASIA



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# FOREWORD

In August 2007, Japan's Prime Minister Shinzō Abe spoke in front of the Indian Parliament about the Indian and Pacific Oceans, “bringing about a dynamic coupling as seas of freedom and of prosperity”. In the following years, the concept of the Indo-Pacific as a relevant space for economic growth and security co-operation has gained more traction amongst governments and academics alike. As the term continues to evolve, it has become imperative to not only understand the concept but also to see how South Asian nations strategise on ways to adapt it for their benefit.

Despite South Asia being one of the most linguistically and culturally diverse regions bound by historical ties, regional unity continues to elude it. Bilateral relations and regional power dynamics have always impacted the integration of the region. However, in recent years, the region has witnessed new forms of regional initiatives like BBIN and BIMSTEC. As the term Indo-Pacific becomes embedded in each country's strategy and policy, it will affect the regional discourse in South Asia. While the concept of the *Indo-Pacific* is said to have the potential to strengthen connectivity among nations and bolster economic integration through enhanced trade and investment, it is yet to be seen how these new terms of engagement will affect the dynamics in the region.

The term Indo-Pacific has also been associated with the efforts of major powers to strengthen security and freedom of movement in this maritime space. In this context, it is often discussed whether the Indo-Pacific concept is about containing China. But for most of the countries in the region, this is neither seen as possible nor desirable. The Belt and Road Initiative (BRI) and other aspects of China's foreign policy have seen a very fast deepening of the

country's connection with the region, creating strong economic ties which cannot be easily untangled. At the same time, many partners are concerned about Beijing's political unilateralism and intervention in the internal affairs of other states. For them, the concept of the Indo-Pacific surely is connected with the hope for a geopolitical balance that would encourage China to play by the rules. In order for this to be achieved, it is without a question also the responsibility of Europe to become more involved in the region and to support the maintaining of a rule-based order in the Indo-Pacific.

For the past ten years, Konrad Adenauer Stiftung has been supporting the Consortium of South Asian Think Tanks (COSATT)'s efforts to enhance the integration of the region. By bringing together major think tanks from all South Asian countries to deliberate on important topics facing the region, the objective of the COSATT network has been to strengthen collaboration and connectivity between the eight nations. I would like to thank all the think tanks of the COSATT network for their contributions. Dr. Nishchal N. Pandey, convenor of COSATT, deserves appreciation and gratitude for editing this very timely book. The papers presented in the publication will help us to understand the position of individual countries as regards the Indo-Pacific concept. Most importantly, the publication will enable us to get a better perspective on how South Asian countries can act together to gain the maximum benefits from this multilateral concept.

**Mr. Christian Echle**  
Director, Political Dialogue with Asia  
Konrad-Adenauer Stiftung,  
Singapore

# PREFACE

There is a growing perception among academics and strategic thinkers that the current world order has run its course. Although it's a mistake to assume that a new global power will emerge in a few months altering the existing global governance system forever, it is also a folly not to comprehend the enormity of the changes taking place in the foreign policy domain. Two major powers – U.S. and China are engaged in a strategic rivalry that has now embarked into a dangerous contest of one-upmanship; forging alliances, intensifying economic tensions, and hurling to and fro accusations. Rest of the world, especially the smaller countries are wary of being forced to choose sides as every relations has to be leveraged for economic advancement. Playing safe in a careful and measured way has also added to the risk and complexity as the confrontational posturing of these big players appears increasingly aggressive. It is natural that small nations would wish to avoid a struggle amongst two sides with the aim of gradually increasing their importance in the calculations of big powers.

Asian continent today is witnessing rapid changes and is home to several states with unstable political, economic, and security conditions. This scenario is further compounded by lack of appropriate multi-lateral institutions where issues could be frankly discussed and resolved. Sino-Indian border problem and tension in the South China Sea pose a great degree of concern for South Asia and Southeast Asia. While hoping for multi-polarity and an era of convergence, the world seems to be moving swiftly into an era of uncertainty and confrontation. Even a slight mis-calculation will likely trigger a catastrophe that may even destroy mankind's pursuit of progress and prosperity.

U.S. President Donald Trump outlined a vision for a free and open Indo-Pacific in Vietnam in November 2017. A State Department Report published on Nov. 4, 2019 entitled, 'A Free and Open Indo-Pacific': Advancing A Shared Vision' elaborated on the U.S. seeking to build a flexible, resilient network of like-minded security partners to address common challenges.' Since then, a plethora of research have been done on the Indo-Pacific – both as a concept and as an operational strategy.

Consortium of South Asian Think-Tanks (COSATT) is a premier network of some of the prominent think-tanks of South Asia. Founded in 2008, COSATT organizes seminars and conferences on pertinent issues facing South Asia and brings out research publications each year. Some of these publications are in University curriculums. Most of the books are available in the kindle and in the web. COSATT has also been recognized by the 'Global Go To Think-Tank Index Report' brought out by the University of Pennsylvania. With the generous support of the Political Dialogue Asia Programme of the Konrad Adenauer Stiftung (KAS), COSATT has been bringing the track-I and II of South Asia to discuss and analyze major issues facing the region. Throughout 2019, we delved into the contours of the Indo-Pacific concept, the re-positioning of the U.S., likely response by China and the overall implications to South and Southeast Asia.

The first conference on 'Security and Economic Challenges in the Indo-Pacific' was held in Kathmandu on March 12-13, 2019. It comprised of experts from Bangladesh, India, Nepal, Sri Lanka and also from Singapore. Second conference this year with the theme 'Indo-Pacific: Democracy, Security and Development' was held at the Heidelberg University, Germany on May 5, 2019 which apart of South Asians also comprised of some German academics. Experts described South Asia as the hub of the Indo-Pacific geopolitics and spoke as to how this grows and evolves in the coming months which will not only shape the future of Asia, but also shape the future of the world.



Foremost, I would like to thank Mr. Christian Echle, Director, Political Dialogue Asia Programme of the KAS based in Singapore for the support for this project, without whom these two conferences and this final publication would not have been possible. I would also like to express my sincere appreciation to the enormous help of Dr. La Toya Waha, Deputy Director and Ms. Megha Sarmah, Research Officer of the Political Dialogue Asia Programme, KAS for their assistance during COSATT visit to Germany as part of the Heidelberg conference. I am also grateful to Prof. Subrata Mitra, Emeritus Professor, Heidelberg University for his coordination at the University for our conference and for convening a large number of scholars and students. I am also indebted to Mr. Kumar Shrestha for helping to thoroughly scan this publication and point out incoherence and errors.

I shall remain obliged to all the chapter authors of this book for the timely submission of their papers. Each chapter is presented to the readers not merely as country studies but also to serve as valuable resource to those interested on the issue of the Indo-Pacific.

**Nishchal N. Pandey**  
Convener, COSATT  
Kathmandu



# Security and Economic Challenges in the Indo-Pacific

Seshadri Chari<sup>1</sup>

The phrase Indo Pacific may sound new but the oceanic geography is as old as the mountains. The term is now being extensively used as a replacement to “Asia Pacific”, thereby signifying the shifting dynamics of geopolitics in the Indo Pacific Region (IPR).

The Colonial withdrawal from the Asia region began in the middle of nineteenth century resulting in redrawing the map of the region and heralding the advent of the US into the geopolitical drawing board of Asia, Indian Ocean and the Pacific. World War-II sowed the seeds of a new power struggle, a new race for global supremacy and a new ideological Colonialism between the self proclaimed democratic West and the Communist, later Socialist, East represented by the United States of America (USA) and the Union of Soviet Socialist Republic (USSR) respectively.

Post Second World War the USSR-Turkey-Iran axis grew powerful and expanded its influence into the Indian Ocean region giving the much needed entry point to the USSR into the Indian Ocean. The United Kingdom hurriedly devised a Partition Plan for India to create a ‘religious state’ buffer between atheist USSR and the Indian Ocean that would keep the sea lanes safe for the democratic world.

It was sometime after the end of World War-II and the beginning of the Cold War that the US Pacific Command drew the blue print of the Asia Pacific Region. Thus, it was the U.S. Pacific Command that developed the geopolitical concept of Indo-Pacific during the Cold War.

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1 Dr. Chari is a Indian politician associated with the BJP, journalist and author

After the United Kingdom withdrew its military from east of Suez at the end of the 1960s, the Soviet Union expanded its military presence and influence throughout the Indian Ocean region. To counter the growing Soviet threat, the U.S. Pacific Command came to cover both the Pacific and Indian oceans in 1972. Since the 1970s, the U.S. Pacific Command has regarded the two great oceans as a unified strategic theatre and described it as “Indo-Asia-Pacific.”

How important is the Indo Pacific Region to the US as well as China as two competing rivals in the race to global super power status can be gauged by the description of the IPR in the official web site of the US Pacific Command now changed to US Indo Pacific Unified Command (US-INDOPACOM).

United States Indo-Pacific Command (USINDOPACOM) is one of six geographic combatant commands defined by the Department of Defense’s Unified Command Plan (UCP). As a geographic combatant command, USINDOPACOM is in charge of using and integrating United States Army, Navy, Air Force and Marine Corps forces within the USINDOPACOM area of responsibility (AOR) to achieve U.S. national security objectives while protecting national interests. The USINDOPACOM AOR covers more of the globe of any of the other geographic combatant commands and shares borders with all of the other five geographic combatant commands. The commander of US Indo-Pacific Command reports to the President of the United States through the Secretary of Defense and is supported by multiple component and sub-unified commands including: U.S. Forces Korea, US Forces Japan, U.S. Special Operations Command Pacific, U.S. Pacific Fleet, U.S. Marine Forces Pacific, U.S. Pacific Air Forces and U.S. Army Pacific.

There are few regions as culturally, socially, economically, and geopolitically diverse as the Asia-Pacific. The 36 nations comprising the Asia-Pacific region are home to more than 50% of the world’s population, 3,000 different languages, several of the world’s largest militaries, and five nations allied with the U.S. through mutual defense treaties. Two of the three largest economies are located

in the Asia-Pacific, along with ten of the fourteen smallest. The AOR includes the most populous nation in the world, the largest democracy, and the largest Muslim-majority nation. More than one third of Asia-Pacific nations are smaller, island nations, including the smallest republic in the world and the smallest nation in Asia.

The region is a vital driver of the global economy and includes the world's busiest international sea lanes and nine of the ten largest ports. The Asia-Pacific is also a heavily militarized region, with seven of the world's ten largest standing militaries and five of the world's declared nuclear nations. Given these conditions, the strategic complexity facing the region is unique.

In concert with other U.S. government agencies, USINDOPACOM protects and defends the territory of the United States, its people, and its interests. With allies and partners, USINDOPACOM is committed to enhancing stability in the Asia-Pacific region by promoting security cooperation, encouraging peaceful development, responding to contingencies, deterring aggression, and, when necessary, fighting to win. This approach is based on partnership, presence, and military readiness.

In the last decade or so, the term Indo Pacific has gained currency in the geopolitical and strategic discourse. Like the proverbial elephant and the four blind persons, Indo Pacific is many things to many countries. The concept is now a stark reality that occupies huge space on the security drawing boards of policy makers, strategists and military experts alike. Combining all the countries that connect with the Pacific Ocean especially the Western Pacific and the Indian Ocean, Indo Pacific consists of more than hundred countries and two thirds of the world's population.

This enormity in geography and population makes this entity an important area of dominance for any country which wants to don the global super power hat.

But besides the conceptual differences and divergent strategic approaches towards this amalgam of two regions, the strategic outlook, economic paradigms and flash points are also as apart as the poles.

The US-Japan-China-India military and economic unfoldment has had a close correlation with the evolution of Indo Pacific and its importance and continued relevance.

Prime Minister of Japan Shinzo Abe while explaining his regional vision document in 2016 stressed on the need to have a “free and open Indo-Pacific strategy.” Close on the heels of this, U.S. President Donald Trump during his tour of Asia in November 2016 emphasised on “free and open Indo-Pacific”. But long before the US and Japan it was Australia which used the term Indo Pacific in its 2013 Defence White Paper. Academic and strategic community in India has been consistently highlighting the need to lay the foundations of a robust plan to keep the two ocean zones free from power struggle and economic hegemony.

Keeping in view the importance of the security and economic salience of the two oceans and the geography in their periphery, India, US, Japan and Australia embarked upon the Quadrilateral Security Dialogue (QSD), also popularised as the QUAD, initiated by Shinzo Abe in 2007.

The move assumes greater significance as all the four strong economies faces the same adversary, China, in not only the economic field but also on the strategic and security spheres which according to them, and rightly so, threatens the established contours of the rule based global economic and security architecture.

China is apparently following a three track balance of power strategy in Asia. Firstly, it is internally balancing to ensure that it remains the political and economic growth pole of the region. Secondly, it is using states like the Central Asian countries, Iran, Pakistan and Myanmar as proxies. Lastly, China has been utilizing its soft power potential to enhance its strategic influence in Asia. For instance, China has provided a 10 billion dollar loan to ASEAN for development of land and rail communication corridors as development assistance.

The central pillar of its peripheral policy is to ensure peaceful and stable periphery through economic engagement and infrastructural

developments. Rail and pipeline links from Myanmar to Yunnan province or the various corridors connecting Southern and South Western China with SE Asia, including rail connectivity to Singapore via Thailand are all part of this engagement. Another perspective is the resolution of the boundary dispute. China has resolved nearly all of its land border disputes with its neighbours. Only in the case of India and Bhutan has the border disputes remain unresolved. Recently it resolved the boundary issue with Tajikistan including delineation of the boundary forsaking its territorial claims for an amicable settlement.

As far as the region of South Asia is concerned, China has apparently been making efforts towards encircling India in its own backyard. This is being done through regional integration and developmental assistance to countries like, Nepal, Myanmar, Sri Lanka, Bangladesh and Maldives among others as part of strategy aimed at containing Indian influence. In keeping with its “irritate India policy” China in collusion with Pakistan is actively engaged in infrastructure building in Baluchistan, and POK apart from other locations. In addition, major infrastructural investments are being made to develop strategic land bridges which connect the interior parts of China to the maritime superhighways passing through the Indian Ocean. Beijing’s South Asia policy clearly alludes to limiting Indian power through using proxies in balance of power relationships as also a means for strategic assertion.

Such a unilateral strategic blueprint is evidently opposed to the idea of unified regional growth and non-asymmetrical power balance.

There is an urgent need for the various governments and innumerable think tanks in the region to carry out detailed analysis and examination of regional dynamics to determine the key functional areas that have the greatest impact on shaping the contours and the future dynamics of the region.

The geopolitics of the Indo Pacific Region and the land mass of South Asia in particular needs to be analysed not only in broad overall regional terms but subsequently broken down in specific sub systems. This will be an important examination providing understanding of

how regional dynamics will shape and who are the main actors and what are the main factors that will shape them. This examination will also focus upon scope and impact of political integration and regional institutions.

Next are economic growth, trade and integration. The impact of geo economics and trade needs to be analysed in the backdrop of broad economic indicators that will shape the regional and global environment. This should include analysis of regional economies, intra regional and inter region trade, foreign direct investment and internal health of major economies e.g. what will be the impact of rising inflation or growing deficit financing, poor socio economic conditions and deliverables etc. Similarly the impact of US – China trade war, foreign direct investment or the free foreign exchange reserves on regional and bilateral relations.

Military modernization and development of military capability by principal players in particular China, US, Japan and India will play an important role in the determination of the future strategy formulations in the region. India–China military balance will highlight and interpret the nature of security challenges posed and Indian preparation to meet the same, independently and jointly with other likeminded maritime democracies. This could be best done by including China in the regional security architecture as equals and not as first among equals.

Maritime challenges, in particular the situation likely to develop both in the Indian Ocean and South China Sea as also along the important sea lanes of communication are subjects that need clear understanding.

An understanding of nuclear proliferation and its impact and consequences, up-gradation of nuclear arsenals, doctrinal shifts and collusion between states with focus on China, Pakistan, North Korea, Myanmar and Japan is of utmost importance.

Another important aspect is the examination of energy and other key strategic resources particularly their availability so essential for development and maintenance of standard of living. A study of steps that are being taken by major actors to ensure both resource



availability and security including possible areas of containment and conflict is necessary to assess the impact on the regional dynamics.

Yet another area includes security of global commons, climate change and environment impact, which could be a major game changer. For example, China is facing its worst drought this year the blame for which is being laid on large scale environmental damage caused by the Three Gorges Dam. Similarly it is necessary to study the steps that countries are taking in preventing environmental degradation, dealing with climate change and scourge of religious fundamentalism and their impact on regional security dynamics. Later issue is of particular relevance to India, China, Nepal, Bangladesh, Sri Lanka and Pakistan.

Demographic trends, leadership tussle and their impact on respective comprehensive national power would be interesting to know. Current trends indicate severe shortages of working manpower in Japan and even China could begin to face serious consequences of 'One Child' policy, in terms of denuding of its working population and increase in social security budget owing to growing old and elderly population.

The coming few decades of the 21<sup>st</sup> Century are being rightly described as the Asian Century, marked by shift of economic power from the West to Asia spurred by sustained growth of major regional economies. The beginning of this shift started with the growing economic strength of Japan followed by dramatic performance of the economies of South Korea, Taiwan, followed by the SE Asian "Tigers". The recent manifestation of this reallocation of power has been the phenomenal economic and concomitant political and military rise of China whose over three decades of consistent double digit growth has seen that country emerge as the second largest economy of the world displacing Japan. China is now being joined by rapid economic rise of India in Asia. The salience of these economic developments is further underscored by the felicity with which the 'Continent' has survived two financial crises one in the late 1990's and the most recent global financial crisis. Despite global economic downturn, Asia has remained the manufacturing hub and destination for the largest foreign direct investment.

This has however, resulted in global studies on economies focus on China and India and led to an inevitable comparison between the two. India and China are among the top three large economies in the world on the basis of purchasing power parity (PPP).

In spite of this phenomenal economic growth and increase in trade and development, it needs to be noted that Asia is not yet a single political or even an economic entity or an organized group like the EU which could in the future seek equal global treatment and influence like America or Europe.

Addressing the Indian Parliament PM Abe had emphasised the importance of the confluence of the two seas and strongly advocated the need for likeminded maritime democracies to work together for the promotion of freedom of navigation of people, goods, capital and knowledge and more importantly for a “broader Asia”.

Though geographically contiguous, political Asia is divided and the process of rapid economic development may divide “broader Asia” further. Axiomatically the rise of Asia is not going to pitch Asia against the West at least not in medium term (2025) resulting in shifting of power from the later to the former. Nonetheless, this is perhaps the first time in history that there are three simultaneous growing powers in Asia; China, Japan and India. Asian consolidation and emergence of united Asia could have been feasible if these three worked in unison. The fact is that given the strong undercurrent of history and civilizational perspectives they do not work in harmony. Resultantly, in all likelihood major Asian actors are likely to be pitted against one another and also other regional States jostling for strategic space, influence and resources. It is this perspective and demeanour, in which major actors in Asia would cooperate, compete and leverage power and relationships to shape their strategic space.

This is what is at the core of this study of Indo Pacific Region and South Asia and the likely strategic dynamics in the time frame upto 2025.

# **Rising US-China Competition in the Indo-Pacific: Implications for India-Nepal relations**

Swaran Singh<sup>1</sup>

This paper seeks to examine various emerging contours of US-China Competition in the Indo-Pacific Region and what it holds for local stakeholders like India and Nepal. It addresses this concern by first examining the most recent official expositions of both the US and China of their policies towards the Indo-Pacific Region and what their explanations for their increased interest in asserting their presence and influence in this region are. The second section of this paper assesses the pros and cons of the Free and Open Indo-Pacific (FOIP) concept and how China has sought to counter it to undermine the credibility and influence of this US-led enterprise. This paper also tries to explore how China treats the South China Sea as its sovereign territory and how the West sees it as a hub of the Indo-Pacific, arguing for freedom of navigation. It then elucidates its impact on India's shrinking policy options that have seen New Delhi fine-tuning its balance between Beijing and Washington and how New Delhi needs to focus so much more on its immediate neighbors' responses to the Indo-Pacific rather than staying occupied with the larger global contestations of the US and China. This is where it focuses on the special case of both the Indian and Nepalese credentials, interests and articulations concerning the Indo-Pacific and how their imperceptible drifts allude to their far-reaching strategic implications for India-Nepal relations.

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<sup>1</sup> The author is Professor of Diplomacy and Disarmament at the School of International Studies, Jawaharlal Nehru University, New Delhi, India.

## **Two Publications of 2019:**

To begin with, two important reports were published in 2019 that have the most extensive implications for academic discourses and official deliberations over the Indo-Pacific. The first report was published by the US and the second one by China. Both of these reinforce the commonplace knowledge that the Indo-Pacific will continue to be the main theatre for their power projections in the twenty-first century. As a result of this, their frequent tactical moves in asserting their regional leadership have begun creating difficulties for their respective friends and foes alike. The choices that other stakeholders like Nepal and India have to make today carry far-reaching implications for these nations as also for the sharpening divide between the US and China.

Whereas the US today accounts for two-thirds of the global defense expenditures and remains an uncontested military leader of the whole world, the discourses on security have gradually merged into development discourses. This makes promoting sustainable well-being of citizens just as much important today as is defending nation's territorial boundaries. This drift in discourse is what makes China – the world's largest trading nation and the largest trading partner for most of the nations – increasingly influential, potentially dwarfing the US primacy, especially in China's neighboring region of the Indo-Pacific. In turn, this has seen the US becoming hyperactive in reviving its leadership claims in this region and its efforts have repeatedly triggered China's ire and counter initiatives.

### **(i) US Indo-Pacific Strategy Report**

After renaming its Pacific Command as the Indo-Pacific Command in May 2018, the 1<sup>st</sup> of June 2019 saw the US Department of Defense releasing its first-ever Indo-Pacific Strategy Report 2019. Its preoccupation with China is underlined by this 50-page Report, mentioning the country 'China' ninety-one times in the document. It also asserts how the US remains "a Pacific nation ... linked to our

(its) Indo-Pacific neighbors through unbreakable bonds of shared history, culture, commerce and values" and how it sees China that "seeks to reorder the region to its advantage by leveraging military modernization, influence operations, and predatory economics to coerce other nations."<sup>2</sup> In a hurried response, a month later, China published its 11<sup>th</sup> White Paper on Defense titled, China's National Defense in the New Era. Amongst other things that underline their contestations, what was especially noticeable in China's 2019 White Paper is that it mentioned 'Taiwan' a dozen times as compared to only 5 times in its 10<sup>th</sup> White Paper on Defense of 2015.

China's overdose on Taiwan seems to have been triggered by the fact that the US has always used its 'Taiwan Card' to propound linkages between democracy and prosperity, thereby embarrassing and arm-twisting successive Chinese leaders, projecting them as non-democratic. The Indo-Pacific Strategy Report 2019 goes even further in this context, as it projects Taiwan as the major US partner in the Indo-Pacific Region. Other than in Japan and South Korea, this US Report says, "In Taiwan, U.S. aid helped create an open, democratic society that allowed the island to blossom into a high-tech powerhouse." It goes on to say, "The United States has a vital interest in upholding the rule-based international order, which includes a strong, prosperous and democratic Taiwan."<sup>3</sup>

In this sense, this Report represents the culmination of America's far stronger pro-Taiwan drift during President Donald Trump's presidency. Right from the time Donald Trump began his election campaigns in 2016 and throughout his presidency, the US and China have been at loggerheads, hiking tariffs and accusing each other of

2 US Department of Defense, *Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region*, June 1, 2019, accessed on 29 September 2019. <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>

3 United States Department of Defense, *Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region*, (June 1, 2019), pp. 3, 31. Accessed on 27 September 2019 at <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>

unfair trade practices. In December 2016 itself, going beyond the well-established convention, President-elect Donald Trump was to become the first President of the US for having chosen to accept and publicize taking a phone call from Taiwan President, Ms. Tsai Ing-wen. This had seen President Xi's annual new year speech for 2017 expressing China's displeasure by sending stark warnings to his cross-strait compatriots.

But it seems nothing has thwarted the US expanding its cultivation of Taiwanese leadership, while exploring other partners for its Indo-Pacific formulations. This has, of course, encouraged the Taiwanese leaders, adding to the worries of Beijing. For instance, the Indo-Pacific Strategy Report 2019 was followed by the US Department of Defense approving a multi-million dollar defense deal with Taiwan in July 2019 for transfer of 108 Abrams tanks and around 250 Stringer surface-to-surface missiles. Before this also, the US had approved a US\$ 8 billion for transfer of 66 F-16V fighter jets to Taiwan, making it a lynchpin of its China policy as also its Indo-Pacific engagement.

#### **(ii) China's 11<sup>th</sup> White Paper on Defense**

China has repeatedly underlined its concerns about the US initiatives in and around the Indo-Pacific in general and its frequent intrusions into the South China Sea that Beijing claims to be its sovereign territory. China remains especially sensitive about Taiwan and has repeatedly iterated its commitment to complete unification. Indeed, over the years, the Chinese military has developed its Anti Access and Area Denial strategies and capabilities. However, China's economic engagement with the rest of the world, especially its recent Belt and Road Initiative (BRI), has even limited the number of countries that recognize Taiwan switching its recognition to Beijing and endorsing the 'One China' policy. Such switch-overs have been both preceded and followed by major economic incentives from Beijing.

China's economic rise, therefore, has seen it becoming increasingly assertive worldwide, and especially so in its neighboring regions where it believes it has historical claims. China's 'century of humiliation' national discourse had made it extremely skeptical of imperial powers and the recent shift of the rising China to a new national discourse on rejuvenation of nation has seen its geopolitical footprint expanding far and wide. China's construction of artificial islands in the South China Sea remains the most apt case in point.

Most western experts describe the South China Sea as the hub of the Indo-Pacific geopolitics and this has seen the US directly contesting the Chinese claims by regularly dispatching ships sailing through it. So, while reiterating its old principled articulation of seeking "peaceful reunifications", China's 2019 White Paper on Defense leaves no ambiguity about its message to the US: "We make no promise to renounce the use of force, and receive the option of taking all necessary measures ... The PLA (People's Liberation Army) will resolutely defeat anyone attempting to separate Taiwan from China and safeguard national unity at all costs."<sup>4</sup>

## Free and Open Indo-Pacific (FOIP)

The last decade has witnessed the US and its allies like Australia and Japan pushing for freedom of navigation and aviation over the South China Sea. These discourses have especially been intense in the wake of China's unprecedented rise making it the successful economic model for these allies, which also wished to have free access to sea lanes connecting with its port cities. Countries like Japan and South Korea remain extremely dependent on sea lanes crisscrossing the increasingly contested South China Sea. Starting with the conversations of Japanese Prime Minister Shizo Abe with the leaders of the other three nations - the US, India and Australia-

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<sup>4</sup> China State Council Information Office, *China's National Defense in the New Era*, July 2019, accessed on 27 September 2019, <http://www.andrewerickson.com/2019/07/full-text-of-defense-white-paper-chinas-national-defense-in-the-new-era-english-chinese-versions/>

the year 2007 saw the beginning of their informal Quadrilateral Security Dialogue (Quad), geared towards creating a Free and Open Indo-Pacific.

From the very beginning, Beijing perceived this four-nation Quad as aimed at containing China's rise. China, therefore, was the major inhibiting factor why Quad could not take off for the next ten years. The global economic slowdown for the US, Australia-China tensions and domestic issues inside India made Quad vulnerable to sharp criticism from Beijing. But China's continued rise and its resultant expanding geopolitical footprint was to again trigger the revival of Quad in November 2017. Indeed, the coming of Donald Trump to the White House was to see the US unleashing trade war with Beijing and leading the pact in reclaiming the Indo-Pacific. The 2018 US National Defense Strategy leaves little doubt of the US seeing China as its main challenge in ensuring FOIP. Among other things, the 2018 Strategy states, "As China continues its economic and military ascendance, asserting power through an all-of-nation long-term strategy, it will continue to pursue a military modernization program that seeks Indo-Pacific Regional hegemony in the near-term and displacement of the United States to achieve global preeminence in the future."<sup>5</sup>

Only this time, these four leaders chose to begin meetings of senior officials to make their deliberations broad-based and least susceptible to being an anti-China initiative. But within less than two years of its revival, Quad was upgraded to foreign ministers' level who held their first ever meeting on the sidelines of the UN General Assembly Session in September 2019. No formal joint statement was issued at the end of their first meeting. However, individual press briefings given after the meeting revealed of these four having discussed a whole range of issues ranging from maritime security cooperation, humanitarian assistance and disaster relief to

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5 United States Department of Defense, *Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge*, (accessed on 28 September 2019), <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>, p. 2.



development finance, cybersecurity, and counter-terrorism. But the central focus of their conversations was no doubt woven around the continuing theme of enhancing cooperative efforts for ensuring the creation of a FOIP.

## **China's BRI and two Centennial Goals**

Meanwhile, China's rise continued to thrive. Its BRI has seen over 150 countries joining it as partner nations. From 2017 - that saw the relaunch of Quad - China has become the world's largest trading nation, which also makes it the largest trading partner for many nations, including the US and its allies like Japan, South Korea, Australia and ASEAN. Pegged on the solid foundations of four decades of its unprecedented economic growth, BRI has increasingly become a geopolitical game changer as well. For instance, four member states of ASEAN (plus Taiwan) have clashing claims over the South China Sea, yet ASEAN has failed to evolve any joint posture against China. So much so that the Philippines that had filed a suit against China in The Hague Permanent Court of Arbitration saw a regime change, resulting in President Rodrigo Duterte disowning a favorable verdict, which revoked China's historic nine-dash line-based claims over the South China Sea. Like the Philippines, most nations were more than willing to engage in China's investments and BRI projects.

This new-found confidence was writ large during China's historic 19<sup>th</sup> Party Congress of November 2017 that saw President Xi Jinping outlining China's plan to achieve well-demarcated targets for celebrating two centennial years of 2021 and 2049 - after a hundred years of the formation of China's Communist Party in 1921 and the Liberation of Communist China in 1949, respectively. By 2021, China wishes to completely eliminate poverty to become a "moderately prosperous society" and by 2049, become a "fully developed, rich and powerful" nation equal to, if not surpassing, the US. This increasing prosperity and self-confidence has also seen China investing in its

military modernization, especially its strategic forces and maritime capabilities. With over US\$ 210 billion budget for 2018, China has emerged as the world's second largest defense spender undercutting the US military leadership as well. This has seen China launching aircraft carriers, setting up naval base in Djibouti and facilities at a whole range of commercial ports around the world. This increasing economic and military prowess of China is shrinking the space for staying neutral amid increasing US-China contestations.

The latest US National Defense Strategy and National Military Strategy clearly contend the emerging great-power competition with "near peer competitors" like China and Russia, defining the core of security challenges to the continued American predominance. Russia and China were once brothers in arms till the mid-1950s when Beijing underwent a rather tumultuous spilt with Moscow. This saw President Richard Nixon making an unprecedented visit to China (with which the US had no diplomatic relations) and China gradually growing closer to the US and its allies, leaving the Soviet Union alone. Today, as China emerges as the possible counter to the US global leadership, Beijing has carefully cultivated Russia. The two seem to be coming together and continue to be at discomfiture with the extant US-led international order. Moreover, the rise of China has triggered a relative decline in the US system-shaping capabilities. And the Indo-Pacific being a part of Russia's traditional and China's expanding geopolitical sphere has witnessed their symbolic jostling for ensuring their respective predominance.

Therefore, as outlined by Adml. Phil Davidson, commander of the newly created US Indo-Pacific Command, the visualization of FOIP has far deeper connotations than what is usually understood by most interlocutors and stakeholders like India or Nepal. For him, 'Free' in FOIP includes connotations "both in terms of security - being free from coercion by the other nations - and in terms of values and political systems. ... Free societies adhere to the shared values of the United Nations Charter and the Universal Declaration

of Human Rights, respective individual liberties."<sup>6</sup> Likewise, 'Open' in FOIP implies all nations enjoying "unfettered access to the seas and airways upon which our nations and economies depend ... open investment environments, transparent agreements between actions, protection of intellectual property rights, fair and reciprocal trade - all of which are essential for people, goods, and capital to move across borders for the shared benefit of all."<sup>7</sup>

### Limits of India's fine balancing

These sharpening US-China contestations are pushing all other stakeholders to taking sides rather than staying neutral or nonaligned. Amongst the four Quad members, for instance, India remains the only member that does not have an alliance with the US. India, therefore, has been the only member of the Quad that has had reservations in either militarizing Quad or making it an exclusive club of a few countries. Indeed, starting from the 1<sup>st</sup> June speech of Indian Prime Minister Narendra Modi at the 2018 Shangri-La Dialogue in Singapore, India has been persistently articulating about bringing both Russia and China into the Indo-Pacific discourses and initiatives. Indeed, New Delhi has even put the Indo-Pacific on the agenda of its Annual Maritime Dialogue with Beijing. Conversely, China has also lately begun to show interest in at least engaging in the academic discourses on the Indo-Pacific geopolitics. But the recent past has seen India inching towards the US in building not just its defense but also economic partnership. India has already signed three of the four foundational agreements that the US has

6 Philip Davidson, "A Free and Open Indo-Pacific" (speech, Halifax International Security Forum, Halifax, Nova Scotia, Canada, 17 November 2018), accessed 5 July 2019, <https://www.pacom.mil/Media/Speeches-Testimony/Article/1693325/halifax-international-security-forum-2018-introduction-to-indo-pacific-security/>.

7 Philip Davidson, "A Free and Open Indo-Pacific" (speech, Halifax International Security Forum, Halifax, Nova Scotia, Canada, 17 November 2018), accessed 5 July 2019, <https://www.pacom.mil/Media/Speeches-Testimony/Article/1693325/halifax-international-security-forum-2018-introduction-to-indo-pacific-security/>.

with its military allies. The year 2018 saw India initiating its annual 2+2 (defense and foreign ministers) with all three members of the Quad and China's criticism over India's reorganization of Jammu and Kashmir in August 2019 has only further facilitated Indo-US bonhomie.

As for the US, its focus remains on restraining China's influence in the South China Sea and the rest of the Indo-Pacific and how much it would wish India to join its initiatives. As the US National Defense Strategy 2018 says, for FOIP, Trump Administration needs "to continue competing with Beijing by forward posturing combat-credible forces, strengthening our (its) regional alliances and partnerships, and tightly integrate with the combined joint forces to succeed in multi-domain operations."<sup>8</sup> The US military leadership already believes its eroding edge over Beijing; that while "PLA still respects our military capability, it no longer fears us, which is reflective of its growing relative military power."<sup>9</sup> Therefore, Acting Secretary of Defense, Patrick Shanahan, in his speech at the annual Singapore Shangri-La Dialogue-2019, had said, "We cooperate with China where we have an alignment of interest...[and] We compete with China where we must... [though] competition does not mean conflict."<sup>10</sup>

As India seeks to maintain a fine balance between the US and China, several of its neighbors have developed closer partnerships with China's BRI that brings China further closer to India, thus further circumscribing New Delhi's policy options. Here, in spite of sharing the strategic convergence with the US to counteract China's uncontested rise and its unilateral activism in the Indo-Pacific

8 Gen. Robert B. Brown et al, "Competing with China for Free and Open Indo-Pacific, Military Review, September-October 2019, p. 34.

9 Gen. Robert B. Brown et al, "Competing with China for Free and Open Indo-Pacific, Military Review, September-October 2019, p. 34.

10 Patrick M. Shanahan, "Acting Secretary Shanahan's Remarks at the IISS [International Institute for Strategic Studies] Shangri-La Dialogue 2019" (speech, Shangri-La Hotel, Singapore, 1 June 2019), accessed 5 July 2019, <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1871584/acting-secretary-shanahans-remarks-at-the-iiss-shangri-la-dialogue-2019/>.

Region, India's innate balancing style has seen it putting forward its own home-grown methods to deal with China and Russia through both bilateral and multilateral formats.<sup>11</sup> This saw Foreign Minister S. Jaishankar speaking at Valdai Club 2019 of the tectonic shift from 'alliances' to 'convergences' i.e. away from containment to a new form of multipolarity where America no doubt remains the strongest military and economic power, yet its ability to shape outcomes in various regions will be increasingly circumscribed by the rise of China. While the emerging US-China balance of power in the Indo-Pacific may become a major catalyst in the new global order, India has to first cater to the changing nature of stances of its immediate South Asian neighbors towards the Indo-Pacific.

### Impact on India-Nepal equations

Amongst its immediate neighbors, India shares unique relationship with Nepal, which has lately become vulnerable to contending interpretations, thanks partly to the US-China cultivations of both these nations. Nepal does not only enjoy open borders with India, the Nepalese citizens enjoy almost all the rights of Indian citizens in India, barring the right to vote and be elected to public offices. But today, China clearly sees India boycotting BRI and has, therefore, unleashed its charm offensives to cultivate India's neighbors, including Nepal, which has emerged as one of the major beneficiaries of BRI projects. Four of BRI's seven corridors link China to South Asia and Beijing has now begun to exclude India by initiating bilateral Economic Corridors. Apart from BRI's flagship China-Pakistan Economic Corridor, China-Myanmar Economic Corridor was launched in 2018. Continued silence of New Delhi on China-Nepal-India Economic Corridor that was proposed by

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11 Monish Tourangbam, "The Future of American Power Will be Shaped in the Indo-Pacific", *The Diplomat*, September 16, 2019 (accessed on September 17, 2019), <https://thediplomat.com/2019/09/the-future-of-american-power-will-be-shaped-in-the-indo-pacific/>

China in April 2018 may soon turn it as well into a China-Nepal Economic Corridor. But unlike Pakistan or Myanmar, Nepal shares unique historical relations with India which makes matters different.

Nepal's connections with the Indo-Pacific go back to 1988 when Kathmandu had hosted the fourth session of the Indo-Pacific Fishery Commission.<sup>12</sup> But more recently, the issue of Nepal's links with the Indo-Pacific was revived when at the end of the US visit of Foreign Minister Pradeep Gyawali, Deputy Spokesman Robert Palladino had announced Nepal having a central role in their Indo-Pacific Strategy, which Kathmandu was quick to disown.<sup>13</sup> A link was also drawn to the US tensions with North Korea where Kathmandu could be of use given its closer relations with Pyongyang, which has hosted several senior Nepalese leaders. Despite the fact that most Nepalese leaders who seek to keep the Indo-Pacific at arm's length have lately been interested in it given their growing proximity with Beijing.

But in September 2019, this debate about Nepal's links with the Indo-Pacific was revived, for the first time, by Beijing. Following Foreign Minister Wang Yi's 8 September 2019 visit to Kathmandu, the Chinese Foreign Ministry in Beijing stated that "Nepal firmly adheres to the non-alignment policy, disapproves of the so-called 'Indo-Pacific Strategy', opposes any attempt to stop the development of China, and believes that China's development is an opportunity for Nepal, and is willing to learn from China's successful experience."<sup>14</sup> This led the US Embassy in Kathmandu

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12 Indo-Pacific Fishery Commission, Report of the fourth session of The Indo-Pacific Fishery Commission Working Party of Experts on Inland Fisheries, accessed on 29 September 2019, [https://books.google.co.in/books?id=U68W95IEFjQC&pg=PR38&dq=Nepal+Indo-Pacific&hl=en&sa=X&ved=0ahUKEwjR0b\\_h6vXkAhUgmI8KHcBZAz8Q6AEIPjAD#v=onepage&q=Nepal%20Indo-Pacific&cf=true](https://books.google.co.in/books?id=U68W95IEFjQC&pg=PR38&dq=Nepal+Indo-Pacific&hl=en&sa=X&ved=0ahUKEwjR0b_h6vXkAhUgmI8KHcBZAz8Q6AEIPjAD#v=onepage&q=Nepal%20Indo-Pacific&cf=true)

13 Dr. Narad Bharadwaj, "Nepal And Indo-Pacific Strategy", *The Rising Nepal* (Kathmandu), accessed on 29 September 2019, <http://therisingnepal.org.np/news/28342>

14 Binoj Basnyat, "US Indo-Pacific Strategy and Nepal", *khabarhub.com*, September 19, 2019, (accessed on September 19, 2019), <https://english.khabarhub.com/2019/18/44840/>

seeking well-publicized official clarification from the Government of Nepal saying, "it is bewildering that we now learn about Nepal's position from statements issued from Beijing."<sup>15</sup> The response of Nepal's former Prime Minister and Co-Chair of the ruling Nepal Communist Party, Pushpa Kamal Dahal, was indicative of emerging trends. He denied if there were any such comments from Beijing. Moreover, he said, "Nepal won't join any military alliance be it the IPS (Indo-Pacific Strategy) or BIMSTEC" though neither of these are military alliances and he stayed silent on BRI.<sup>16</sup>

What explains this is both the US and China are cultivating the landlocked Nepal and what its significance in the geopolitics of the Indo-Pacific Region could be. What could be its implications for India-Nepal relations? At the very outset, breaking India's age-old monopoly, China, under BRI, has provided Kathmandu access to four of its ports, namely Tianjin, Shenzhen, Lianyungang and Zhanjiang. This makes Nepal have stakes in peace and stability in both the Bay of Bengal as also the South China Sea and, therefore, in the larger Indo-Pacific geopolitics. Nepal has also been reluctant to promoting India-led BIMSTEC, especially not at the cost of ignoring SAARC Summits. Surely, China has enormous economic leverages that are difficult to compete. Beijing's cultivation holds the promise of making the landlocked Nepal a land-linked country. This opens up insinuations that Nepal's perspectives on the Indo-Pacific are likely to become tilted towards Beijing rather than New Delhi or Washington. This surely calls for India's serious engagement with Nepal and the need to bring the Indo-Pacific into their academic and official deliberations.

15 Binoj Basnyat, "US Indo-Pacific Strategy and Nepal", khabarhub.com, September 19, 2019, (accessed on September 19, 2019), <https://english.khabarhub.com/2019/18/44840/>

16 Swaran Singh, "What Nepal's Indo-Pacific Policy means for India?", *Kalinga Institute of Indo-Pacific Studies*, September 22, 2019, accessed on 29 September 2019 at <http://www.kiips.in/research/what-nepals-indo-pacific-policy-means-for-India/>

## **Conclusion:**

Building new partnerships and strengthening old alliances had been the hallmark of the US grand strategy in the post-Cold War era. But this has faced increasing pessimism given President Trump's 'America First' approach, leading to multiple US desertions from its global commitments igniting various interlocutors. In doing so, President Trump has not just continued to annoy friends and allies of the US, he has also escalated an unending trade war with China, which has witnessed further contestations between the two countries for regional and global leaderships. In essence, therefore, the Indo-Pacific has gradually emerged as the microcosm as also the mostly invested and sought-after theatre of their geopolitical brinkmanship, and is shrinking in space for other stakeholders to stay aloof or non-aligned, thereby pushing them into taking sides with either Beijing or Washington.

What is critical is that besides affecting their relations with the US and China, this drift has also begun to impact bilateral relations among various stakeholders. Experts, for instance, see India inching towards the US, while Nepal is seen as inching towards China, which has implications for the unique nature of India-Nepal relations. In the context of the fast changing geopolitics of the Indo-Pacific Region, it is, therefore, essential for both India and Nepal to include the concept of the Indo-Pacific in their academic and official deliberations to minimize the negative impact that their evolving policy postures may have on India-Nepal relations.



# The Indo-Pacific Strategy and Nepal

Shambhu Ram Simkhada<sup>1</sup>

## Introduction:

The Indo-Pacific Strategy (IPS) discussed in one form or the other but put forward by the US Department of Defense (DOD) in June 2019 as a policy document is one more United States' policy re-orientation reflecting the global geo-strategic and socio-economic center of gravity shifting from the trans-Atlantic to the Indo-Pacific and US strategy to maintain its influence in this region and the world in the changing context. There is little debate on this. The question that concerns countries like Nepal is, what exactly in specific policy terms is and is not IPS and what is their own place and role in it, if any?

For Nepal specifically, what does "Nepal's central role in an open, free and prosperous Indo-Pacific and in global issues such as North Korea"<sup>2</sup> mean in so far as Nepal's own ongoing Triumph and Trauma of Transition in its internal political-economy within the region and the world, which is also undergoing significant changes.

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1 Author is former Ambassador and a well-known Nepali academic and strategic analyst.

2 Note: Statement of the US Embassy in Kathmandu, 18 December, 2018 attributing to the statement of the Deputy Spokesperson Robert Paladino of the Department of State, Washington DC disclosing the discussion of the Secretary of State Mike Pompeo with Nepali Foreign Minister Pradeep Kumar Gyawali, the first Nepali FM to ever be officially invited by the US Secretary of State for an official visit in the 70 years long history of diplomatic relations between the two countries. The statement by the Nepali Embassy in Washington DC on the same subject completely omits any reference to such discussion and the Nepali Foreign Minister and Prime Minister himself found it necessary to deny any such discussion and role in IPS.

## IPS - What it is and what it is not:

There are different interpretations to the timing, context and person first using the term Indo-Pacific. Beyond such discussions, The Indo-Pacific Strategy document made public by the US Department of Defense (DOD) on 01 June, 2019 stresses “The Indo-Pacific as the priority theatre<sup>3</sup>, an idea also believed to have been articulated by an Indian naval officer long ago, mooted by Japanese Prime Minister Shinzo Abe.” Former US President Barrack Obama introducing the notion of “Pivot to the Asia Pacific” and other important policy documents, most notably the National Security Strategy and the National Defense Strategy of the US Government and pronouncements of leaders. This was most recently outlined by President Donald Trump while addressing the Asia and Pacific (APEC) CEO Summit at Danang, Vietnam, on 10 November 2017. In that speech Trump said, “I’ve had the honor of sharing our vision for a free and open Indo-Pacific, a place where sovereign and independent nations, with diverse cultures and many different dreams, can all prosper side-by-side, and thrive in freedom and in peace”<sup>4</sup>.

Following this policy statement there have been many briefings from US officials and discussions internationally on IPS. The latest IPS document identifies Economics, Governance and Security (economic, political and strategic) as the three fundamental components of the competitive landscape of the Free and Open Indo-Pacific (FOIP) region. It leaves no doubt in anyone’s mind as to

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- 3 The Department of Defense Indo-Pacific Strategy Report Preparedness, Partnerships and Promoting a Networked Region, June 1, 2019 <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF> On November 4, 2019 a new document A Free and Open Indo-Pacific Advancing a Shared Vision has been made public by the US Department of State with much more nuanced language and some clearly notable symbolically significant visuals but the substance of IPS remaining the same. <https://www.state.gov/wp-content/uploads/2019/11/Free-and-Open-Indo-Pacific-4Nov2019.pdf>
  - 4 Remarks by President Trump at APEC CEO Summit, Da Nang, Vietnam November 10, 2017 [whitehouse.gov](https://www.whitehouse.gov/the-press-office/2017/11/10/apec-ceo-summit)

where the US sees the real threats to those fundamental components of the FOIP come from. Right at the outset, in its introduction section, IPS policy paper says, “Inter-state strategic competition, defined by *geo-political rivalry between free and repressive world order visions* (emphasis mine), is the primary concern for US national security.”<sup>5</sup> Further elaborating on the threat perception and outlining the trends and challenges in the Indo-Pacific strategic landscape, which is what leads to military strategy, IPS identifies four main sources, The People’s Republic of China (PRC) as a Revisionist Power and clearly states, “in particular, the People’s Republic of China, under the leadership of the Chinese Communist Party, seeks to reorder the region to its advantage by leveraging military modernization, influence operations, and predatory economics to coerce other nations”<sup>6</sup> The other sources of threats identified in the IPS policy document are, Russia as a Revitalized Malign Actor, The Democratic People’s Republic of Korea (DPRK) as a Rogue State along with other Transitional Challenges.<sup>7</sup>

As a Pacific power, the US sees these four main threats and challenges to the FOIP directly affecting US national interests and security. To respond to the threats and meet the challenges to the FOIP, and sustain US Influence to achieve regional objectives, IPS proposes 3 “Ps” - Preparedness, Partnerships and Promoting a Networked Region.<sup>8</sup>

The National Security Strategy and the National Defense Strategy earlier articulated the US vision to compete, deter, and win in the evolving environment. IPS goes further saying “achieving this vision requires combining a more lethal Joint Force with a more robust constellation of allies and partners. Increased investments

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5 The Department of Defense Indo-Pacific Strategy Report <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>

6 *ibid*

7 *ibid*

8 *ibid*

in these imperatives will sustain American influence in the region to ensure favorable balances of power and safeguard the free and open international order". IPS also reaffirms the enduring U.S. commitment to stability and prosperity in the region through the pursuit of preparedness, partnerships, and the promotion of a networked region, further elaborating the three Ps as follows:

- Preparedness – Achieving peace through strength and employing effective deterrence requires a Joint Force that is prepared to win any conflict from its onset. The US (Department of Defense), alongside our allies and partners, will ensure our combat-credible forces are forward-postured in the region.
- Partnerships – Our unique network of allies and partners is a force multiplier to achieve peace, deterrence, and interoperable warfighting capability. The Department is reinforcing its commitment to established alliances and partnerships, while also expanding and deepening relationships with new partners who share our respect for sovereignty, fair and reciprocal trade, and the rule of law.
- Promotion of a Networked Region – The Department is strengthening and evolving U.S. alliances and partnerships into a networked security architecture to uphold the international rules-based order. The Department also continues to cultivate intra-Asian security relationships capable of deterring aggression, maintaining stability, and ensuring free access to common domains.<sup>9</sup>

### **Nepal and the Central Himalayas: One of the epicenters of the current global paradigm flux**

Geo-strategically Nepal has always been an interesting laboratory of state formation and nation building. The rise of a unified and powerful Hindu Kingdom along the southern slopes of the central

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<sup>9</sup> ibid

Himalayas separating China and India, historically two great ancient civilizations and competing powers, had always attracted major global powers' interests in Nepal.<sup>10</sup> Modern rise of China and India as the two main pillars of the new Asian Century has elevated the historic interest to a whole new level of geo-political, socio-economic and strategic significance transforming the central Himalayas, of which Nepal is at the core, as one of the epicenters of the post-Cold War global paradigm flux.<sup>11</sup> There are many aspects of this still evolving post World-War II global paradigm shift.

There are many who argue that the new global great power competition primarily centers around economics and not ideology. But, after all why are politics, economics, security, as important aspects of the study of international relations? In the final analysis, they are, first and foremost, ideas in the minds of people. The important question that now follows is, what determines the course of human development internally and inter-state relations?

The debate is long and intense. Some saw the collapse of communism in the eastern Europe as the end of history and the triumph of the liberal democratic order as the ideological foundation on which the citadel of prosperous democracies are constructed. But the realists and nationalists regard political-security considerations as the key. Hans Morgenthau as one of the main proponents of modern political realism is well known for his book 'Politics Among Nations: A struggle for Power and Peace'. Although a liberal economist himself, the late Jacob Viner made one of the best analyses of the relationship

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10 As immediate neighbours India and China naturally have had age-old interest and relations with Nepal. After several attempts to takeover Nepal militarily failed the British-India changed the tactic and succeeded in influencing Nepal with friendship what it could not do militarily, establishing a diplomatic mission in Kathmandu in early 1800s after they consolidated their presence in India. By the time Nepal became a member of the United Nations in 1955 all the major powers including France had their diplomatic missions in Kathmandu.

11 See Shambhu Ram Simkhada, "Complexities of Nepalese foreign policy" in *Foreign Policy of Nepal "Challenges and Opportunities"* Institute of Foreign Affairs, Kathmandu, 2009.

of economic and political factors in determining the structure of IR and concluded that political and security considerations are primary<sup>12</sup> The truth may be somewhere in the middle. However, along with economic and strategic considerations, even a cursory study of contemporary IR makes it clear that intellectual-ideological aspects are also significant factors determining the behavior of nation-states.

With the modern economic and military rise of China under the tight political control of the Communist Party but also India emerging within a functioning parliamentary democracy, global powerhouses of ideas must be searching for explanations as to why Communism in Europe and the former Soviet Union collapsed but is thriving in China. With the emergence of the European Union, the post-Westphalian state system in Europe seemed to be undergoing vertical and horizontal evolution until the more recent nationalist and populist backlash. The only global superpower with unchallenged global political influence and overwhelming military power is starting to experience political stress and economic distress and one of the economic superpowers of the Cold War era, Japan is experiencing a relative decline.

Long ago, both Smith and Engels saw the nation-state representing a progressive stage in human development because it enlarged the political realm of economic activity. In the views of both classical liberals and Marxists, in each successive economic epoch, the advancing technology and scale of production necessitates an enlargement of political organization.<sup>13</sup> The current world is not only experiencing the absence of such an enlargement but in fact further fragmentation, thus creating a serious disconnect between its economic and political organization, increasing globalization of economics but growing localization of politics.<sup>14</sup> With an ideas deficit able to bridge

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12 Ibid p 68

13 ibid

14 See Simkhada, Shambhu Ram “Building Blocks of a New Global Political, Economic, Social, Security and Foreign Policy Architecture” in *Nepal India China Relations in the 21<sup>st</sup> Century*, Kathmandu, Nepal 2018

the gap, any wonder once the initiators, ardent advocates and biggest beneficiaries of globalization, are now encountering the populist-nationalist backlash and looking inwards while the power they were once trying to “integrate into the global economy” has now emerged as the most ardent defender of economic globalization.<sup>15</sup>

Amidst all this, the institutions established in the aftermath of the two world wars to prevent succeeding generations from going through the tragedies experienced by earlier generations of mankind in the two World Wars by creating new norms of behavior (culture of collective security, prosperity and dignity) consistent with the dynamics of time and technology for the new age are themselves on the verge of financial but more significantly intellectual bankruptcy.<sup>16</sup> Thus, today’s mankind indeed exists “in a bizarre combination of stone age emotions, medieval institutions but God-like technology”.

In this global paradigm-flux one can only imagine the level of intellectual interest and search for ideological explanation for the rise of Communism in a Hindu monarchy and now the scramble for political and strategic influence on the world’s newest secular Republic, situated between India and China and governed by elected Marxists-Leninists-Maoists with two thirds majority not only in the Federal Parliament but in all three levels of state structures including six of the seven provinces and majority of local governments.<sup>17</sup>

## Nepal’s Place and Role in IPS

The above discussion explains Nepal’s historically strategic position and now important place in the emerging political-economic

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15 President Donald Trump’s America First policy, UK seeking BREXIT, Europe facing the upsurge of Populism and Nationalism and Chinese President Xi Jinping’s speech at the Global Economic Forum in Davos, Switzerland in January 2017 defending the open and liberal trading system and globalization are only examples

16 See Simkhada, Shambhu Ram *Human Rights Human Wrongs in the Scale of Human Conscience*, K. W. Publishers, New Delhi, 2018

17 See Simkhada, Shambhu Ram, *The Third Wave in Nepal*, 26 February 2018

and security landscape in the region and the world and why the US, historically claiming to lead the liberal democratic political-economic order and its strategic component, the North Atlantic Treaty Organization (NATO) sees Nepal's "central role" in IPS and even in North Korea. Consistent with this thinking, the IPS policy paper states, "The United States seeks to expand our defense relationship with Nepal, focused on HA/DR, peacekeeping operations, defense professionalization, ground force capacity and counter terrorism."<sup>18</sup>

As already seen, Nepal-US diplomatic relations go long back in history with the US as the second country, after the UK to establish diplomatic relations with Nepal. 70 years long history of diplomatic relations have been strengthened by cooperation in many areas, economic, military and people to people. A comprehensive outline of US assistance to Nepal has been outlined by the current US Ambassador to Nepal, Randy Berry recently in a speech.<sup>19</sup>

In that speech, after outlining the long history of multifaceted US-Nepal partnership, significantly Ambassador Berry also said "Given that history of partnership, given our record of achieving results, and not merely words, I admit I am sometimes disappointed by periodic suspicion about US motives I hear from some corners in Nepal. You have seen it most recently in the discussions about our Indo-Pacific Strategy"<sup>20</sup> In this context, Berry outlined two specific issues of his

18 IPS, p 44. Perhaps signifying the US focus on the Central Himalayas and Nepal's "central role" in IPS, the more recent document released by the State Department may also be significant in its visual presentation of Secretary Pompeo meeting Nepal's Foreign Minister Gyawali being displayed prominently after President Trump's meetings with Prime Minister Abe of Japan, Modi of India and Morrison of Australia.

19 Note: The areas of US-Nepal partnerships with the almost US\$ 200 million annual US assistance starting from the Peace Corps volunteers to American judges, prosecutors, and police officers working on strengthening the Rule of Law projects to six US Marines who lost their lives in their helicopter crashed during their mission in central Nepal while trying to rescue people affected by the devastating Earth quake was best outlined by the current US Ambassador to Nepal Randy W. Berry in Kathmandu on 20 September, 2019, full text published in [nepalforeignaffairs.com](http://nepalforeignaffairs.com), 27 September, 2019.

20 *ibid*



concern, one related with the delay in the parliamentary ratification of the Millennium Challenge Corporation (MCC) compact within which the US has agreed to provide a huge grant assistance of US\$ 500 million for infrastructure development and upgradation, particularly in the building of inter-country power transmission lines with India as well as upgrading some road projects. The second area of concern expressed by the envoy in that speech was related with the US military engagement with Nepal's security forces.

In that speech Ambassador Berry went so far as to say, "I am concerned that, despite all the consultation we have done, despite our track record over so many decades, this program, too, risks being derailed due to misinformation and suspicion". He further continued, "If Nepal's leaders decide they want to say 'No' to US assistance in these areas, that is Nepal's sovereign decision to make. It will, however, be an abrupt reversal of both the specific requests that the Nepali government has made of us and an abrupt reversal of the partnership that has benefited us both". The substance and tone of this speech clearly underscores the new stresses adding to the complexities of Nepal's international relations, making of foreign policy and conduct of diplomacy but also concerns of the US in Nepal. Clarifying the relationship between the MCC funding and IPS, in an article published in *The Kathmandu Post* Troy Kofroth, the MCC Country Director for Nepal has said, "the MCC shares the US's vision for the Indo-Pacific Region."<sup>21</sup> In this increasingly complicated situation how does Nepal intend to play its expected "central role" in IPS?

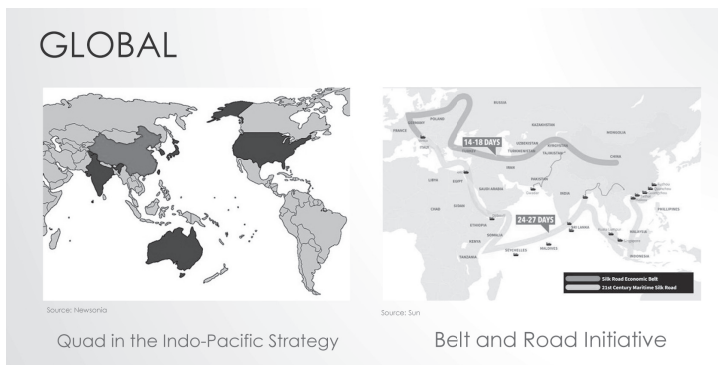
## Centrality of India and the Indian Ocean

In one of the earliest briefings on IPS, one US official said, "Number one, it (IPS) acknowledges the historical reality and current-day reality that South Asia, and in particular India, plays a

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21 See "A Model for Transparent Development Project", Troy Kofroth, *The Kathmandu Post*: Monday, November 18, 2019.

key role in the Pacific, East Asia and in Southeast Asia. That's been true for thousands of years and it's true today. Secondly, it is in our interest, the U.S. interest, as well as the interests of the region, that India plays an increasingly weighty role in the region. India is a nation that is invested in a free and open order. It is a democracy. It is a nation that can bookend and anchor the free and open order in the Indo-Pacific Region and it's our policy to ensure that India does play that role, does become over time a more influential player in the region.”<sup>22</sup> It is not too difficult to see why the US changed the nomenclature of its main military forward position in the region. The Pacific Command to Indo-Pacific Command. Through IPS the US would like to see India play a central role in both the main priority areas of Free and Open Indo-Pacific and in all three thematic planks of economics, governance and security or economic, political and strategic fronts.



With this goal, among the 3Ps line of effort, under preparedness - IPS primarily focuses on enhanced level of US military forces deployment and lethality of its war fighting capacity by also selling more US weapons to the region as it outlines “DoD’s participation in combined military exercises has increased by seventeen percent

22 Special Briefing on the Indo-Pacific Strategy by Alex N. Wong, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, Department of State, Washington DC April 2, 2018

in the last two years, and our Foreign Military Sales have increased by more than sixty-five percent in the last three years.” Under the second ‘P’ line of effort Partnerships- IPS outlines three levels, one on its traditional allies which are already hosting large number of US troops and weapons systems saying “to this end, we have strengthened our alliances with Japan, South Korea, Australia, the Philippines, and Thailand. These alliances are indispensable to peace and security in the region and our investments in them will continue to pay dividends for the United States and the world, far into the future”. Looking at the second level IPS points out, “We have also taken steps to expand partnerships with Singapore, Taiwan, New Zealand, and Mongolia.”

## IMPORTANCE OF INDIAN OCEAN ROUTES

- Indian Ocean remains a key area of overlap for both Indo-Pacific Strategy and BRI
- Contains strategic trade routes including Strait of Malacca and Palk Strait
- Security and Trade two most important areas



Highlighting the importance of India and South Asia, IPS further says, “Within South Asia, we are working to operationalize our Major Defense Partnership with India, while pursuing emerging partnerships with Sri Lanka, The Maldives, Bangladesh, and Nepal”. Talking of aspiring partners, IPS says “We are also continuing to strengthen security relationships with partners in Southeast Asia, including Vietnam, Indonesia, and Malaysia, and sustaining engagements with Brunei, Laos, and Cambodia. In the Pacific Islands, we are enhancing our engagement to preserve a free and open Indo-Pacific, maintain access, and promote our status as a security

partner of choice. Expanding the horizon and scope of the strategy and drawing-in other partners from outside the region, IPS says “Efforts to maintain a free and open Indo-Pacific have also brought us closer to key allies, including the United Kingdom, France, and Canada, each with their own Pacific identities.”

India, especially under Prime Minister Narendra Modi, has embraced IPS actively engaging with the Quad mechanism involving Japan and Australia. But India as an aspiring superpower is also keeping other avenues of cooperation and leadership open such as the EURASIAN route with Russia. The Doklam encounter leading to the Wuhan spirit and now the Chennai Connect signify both China's Xi and India's Modi's determination to seek accommodation when possible and at least not to allow differences to become disputes in their determined march in reclaiming their rightful place in the global high table, as inheritors of their respective civilizational greatness. With its dominant position in South Asia and the Indian Ocean, the central and significant role of India is evident with the US (IPS) looking at it as “a major defense partner” and China seeing the significance of wooing India away to a more accommodative role. India itself will be happy by its all-round “significant role” as long as IPS remains an instrument of peace. But, with the US drawing-in its other NATO allies also into IPS pushes China further and China too sticks to its growing number of “Nos” and exercises its strategic posture of 3Ds (Defend, Deter and Deny), where will India stand in the event of a real conflict between the US and China? Indian role both in the event of a conflict as well as in its prevention could be central.

## Conclusion

From historians to policy makers, many people have warned of the danger of conflict in the course of the rise and fall of the great powers unless a new vision of win-win relations guides the course of IR in the 21<sup>st</sup> Century. In its absence, one of the world's best known

thinker-diplomats, former US Secretary of State Henry Kissinger, the best known global front face of realpolitik, architect of opening US-China relations, whom the Chinese also regard as a well-wisher, has become the latest among the litany of high profile scholars influential in the formulation of US foreign policy to warn of the danger of US-China war.<sup>23</sup>

Nepal's geo-strategic situation itself demands good relations with its two immediate and powerful neighbours, India and China, in its strategy for survival and development. Even between the two, so far Nepal's relations with India have been much more wide-spread and all-encompassing at all, Government to Government (G to G), People to People (P to P) and Business to Business (B to B) levels mainly because of socio-cultural, proximity of geography and the provision of open border in the 1950 Treaty of Peace and Friendship. Proximity adds vitality but also complexity in inter-state relations demanding greater sensitivity in handling.

With the rise of China and greater levels of trans-Himalayan connectivity as a result of the melting of the snows in the Himalayas and improvements in transport and communications technology, Nepal's age-old friendly relations with China are expanding rapidly in all spheres at all levels. The recent flurry of exchanges of government and party leaders around the important visit of President Xi and the scope and magnitude of the agreements signed between the two sides on trans-Himalayan multidimensional connectivity could significantly enhance the level of Nepal-China relations from its traditional good friends, friendly neighbours and cooperative partners to a new level of strategic partnership between the two governments and "brotherhood" between the two ruling Communist parties, changing the geo-political and strategic landscape of the central Himalayas.

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23 US-China trade war could spark a real war, Agence France-Presse, Beijing Nov.21, The Kathmandu Post , Friday, November 22, 2019.

In this backdrop, besides the continuing support from India, the increased flow of resources from China within its mega Belt and Road Initiative (BRI) and the omnipresent superpower United States and its IPS and MCC could prove to be the much-needed boon in transforming Nepal's development infrastructure to graduate from its current Least Developed Country (LDC) status. But finding the political-intellectual outlet to utilize cooperation and resources without getting sucked-into the ideological and strategic fallout of these two competing mega-ideas from the world's ruling super power and the emerging one and India's central role in this changing scenario is going to test the diplomatic skills of the world's first elected Marxist-Leninist-Maoist government ruling one of the greatest cross-roads of time and space, history and geography, particularly as it prepares to traverse through a heavy traffic.

# China, India and the Indo-Pacific: Opportunity, Threat or Merely a Rhetorical Irrelevance?

Subrata Mitra and Jiawei Mao<sup>1</sup>

## Introduction

India-China relations are today business-like but their conflicting approaches to the 'Indo-Pacific' – an ideologically charged construct of contested interpretation that has gained currency of late<sup>2</sup> – is one of the issues where disagreements, howsoever muted, persist. At the heart of it is Washington's riposte to China's growing influence in the region and Beijing's increasingly more assertive use of it since Xi Jinping came to power. In response, the US has sought to revive and, wherever possible, to expand its alliance system. What implications does this geopolitical rivalry have for the relations between the two Asian giants, China and India? Will it add new tangles to the old knots that Beijing and New Delhi are yet to untie? What implication, if any, does the 'Indo-Pacific' have in the unfolding pas de deux of the two Asian giants? This article explores this issue with reference to politics, trade and perceptions.

## Sino-Indian relations: the state of play

A trade balance vastly in favour of China rankles India when contrasted with the Chinese prowess. Negative perceptions persist

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<sup>1</sup> Authors are associated with Heidelberg University, Germany.

<sup>2</sup> Das, Udayan, "What Is the Indo-Pacific?", *The Diplomat*, 13 July 2019, available at: <https://thediplomat.com/2019/07/what-is-the-indo-pacific> (accessed on 30 July 2019)

on both the sides, characterised by deep sensitivities on political issues, most importantly, the activities of the Dalai Lama in India and the disputed border territories. Despite growing economic interests and sustained high-level diplomatic visits, passions stoked by nationalism often threaten to boil over. This is egged on by media coverage tinged with nationalist sentiments in both the countries. Untoward incidents along the un-demarcated Sino-Indian border occur regularly. These are often depicted as ‘incursions’ and efforts to calm tempers are labelled as ‘transgressions’ by both the sides. China’s relentless pursuit of global influence through the Belt and Road Initiative (BRI), along with other charm offensives targeting India’s neighbours, has caused alarm and suspicion in New Delhi.

Still, a nostalgic throwback to the old days of Hindi Chini Bhai Bhai and a soupçon of shared interests, persist. Washington’s Indo-Pacific Strategy, which Tokyo co-sponsored, has added new questions to old ones in India-China relations. Nonetheless, the two countries’ top leaders have maintained regular contacts: since his election in May 2014, Prime Minister Narendra Modi has made five visits to China and his promise on Twitter to “review the developments in India-China relations from a strategic and long-term perspective”<sup>3</sup> has been echoed by Chinese President Xi Jinping, who has met Prime Minister Modi a dozen times on various diplomatic occasions.

What emerges, therefore, remains a confusing picture of Sino-Indian relations - on the one hand, more cooperative and commercially resilient than ever before, and on the other hand, a relationship that continues to be vulnerable to distrust and nationalism. Reconciling this contradictory picture requires the posing of some concrete questions. The unfolding Asian drama, which includes big players like the Indo-Pacific, is contingent on the nature and evolution of

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3 “Will discuss views on bilateral & global issues: PM Modi on his informal meet with Xi”, *The Economic Times*, 26 April 2018, available at: <https://economictimes.indiatimes.com/news/politics-and-nation/will-discuss-views-on-bilateral-global-issues-pm-modi-on-his-informal-meet-with-xi/articleshow/63924813.cms?from=mdr> (accessed on 30 July 2019)



Sino-Indian relations. To what extent are commercial stakeholders and military strategists involved in the process of policy-making on either side? To what extent is the Sino-Indian relationship embedded within multilateral frameworks? Does trade continue to be the abiding priority for both the sides or do emerging geopolitical considerations promise to shape the repertoire of concerns and ambitions? And finally, is 'Indo-Pacific' an opportunity or a threat to a possible Sino-Indian détente? Or, is this concept merely a diplomatic ploy that is used more as a rhetorical device than for any substantive significance?

With their 'on-again, off-again' character, Sino-Indian relations continue to be puzzling for the states and societies neighbouring the two countries, and enigmatic for the rest of the world. The two countries have signed a joint statement on "building a closer developmental partnership" in 2014 and the bilateral trade is forecast to cross the US\$ 100 billion mark in 2019.<sup>4</sup> But underneath this calm veneer and buoyancy in trade, one can detect a feeling of 'cooperation without trust', and simmering resentments. A trade balance vastly in favour of China rankles India where fears for Indian manufacturing abound, especially when contrasted with the Chinese prowess. With the generous Chinese assistance to India's neighbours that culminates in BRI, President Xi's pet project to expand China's sphere of global influence through massive infrastructure development and investments, there are mutterings in the dark of a Chinese 'String of Pearls' to choke India in the corridors of the North Block and South Block. China specialists often enthusiastically join in the verbal duel, pitting China and India in contrast with regard to issues of infrastructure, urbanisation, corruption and governance. In the wake of the India-Pakistan border skirmishes in February 2019, Beijing tried to mediate between the two sides. In the beginning of May

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4 "India-China trade to cross USD 100 billion this year: Envoy", *The Economic Times*, 6 June 2019, available at: <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-china-trade-to-cross-usd-100-billion-this-year-envoy/articleshow/69676323.cms?from=mdr> (accessed on 30 July 2019)

2019, China even changed its long-held position and acquiesced the adding of Jaish-e-Mohammed leader Masood Azhar to the UN 1267 Committee sanction list, a gesture of goodwill towards Modi in the countdown to India's general election in which he fought ferociously to seek re-election.

The warming-up of the bilateral relations, however, has been in full gear since the turn of the century. During President Hu Jintao's visit to India in November 2006, the two countries issued a "ten-pronged strategy"<sup>5</sup> as the keynote and guidance for India-China relations in this century. In January 2008, during his visit to China, Prime Minister Manmohan Singh and his Chinese counterpart Premier Wen Jiabao launched A Shared Vision for the 21<sup>st</sup> Century of the Republic of India and the People's Republic of China, proclaiming that they "resolve to promote the building of a harmonious world of durable peace and common prosperity through developing the Strategic and Cooperative Partnership for peace and prosperity between the two countries." During Premier Wen's state visit to India in December 2010, the two countries issued a joint communiqué, recognizing that "India and China shoulder important and historical responsibilities of ensuring their comprehensive and sustainable economic and social development. ... India-China relations go beyond their bilateral scope and have acquired global and strategic significance."<sup>6</sup>

After the leadership change in China in November 2012 and March 2013, Premier Li Keqiang chose New Delhi as the first port of call as the new head of the Chinese government in May 2013, before visiting Islamabad, signaling that Beijing put India ahead of Pakistan on its diplomatic priority list. In a joint communiqué issued

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5 "India-China Relations", Ministry of External Affairs of India, August 2013, available at: [https://www.mea.gov.in/Portal/ForeignRelation/India-China\\_Relations.pdf](https://www.mea.gov.in/Portal/ForeignRelation/India-China_Relations.pdf) (accessed on 30 July 2019)

6 *Joint Communiqué of the Republic of India and the People's Republic of China*, Ministry of External Affairs of India, 16 December 2010, available at: <https://fsi.mea.gov.in/incoming-visit-detail.htm?5158/Joint+Communiqu+of+the+Republic+of+India+and+the+Peoples+Republic+of+China> (accessed on 30 July 2019)

during the visit, the two countries “reaffirmed their commitment to abide by the principles and consensus arrived at by leaders of the two countries over the years concerning the development of India-China relations, and to further consolidate the Strategic and Cooperative Partnership for Peace and Prosperity on the basis of the Five Principles of Peaceful Coexistence and mutual sensitivities for each other’s concerns and aspirations.”<sup>7</sup>

India-China trade took off with double-digit growth in 2017-18 and the bilateral trade volume is forecast to cross the \$ 100 billion mark in 2019. It is particularly noteworthy that in the mid-1990s, India-China bilateral trade was a meagre US\$ 1.163 billion, which increased to US\$ 2.92 billion in 2000, US\$ 73.9 billion in 2011 and US\$ 95.54 billion in 2018.<sup>8</sup> Though this represents an 81-fold increase and an annual average growth rate of 23 %, it hardly makes an impression compared with China’s trade with other major economies in the Asia-Pacific (see Table 1). Moreover, the persistent trade deficit India runs against China remains a big problem in their trade relations. By 2011, India’s trade deficit rose to over US\$ 27 billion, which has further widened to US\$ 57.87 billion by 2018.<sup>9</sup> The trade structure is even less favourable to India as it imports mostly manufactured goods from China but exports primary commodities such as minerals. This has resulted in frequent Indian complaints of China dumping cheap products in the Indian market. Since its accession into the World Trade Organization (WTO) in 2001, China has incurred numerous anti-dumping suits at the WTO and India, of all WTO members, has filed the greatest number of such cases against China.

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7 *Joint Statement on the State Visit of Chinese Premier Li Keqiang to India*, Ministry of External Affairs of India, 20 May 2013, available at: <https://mea.gov.in/bilateral-documents.htm?dtl/21723/Joint+Statement+on+the+State+Visit+of+Chinese++Li+Keqiang+to+India> (accessed on 30 July 2019)

8 “印度与中国的经贸关系(India-China Economic and Trade Relations)”, Ministry of Commerce of China, available at: <http://history.mofcom.gov.cn/?bandr=ydyzgdjmgx> (accessed on 30 July 2019)

9 Ibid

### The relative placement of China vis-à-vis the Asian states

Despite frequent calls in the Indian media to be alert to the Chinese investments, huge sums of the Chinese capital have poured into India over the recent years. During President Xi’s state visit to India in September 2014, Beijing announced the establishment of two industrial parks in India: one in Gujarat and the other in Maharashtra. Beijing also promised to “endeavour to realize an investment of US\$ 20 billion in India in the next 5 years in various industrial and infrastructure development projects”. By the end of 2016, the stock of the Chinese non-financial investments in India has reached US\$ 3.1 billion, 3,077 times the figure in 2003.<sup>10</sup> According to the reports in the Indian media, the Chinese venture capital investments in the Indian start-ups have increased five-fold from US\$ 668 million in 2016, through US\$ 3 billion in 2017 to US\$ 5.6 billion in 2018.

**Table 1 : China’s trade with selected trade partners, 2018**

China’s trade partner (selected)	Total trade volume in 2018	Surplus / Deficit against China
Japan	US\$327.66 billion	US\$33.5 billion
South Korea	US\$313.43 billion	US\$95.85 billion
Taiwan (R.O.C.)	US\$226.24 billion	US\$128.95 billion
Canada	US\$63.54 billion	-US\$6.78 billion
Australia	US\$152.79 billion	US\$58.11 billion
Vietnam	US\$147.86 billion	-US\$19.94 billion
Brazil	US\$111.18 billion	US\$43.84 billion
Russia	US\$107.06 billion	US\$11.1 billion
India	US\$95.54 billion	-US\$57.88 billion
Pakistan	US\$19.08 billion	-US\$14.74 billion

*Note: Trade figures have been compiled from information on the website of the Ministry of Commerce based on statistics provided by China Customs. Trade data from customs of other countries may vary due to different statistical methods.*

10 “多因子驱动中印投资具体路线或将三步走(Multiple Factors Accelerate Chinese Investments in India Concrete Roadmap will Take Three Steps)”, 第一财经 (*Di Yi Cai Jing*), 15 May 2018, available at: <https://www.yicai.com/news/5423013.html> (accessed on 30 July 2019)

In 2006, China and India signed a Memorandum of Understanding (MoU) on defense cooperation during Indian Defense Minister Pranab Mukherjee's visit to China, which formalized the joint military exercises and training programs in the fields of search and rescue, anti-piracy, counter-terrorism and other areas of mutual interest. Though President Xi said that he appreciated Prime Minister Modi's comment that "China and India are two bodies, one spirit", New Delhi has always been suspicious of China's growing influence in South Asia. China's relentless pursuit of BRI, President Xi's signature project to expand China's sphere of the global influence through massive infrastructure development and investments, along with other charm offensives targeting India's neighbours, has caused alarm and suspicion in New Delhi, which has turned down Beijing's invitation to attend the first two meetings of the Belt and Road Forum, making no efforts to veil its serious reservation about this gigantic initiative, particularly its coverage of Pakistan. On the one hand, the enormous China-Pakistan Economic Corridor (CPEC), a flagship project of BRI that was worth US\$ 62 billion as of 2017, creates the impression in some quarters that the much-hyped Modi-Xi duet, after all, will mark no radical departure from the conventional Chinese policy of pitting the two neighbours against one another. Neither is India happy with the fact that CPEC crosses Pakistan-occupied Kashmir, contending it violates the Indian sovereignty. On the other hand, India has for long been alarmed at the Chinese aids to and investments in the countries of the Indian Ocean Basin, regarding them as a part of the Chinese grand design that some strategists call "String of Pearls". Bangladesh got soft-loans for 26 projects, totalling some US\$ 24 billion, during Xi's visit to Dhaka in October 2016 alone. The Maldives owes China US\$ 1.535 billion (US\$ 600 million government debt and US\$ 935 million sovereign guarantees on the Chinese loans to companies). China invested US\$ 361 million for Phase I of Hambantota Deepwater Port in Sri Lanka, US\$ 307 million (85%) of which was funded by

the Export-Import Bank of China. Subsequently, Sri Lanka signed a US\$ 1.12 billion deal with the China Merchant Port Holdings in July 2017 to lease 70% of the port and 15,000 acre land around it for 99 years with effect from December 2017.

The perennial shadow of the United States, despite attempts by the present regime to pull back from its self-proclaimed role as the global policeman, continues to fall on Asia. The Trump Administration's vision for "a Free and Open Indo-Pacific" (FOIP), a key national security strategy it unveiled to align with free nations in the region from Japan (Prime Minister Shinzo Abe coined this term back in 2006) to India (in which Washington now sees a key partner, if not a full ally) in a joint effort to counter-balance China's rise, has added new concerns to the old ones. Despite the fact that FOIP is both under-resourced and under-prioritized and has so far failed to rebuff the criticism that it is but an old-wine-in-a-new-bottle version of the Pivot, with its economic component the Trans-Pacific Partnership (TPP) eviscerated, Beijing has for long been wary of India's expanding military ties with the US, as Washington has become an important supplier to the Indian military of advanced weapon systems from helicopter gunships to anti-submarine aircrafts. Even more alarming to Beijing is a possible covert US-Japan-India tripartite pact-or even of the Quad grouping if Australia was brought on board-against China, as the three countries' naval forces have been engaged in the Malabar maritime exercises since 2015.<sup>11</sup> For the Chinese strategists, it would be Beijing's nightmare if India allies with the US militarily.<sup>12</sup> Such an alliance, though highly unlikely for India, which still prides itself in its non-aligned tradition, nonetheless forms a key part in Beijing's strategist calculus.

11 Haidar, Suhasini and Peri, Dinakar, "Not time yet for Australia's inclusion in Malabar naval games", *The Hindu*, 22 January 2019, available at: <https://www.thehindu.com/news/national/not-time-yet-for-australias-inclusion-in-malabar-naval-games/article26058080.ece> (accessed on 30 July 2019)

12 Zongyi, Liu, "如何看待美印'2022'会谈(What to Make of US-India 2+2 Meeting)", *Shanghai Institutes for International Studies*, 11 September 2018, available at: <http://www.sis.org.cn/Research/Info/4599> (accessed on 30 July 2019)

## Trade and politics at loggerheads?

Despite improved bilateral relations since the 1990s, the 1962 war and subsequent bloody skirmishes at Nathu La Pass in 1967 and Sumdorong Chu Valley in 1987 continue to cast shadow over the Sino-Indian relationship. China lays claim to over 90,000 sq. km. in the eastern sector of the border that the Chinese call South Tibet, most of which lies in Arunachal Pradesh. India claims that China occupies 38,000 sq. km. of its territory on the Aksai Chin plateau in the western part of the border. However, most of the recent disputes that made headlines in the media of the two countries result from the absence of a commonly delineated Line of Actual Control (LAC), which is the de facto border, and the lack of shared understanding of exactly where it lies. No surprise that even routine troop activity on or near LAC, such as patrolling, road repair and construction of observation posts, has resulted in the two sides accusing each other of illegal trespassing, incursion and even invasion. The recent abrogation of Article 370 of the Indian Constitution and the creation of the new Union Territory of Ladakh by the Modi government has added to the anxiety of the Chinese side.<sup>13</sup> However, the two sides have been remarkably restrained and mutual consultations have continued. However, the trust deficit between the two countries has been difficult to overcome, and border disputes continue to be the Achilles' Heel in India-China relations. Moreover, the Dalai Lama and his Tibetan government in exile, which is based in Dharamsala, continue to stoke Beijing's suspicion that India has never truly recognized Tibet as a part of China and is prepared to lend support to Tibetan separatists when time is ripe.

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13 Panda, Ankit, "How India's Kashmir Move May Complicate Its Border Dispute With China", *The Diplomat*, 12 August 2019, available at: <https://thediplomat.com/2019/08/how-indias-kashmir-move-may-complicate-its-border-dispute-with-china> (accessed on 13 August 2019)

## **Conclusion: Prospects for an Asian future of peace and prosperity**

In the final analysis, a shared Asian future of peace and prosperity is largely contingent on China-India relations. Rather than reading too much into the sentiments of the Asian solidarity, when it comes to Sino-Indian relations, and the Indo-Pacific, one would do well to balance the cold logic of interests and warm feelings of brotherhood. A corollary to this idea is the management of borders, which urgently need clear marking and proper management. India will do well to learn how important the Chinese investment in the infrastructure and manufacturing sectors has been, just as China might consider the importance of transparent and reciprocal gestures as a step towards sustained good relations. Despite the differences in the tone and tenor of their official ideologies, there are commonalities between China and India that could be the basis for sustained collaboration. The ultimate challenge for India is to learn the important lesson from China of committing public resources for promoting welfare and productivity of the masses, just as the successful Indian experiment with the freedom of expression and pluralism might help Beijing enhance the legitimacy and sustainability of its own political system. China-India cooperation may ultimately benefit the whole of Asia.



# India and the Indo-Pacific: Ideas, Strategies and Challenges

Suba Chandran<sup>1</sup>

During recent years, the idea of “Indo-Pacific” has got the imagination of the Indian State and also a section within the strategic community. The government, especially under the current Prime Minister Narendra Modi, has made a substantial political investment on the idea. It has created a new focus within the Ministry of External Affairs. At the think tanks’ level, numerous workshops have been organized during the recent years on the theme. At the academic level, institutions like Jawaharlal Nehru University rechristened an earlier department into Centre of Indo-Pacific Studies. Clearly, there is a new buzz in India on the Indo-Pacific.

However, this is not the first time that India is talking about the Indo-Pacific. Jawaharlal Nehru referred to the idea. However, he did not pursue the idea; it remained more in his minds and a part of his statements and intentions.

## Indo-Pacific: Three sets of questions

The first set of questions are related to the Indian objectives and efforts. Will the Indian push on the Indo-Pacific idea materialize this time, unlike the earlier one during the Nehru years? Is India ready politically to pursue it, and have deep pockets economically to make the necessary investments? Is India alone in pushing the idea, or is it being supported by others, especially in the immediate region? Or, is India attempting to bandwagon to the idea, that is being pushed by someone else outside the region – for example, the US and Japan?

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The second set of ideas relates to commonalities amongst those who adhere to the concept. Are the countries that are pushing this on the same page? Are there common objectives in pursuing the idea amongst these countries? Are these objectives positive in nature – that they aim to build something new and constructive? Or, are the objectives aimed at restricting someone, for example, China, or something, for example, the Belt and Road Initiative?

The final set of questions relates to challenges and obstacles in realizing the idea of Indo-Pacific. What structures/institutions will India need to take the idea of Indo-Pacific forward? Will its Indo-Pacific friends – Japan and the US support India's initiative, or want New Delhi to toe their lines in pursuing the Indo-Pacific? How will China respond to India, if Beijing feels, that the idea has an anti-BRI component to it, and aimed at undermining the Chinese influence? Also, how will the other countries – in India's immediate and extended neighbourhood in South and Southeast Asia respond to the Indo-Pacific?

## **India and the Idea of an Indo-Pacific:**

### **The Nehru Years**

India was one of the lead actors that talked about the idea of Indo-Pacific first, during the middle of the last century. A few scholars even trace it to the Mughal period, when there was an emphasis on the civilizational links. Nehru, in the recent period, referred about the Indian Ocean and the Pacific in a political and Asian context.

For Nehru, it was more of an idea than a strategic plan or a road map. One of those many ideas that Nehru had in his mind – from the Non-Alignment to the Rise of Asia. Nehru's idea of an Indo-Pacific was more in the form of realizing the civilizational potential of an ancient India. It was a part of his more considerable thinking about the potential of Asia in global politics. However, he did not concentrate much in terms of converting into an action plan.

The issues facing independent India – the partition and the first war with Pakistan took most his energy and attention in the immediate neighbourhood. At the global level, the pangs of the Second World War, the emergence of Cold War and the block politics led by Washington and Moscow made Nehru focus on non-alignment than other ideas such as the rise of Asia or Indo-Pacific.

During the 1940s and the early 50s, Nehru's India was not only tied up dealing with the partition and the Indo-Pak war in 1948. There were severe internal issues – political and economic – that he had to attend to. During the 1950s, domestic demands – economy, industrialization and the multiple problems of India's nation-building process ensured that Nehru had little time to look beyond the Non-Alignment initiative. Nehru's Indo-Pacific idea had a premature end then.

Even if Nehru had found the time, three factors would have limited his vision of the Indo-Pacific. First, Nehru's India did not have the deep pockets at that time. With a struggling domestic economy and issues of poverty, he could not have gone much ahead with pushing that idea. Nurturing an idea and pursuing the same through a course of action would mean the capacity of India to build coalitions and institutions. Like how China is today building organizations, infrastructure and financial institutions to realize its Belt and Road Initiative. Economically, India was not prepared then.

Second, the countries in the Indian Ocean and the Pacific were not looking at India as a natural leader. Japan, Australia and the US, who are today being talked about as a part of a Quad in the Indo-Pacific were certainly not looking at India at that point. This international support was crucial; Nehru could get similar support, politically from African and Latin American countries besides parts of Asia for his idea on non-alignment. The Non-Alignment Movement (NAM) that evolved from Nehru's concept of 'Panchsheel' could gather momentum because other countries and leaders (especially from the then Third World) looked at Nehru and India as a natural leader. Politically as well, India was not prepared then.

Neither Japan nor Australia were in any position to think regarding playing a leadership role at that time in the maritime domain that stretched from the Indian Ocean to the Pacific. The only country that could have played a role in shaping the idea of an Indo-Pacific at that time was the US; but, by late 1940s and early 1950s, the US was getting ready to deal with the Soviet Union and the Cold War. The Marshall Plan and the rebuilding of Europe ensured that the US was tied up with the trans-Atlantic than looking at an Indo-Pacific during the post-World War-II period.

Also, there were clear signs of India and the US diverging on crucial international issues and ideas by the early 1950s. Unlike today, where successive American Presidents since Bill Clinton have been talking about engaging India in the New World Order, during the 1950s and 60s, New Delhi was not taken seriously by the US. Worse, it was seen as a hindrance, hypocrite and outside the sphere of US influence, especially during the late 1960s and 70s.

Third, the Cold War became the primary component that shaped the post-World War-II international order. The strategic divide between the US and Russia and the centrality of Europe and the Middle East ensured that the focus was on the mainland than on the maritime.

## **Return of the Idea:**

### **Indo-Pacific as Look-east 3.0 & Regional Cooperation 2.0**

In recent years, one could see the return of the idea. India was looking for an idea to give a strong push to its Look-east approach. What was started as a Look-east under the Congress-led governments from Narasimha Rao to Manmohan Singh, it became Act-east under the BJP led by Modi.

Besides India's search for realizing its Look-east strategy, India was also looking forward to reworking its strategy towards regional cooperation in the immediate neighbourhood. Since the

1980s, India's regional cooperation strategy towards its immediate neighbourhood was a painful mix of its emphasis on SAARC and a bilateral approach. Unfortunately for New Delhi, SAARC could not provide the much-needed neighbourhood push to achieve its regional objectives. While rest of the immediate neighbours have wanted India to continue with the SAARC, New Delhi found Islamabad's approach as unfavourable and pulling it down.

A section within the Indian strategic community even perceived the SAARC as a liability, pulling New Delhi down and pinning it to the region. While this section would want to engage the neighbour, but also wanted New Delhi to raise above. The re-emergence of the BIMSTEC as a Bay of Bengal initiative, with a more substantial presence of Southeast Asian countries, along with most of the SAARC – should be seen in this perspective.

India's emphasis and interest in the Indo-Pacific during the recent years could be seen in these two backgrounds – to realize its Look-east/Act-east, and also raise above the region, without abandoning its immediate neighbourhood, especially in the east. The fact that Indo-Pacific provides an opportunity for India to look at regional cooperation in its immediate neighbourhood, without Pakistan being a part of it, should be a sweetener to New Delhi.

While a few in the Indian strategic community did refer to the idea of Indo-Pacific earlier during the recent decades, a coherent presentation of the same as a political idea and an international strategy started with a push from Japan, and subsequently by the US.

### **Indo-Pacific as Look-east 3.0**

For India, the idea of Indo-Pacific should be an obvious extension of what it started in the 1990s with its “Look east” approach. The initial years of India's Lookeast focussed on India's immediate east – starting with Myanmar and focussing on the entire Southeast Asian countries. India's Lookeast approach also had its phases. The first phase “looked” at Southeast Asia and the ASEAN as an idea; despite

having “Look east” as India’s Eureka moment for a slogan towards its immediate east, New Delhi could not take the idea forward. In the 1990s, India did not have deep pockets. Nor did the ASEAN look at India as a strategic partner during that period; having its financial crisis, the ASEAN during the 1990s had its domestic crises.

Post-1998, after India’s nuclear tests, there was a change in India’s foreign policy approach; the liberalization pursuits of India during the early and mid-1990s also started paying off. India’s economy improved, and the growth rate was on an upward trajectory. For New Delhi, the Look east began materializing; India started building strategic inroads politically if not physically into Southeast Asia. For the ASEAN, this is a new India.

Subsequently, during the last decade, India’s Look-east expanded beyond its immediate east. Southeast Asia and ASEAN became a bridge to reach out to India’s extended east – East Asia and Australia. India’s relationships with Japan, South Korea and Australia have expanded exponentially. This expansion focussed not only the individual countries but also the forums in East Asia.

Also, during recent years, there has been an extra focus on the maritime domain across the world and especially the Indian Ocean. As an international trading route and the hub of maritime commercial activities, there has been an increase in how the rest of the world look at the maritime domain in general. One could see the same trend reflected in India’s strategic thinking as well. India’s maritime neighbourhood, especially with a focus on the Bay of Bengal and the Arabian Sea, and with a broader approach towards the Indian Ocean has become a new norm for India. One could see this getting reflected in India’s investments in multiple maritime forums involving the Indian Ocean and beyond and also the push towards creating an Indian Ocean Dialogue with other countries.

So for India, the idea of an Indo-Pacific should be an obvious and a natural extension following Southeast Asia, East Asia and the maritime neighbourhood.

## Indo-Pacific as Regional Cooperation 2.0

The previous section attempted to provide an explanation to the Indo-Pacific from New Delhi's Look-east/Act-east strategy. This section would provide substantiation to the Indo-Pacific from India's immediate neighbourhood approach.

India's relationship with its immediate neighbourhood has never been an easy one since the days of Jawaharlal Nehru. India and to an extent, Sri Lanka were the only countries that remained democratic, without any strong intervention from its military. Pakistan, Bangladesh and Myanmar – all these countries, though started as democracies, fell into the hands of the military. Nepal remained a monarchy for a long time, and its transition to democracy has been painful, and the process is yet to be complete. The Maldives witnessed strong men as rulers in the form of Abdul Gayoom and Abdulla Yameen.

Domestic politics in the immediate neighbourhood and New Delhi's wrong policies led to the emergence of anti-Indian sentiment in South Asia. Today, the national politics in India's neighbourhood is defined more by an anti-New Delhi sentiment. Besides bilateral issues with other countries, India considers Pakistan as the biggest block to its regional objective to take SAARC forward.

As a result, New Delhi found SAARC more as an impediment than an enabler in taking regional cooperation forward. While India would want to forge a robust regional partnership, it has failed to achieve the same through the SAARC.

It was in this background, China entered South Asia. Regional capitals in South Asia, perhaps except Bhutan are all the more willing to work with China. While India has developed a robust economic linkage with China, New Delhi's political equation with Beijing remains fragile. Despite three significant summits at the highest level between Xi Jinping and Narendra Modi, New Delhi and Beijing are yet to find a framework to resolve their border differences.

Besides, New Delhi also perceives that China uses Pakistan as its proxy to pull India down and restrain within South Asia.

To conclude, India's objectives in the immediate neighbourhood would be the following: to find a regional framework to work with its neighbourhood without Pakistan's interference, to look for an institutional framework in the region that could complement the SAARC, and to ensure that its immediate neighbours do not get totally influenced by Beijing.

Indo-Pacific, as an idea, fits well with the above regional requirement for India. It provides an opportunity for India to work with its neighbours without Pakistan having to scuttle its plans. It also provides a larger space for India to establish an institutional framework that would provide an opportunity to reduce the Chinese footprints in the immediate region. Moreover, it also provides an opportunity for India to rework its regional cooperation outside the SAARC, but with a larger regional network – the Indo-Pacific.

### **For India, the 2020s is not 1950s**

The big difference between the 1950s, 1990s and the 2020s is the political and economic rise of India. While Nehru had a vision, he lacked deep pockets. Externally, though he had built a strong bond from Southeast Asia to Africa and the Latin America, Nehru and his friends could come together and make a strong pitch for non-alignment both inside and outside the United Nations – more as a slogan. There was a difference between non-alignment as a political slogan and as a movement. While the NAM succeed in defending the national interests from not getting close to either of the two blocs, it could not build institutions and frameworks, that would cut countries across the North-South divide that existed then. Nehru and his India was a leader of the South. One would even argue, the South, then was not truly “global” as it is today.

The above has changed for India during the last two decades. Today, India's strategic partnerships cut across the North and South.



Canada, the US, Europe, Russia and Japan are strategic partners of India. The Prime Ministers of India could visit Saudi Arabia, Palestine and Israel in the same trip; New Delhi is one of the few countries in the world that enjoy a special partnership with Israel, and also with the Arab world.

### **The Indo-Pacific as an international strategy: Opportunities for India**

India is not the only player that is looking at the Indo-Pacific. Japan, Australia and the US have their interests in pursuing the idea. During recent years, Southeast Asia also has prepared an ASEAN response to the idea of Indo-Pacific.

The US has been looking at alternate strategies in recent years towards the Asia-Pacific region. Obama's "Pivot to Asia" and the subsequent "Rebalance" in Asia are a part of the American approaches towards the new Asia. The rise of China as a strategic competitor to the US poses an international challenge, and the decline of its internal strength, especially on economic issues underlines a domestic problem. However, the US also sees the present advantage of Japan, Australia, India and ASEAN as an opportunity to address the former.

Besides, the US, especially under Trump, wants to look beyond Europe. One could sense the tension in trans-Atlantic partnership in recent years; the last few meetings between Trump and his NATO partners in Europe have not been positive. To put it simply, Trump sees Europe not doing enough, and the European leaders see the US pulling out from its global commitments.

For Trump, perhaps the most significant challenge comes from China and not Russia. Hence, for him, a strong US response to an emerging order with China in the middle has to come not from the European mainland, but through the maritime domain involving the Indian and Pacific Oceans.

For the US, the Indo-Pacific is a new strategy to address emerging challenges, shape the new world order and find new partners to make its bid in the region. China plays a substantial factor in the Indo-Pacific strategy of the US.

Japan has a different objective in pursuing the Indo-Pacific idea. For PM Abe, three factors play a role. First, contemporary Japan-China relations – both political and economic. Second, the fear over US support in the near future, if Japan is under pressure – economic or military from China. Finally, the need to build partnership across Asia, that would stand up to Chinese aggression. Like the US, China is a factor for Japan's Indo-Pacific strategy.

Australia is an outlier politically, but in the middle geographically. Unlike the US and Japan, Australia does not have an avowed anti-China position in pursuing the Indo-Pacific. The idea would help Australia to strengthen further its strategic partnership with India that it has been trying to build during the recent years; its security alliance with the US has been intact, hence may not need this as a part its Indo-Pacific outlook. Like India, Indo-Pacific should be an extension of Australia's existing foreign policy approaches.

Clearly, one could see a convergence in the idea. So are the divergences between the four (Japan, US, Australia and India) countries, that are discussing a "Quad" to implement the Indo-Pacific. Will it gather stream will depend on other countries in East Asia and Southeast Asia, and how China (and Russia) sees and respond to the idea.

## **Indo-Pacific: The formidable challenges for India**

India has strong reasons to pursue the Indo-Pacific, to address its immediate regional objectives, and also to achieve its interests in Southeast Asia, East Asia and the Indian Ocean.

However, there are formidable challenges for India to realize the Indo-Pacific, despite its political and economic rise during recent

years. One could identify the following four challenges to New Delhi to realize its Indo-Pacific ambitions.

## **The Neighbourhood and the Indo-Pacific**

The harsh reality that India will have to face in operationalizing an Indo-Pacific strategy would be the reluctance to the idea in its immediate and extended neighbourhood in both South Asia and Southeast Asia.

Within South Asia, there are more questions in the capitals of Nepal, Bangladesh, Sri Lanka, Myanmar and The Maldives. For example, both in Kathmandu and Dhaka, there are severe reservations towards the idea of the Indo-Pacific, especially amongst the strategic community. Perhaps, Sri Lanka would like to consider it as an opportunity along with The Maldives, but certainly not Nepal, Bangladesh and Myanmar.

One could identify three reasons for the reluctance in India's neighbourhood. The predominant one would be – Beijing and the BRI. None of India's neighbours wants to take sides between India and China, and also between China and the US. There is a strong sentiment, real or/and imagined that the Indo-Pacific would force these countries to take sides with the US, India and Japan, against China and the BRI.

The Belt and Road Initiative (BRI) of China is seen as a substantial programme with economic benefits to the individual countries. In contrast, these countries see Indo-Pacific more as an idea, with no substantial programme.

Second, a section within the strategic community in India has grown up with a strong anti-US sentiment. This section, influential in media articulation – either independently, or through the think tanks in which they are associated – attempt to create an anti-Indo-Pacific sentiment.

Third, both India and the US have failed to create a substantial dialogue with the capitals at the State levels to convince the governments. India will have to evolve its strategy and convey the same to its neighbourhood.

### **Trump, US and the Indo-Pacific**

Earlier in the essay, the US approach towards the Asia Pacific was discussed through the “Pivot” and “Rebalancing” strategy. There was a strong China component to Washington’s Indo-Pacific strategy; however, there was also a strong Ocean component to it. Obama and Bush administrations considered the Indian Ocean and the Pacific as a strategic region with Japan and Australia on the East, and India in the West, with the ASEAN countries in the middle.

Trump’s Indo-Pacific push has a different agenda. This is a part of the US withdrawal from its global commitment; the US also wants to outsource its security requirements. One could see a pattern in the US approach under Trump. He would want Europe to contribute more for NATO by increasing defence expenditure. Trump would also want the EU to handle the security of the region.

Similarly, Trump wants Japan, South Korea, Australia and India to contribute more to maintaining the security in the Indian Ocean and the Pacific. For Trump, Indo-Pacific is both an engagement and exit strategy, and make the regional powers to checkmate China in the Indian Ocean and the Pacific.

### **Engines of the Indo-Pacific: Quad is not ready**

There is an expectation that the Quad – comprising of the US, Australia, Japan and India will become an engine of the Indo-Pacific. The expectations have been confirmed with the meetings of four Heads of States during recent years.

While there have been meetings, summits and photo opportunities, the Quad is yet to evolve as a meaningful mechanism. Statements with

“commitment”, “rule-based order”, “regional security” are increasingly irrelevant. So is the emphasis on “free” and “open” Indo-Pacific.

Statements and summits do not create engines of growth. Quad needs an action plan, institutions and engagements with the regional capitals. Quad lacks all three.

Worse, all four countries have their own objectives. Japan, under Abe, has been the most enthusiastic on the Quad. Japan’s relationship with China under Abe has been under stress, and Beijing forms an essential component of Japan’s expectations in the Quad.

For Australia, it is still a part of the security framework led by the US. However, it is closely linked with China economically. Chinese investments and the Chinese presence in Australia has been increasing; for example, the Australian educational institutions are heavily dependent on Chinese students.

For India, Quad means more muscle to its Look-east/Act-east strategy. While New Delhi has political differences with Beijing, the economic relations between the two countries are growing. So are the summits at the highest level between the two countries. The Wuhan summit in China and the Mahabalipuram summit in India underline the political investments. Though India wants to compete with China, it may not want to be seen openly in any framework, that has “Contain China” as a primary objective.

For the US under Trump, Indo-Pacific and Quad are strategies to contain China and outsource the American commitments in the region.

Clearly, the Quad is a divided house, in terms of an action plan. It will remain so.

## Missing Indo-Pacific Identity

For any regional framework to succeed, there needs a strong regional and historical identity. Europe and Southeast could succeed with the EU and ASEAN, primarily because of both – regional

and historical identities. European and Southeast Asia are strong identities; so are some of the other regional identities in Africa, Latin America and Central Asia.

Even in South Asia, though the regional identity is lacking at the State level, there is a strong South Asian identity at a societal level. Trans-Atlantic partnership, though was divided geographically, there is a strong cultural and value linkage. Liberal and democratic values bring them together.

What regional, historical and societal identity that the Indo-Pacific Region possesses?

True, regional identities can be formed over the years. All regional identities were formed over history. Indo-Pacific may forge one in the next hundred years; but, it does not have one. Even if it is forged, it will remain artificial.

## Conclusions

As a part of conclusions and to respond to the three sets of questions raised in the first section of this essay, the following observations can be made:

India will not be able to achieve its objectives on the Indo-Pacific on its own. Though the political and economic status of India has considerably enhanced today, when compared to the 1950s and 60s, New Delhi will still find it challenging to achieve the Indo-Pacific.

Without substantial political, economic and institutional framework, and active support from big powers and institutions such as the US, Japan and ASEAN, New Delhi would find it difficult to take the idea forward.

Though other countries such as the US, Japan and Australia are interested in pursuing the idea of Indo-Pacific, the objectives are not the same. Hence, the strategies are also not likely to remain similar.

Smaller countries in the region – both in India's immediate neighbourhood and in Southeast Asia are not convinced about the Indo-Pacific. Their linkages with Beijing and the Chinese investments in the smaller countries of the region would pressurize them to go slow in becoming a part of the Indo-Pacific if there is a clear enunciation of the idea.

China is less likely to be favourable to the idea of Indo-Pacific. Beijing sees the idea as a political plan to encircle China, and an economic framework to upset its Belt and Road Initiative.

Given the above, if India has to succeed in taking forward the Indo-Pacific, it has first to make a clear enunciation of the end goals. Second, it has to get firm commitments from the big powers and establish or become a part of a robust economic architecture in the Indo-Pacific. Third, India and the rest of Indo-Pacific engines (the US and Japan) have to make a political commitment and deep economic investments, if the smaller countries will have to look at the idea favourably.

Finally, Indo-Pacific should be seen and pursued as an independent idea, and not in competitions with the BRI or aimed at containing China. If the countries of the Indo-Pacific find the idea as “open” and “inclusive” and without any strings attached, they would want to join the same. These countries, though have tied up with the BRI, it would be in their interest that they do not keep all their eggs in one basket.

Hence, Indo-Pacific should not only be an independent framework but also seen as an alternative in the region.

# Repositioning South Asia in the Indo-Pacific Region: Changing Geo-politics and Geo-strategies

Gamini Keerawella<sup>1</sup>

Geo-political and geo-strategic constructs pertinent to geographical spaces are by no means static. They evolve over time in line with the changes in geo-political strategies of relevant actors and also with the shifts in the distribution of global and regional power. Since the geo-strategic concept of the Indian Ocean took its present form in the 16<sup>th</sup> century, the centrality of South Asia remained a conspicuous feature. Architecturally, the Indian Ocean is a huge bay, surrounded by the Afro-Asian landmass and islands on its three sides. The South Asian peninsula penetrates into the Indian Ocean basin, linking the western and eastern planks of the water column. At present, the Indian Ocean as a geo-political concept is being overshadowed by the new construct of the Indo-Pacific Region. In 2007, Gurpreet S. Khurana of the Institute for Defense Studies and Analyses of New Delhi employed the term, Indo-Pacific Ocean, in the academic discourse, combining the Indian Ocean Region with the Western Pacific Region into a single regional construct.<sup>2</sup> As the United States (US) saw the strategic validity and promise in the new construct, it became one of the main purveyors of the Indo-Pacific Ocean concept since then. Consequently, it gained increasing currency in the geo-political and strategic discourse in the region

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1 Executive Director, Regional Centre for Strategic Studies, Colombo

2 Gurpreet S. Khurana, "Security of Sea Lanes: Prospects for Indo-Japan Cooperation", *Strategic Analysis* (IDSA), 31 (1), January 2007, pp. 139-153.



and beyond. The US Pacific Command (PACOM) was renamed as the US Indo-Pacific Command (INDOPACOM) on 30 May 2018. In this background, this paper examines the geo-political and geo-strategic underpinnings behind the construction of the Indo-Pacific Ocean/Region from the perspective of a small island state in South Asia. In doing so, the paper first traces the evolution of the geo-political concept of the Indian Ocean, while placing South Asia in the changing strategic contours over time. It then examines the evolving power politics pertaining to the shift of terms, while repositioning South Asia strategically in the Indo-Pacific Ocean.

## I

### The Portuguese Thalassocracy and the Estado da India in the Indian Ocean

The water column that is identified today as the Indian Ocean played a crucial role in conditioning social, economic and political life of people in the bordering littoral area since the birth of maritime civilizations. Prior to the arrival of the Portuguese into the Indian Ocean in 1498, the term, 'Indian Ocean', referred only to the narrow water column around the South Asian subcontinent. A large section of the eastern part of the present Indian Ocean along the coast of Africa was identified as the Erythraean Sea.<sup>3</sup> The present-day Red Sea and adjacent waters, identified as Sinus Arabicus, and the Persian Gulf were considered as natural extensions of the Erythraean Sea. The eastern part of the Indian Ocean, including the Bay of Bengal, was called Sinus Gangeticus, the Gulf of Ganges. The southernmost part of the Indian Ocean, south to Sri Lanka, was called the Green Sea, the Mare Prasodum.<sup>4</sup>

3 *The Periplus of the Erythraean Sea* (Translated and edited by G.W.D. Huntingford). London: The Hakluyt Society, 1980.

4 Rasul B. Rais, *The Indian Ocean and the Superpowers. Economic, Political and Strategic Perspectives*. Totowa, New Jersey: Barnes & Noble Books, 1987. P.33.

In the maritime history of the Indian Ocean, the Egyptians<sup>5</sup>, Sumerians<sup>6</sup>, Phoenicians<sup>7</sup>, Persians<sup>8</sup>, Greeks and Romans<sup>9</sup>, and Indians<sup>10</sup> and Arabs<sup>11</sup> established their pre-eminence in trade and naval activities from time to time in certain parts of the Indian Ocean; but no political power was able to take the entire Indian Ocean under its exclusive control. No power in the region or outside even perceived the Indian Ocean as a single geo-strategic entity before the establishment of the Portuguese thalassocracy in the Indian Ocean in the early 16<sup>th</sup> century.

The political and strategic conditions in the Indian Ocean had undergone a profound transformation after the arrival of Caravels of the Portuguese at the turn of the 15<sup>th</sup> century. The establishment of the Portuguese thalassocracy in the Indian Ocean heralded the colonial phase in the history of the region, which K. M. Panikkar

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- 5 Ancient Egyptians were the pioneers to sail into the Indian ocean who entered the Indian Ocean waters by coming along the African coast in as far back as 1500 BCE. See, Gregory P. Gilbert, *Ancient Egyptian Sea Power and the Origins of Maritime forces*. Canberra ACT: Sea Power Centre, 2008.
  - 6 The seafarers of the ancient Sumerian civilization got acclimatized with the Indian Ocean waters by sailing through the Persian Gulf. The seafaring activities of both the Egyptians and the Sumerians were limited only to the coastal belt.
  - 7 The first seafarers who carried out excursions far beyond the shores were the Phoenician master mariners. They established their naval power in the western part of the Indian Ocean in the period 10<sup>th</sup> century to 7<sup>th</sup> century BCE.
  - 8 The Achaemenid Empire of Persia built an empire stretching from the Mediterranean to the Persian Gulf. Darius the Great of the paid keen interest in naval activities and endeavored to link India with Egypt through the Indian Ocean.
  - 9 After Darius, Alexander the Great tried to revive his oceanic dream. Following the decline of the Greeks, the Romans emerged as the main naval power in the eastern part of the Indian Ocean.
  - 10 Their eastward expansion of Tamils in South India gave birth to the Sri Vijaya Empire. It was mainly a thalassocratic empire that flourished between the 7<sup>th</sup> and the 17<sup>th</sup> centuries. Its power was “based on its control of international sea trade. It established trade relations not only with the states in the Malay Archipelago but also with China and India.” “Srivijaya empire - Historical Kingdom, Indonesia”. Encyclopedia Britannica, <https://www.britannica.com>
  - 11 The Arabs who were united by Islam emerged as the foremost political and trade power. Since then, they embarked on a project of their trade, religion and culture throughout the Indian Ocean region. However, they also did not develop an oceanic mechanism covering the Indian Ocean.

termed 'the Vasco Da Gama Era'.<sup>12</sup> The controlling of the Sea Lines of Communication (SLOC) in the Indian Ocean remained the Archimedean screw of the European colonial domination in Asia.

From the very outset, the Portuguese conceived the Indian Ocean as a single strategic unit. They did not limit their naval activities to one region. In the western Indian Ocean, the Portuguese captured Mozambique and Kilwa on the African coast and Socotra and Ormuz in the Arabian Sea. On the western coast of India, the Portuguese began with Cochin and moved to Goa, Daman and Diu. In the central and eastern parts, they approached the Kotte Kingdom in Sri Lanka, Masulipatnam and Nagapatam on the Coromandel Coast and Malacca in the South East Asia. As Toussaint observed, "It had taken the Portuguese about two centuries to discover the Cape route. It took less than 15 years for them to secure all the key positions in the Indian Ocean."<sup>13</sup> Alfonso d'Albuquerque, the second Portuguese Viceroy, was the architect of the Portuguese maritime strategy in the Indian Ocean. He perceived the Indian Ocean as a single strategic theatre and developed an Indian Ocean-centric geo-strategic plan. It entailed establishing bases at the gateways to the Indian Ocean and at its strategic points. Taking into consideration the geo-strategic value of its location, the Portuguese established their center of the Estado da India at Goa in the Malabar Coast of the South Asian Subcontinent.

Being such a vibrant geostrategic theater in the last five hundred years, the geo-political and geo-strategic conditions of the Indian Ocean had continued to undergo a series of changes. At the beginning of the 17<sup>th</sup> century, other European countries also fell prey to colonial power in the Indian Ocean. The decline of the Portuguese naval power paved the way for naval competition among other European powers in the Indian Ocean, mainly between the Dutch, French and the British. In the struggle for the mastery of the 'Eastern waters', the British emerged as the victorious naval and colonial power in the

12 K.M. Panikkar, *Asia and Western Dominance: A Survey of the Vasco Da Gama Epoch of Asian History 1498-1948*. London: Allen & Unwin, 1955.

13 August Toussaint, *History of the Indian Ocean*, London: Routledge and Kegan Paul, 1961. p.104.

mid-18<sup>th</sup> century and the Indian Ocean became practically a British lake thereafter. As Toussaint noted, “Adopting d’Albuquerque’s ideas and even giving them a new twist, for d’Albuquerque had not foreseen industrial capitalism, the English were to set up in the Indian Ocean as the most absolute hegemony of all time, and were to impose upon Asia a yoke which was to be shaken only by Japanese cannon a century and a half later.”<sup>14</sup>

### **Pax Britannica and the Indian Ocean**

The naval strategic structure that the British developed in the Indian Ocean was an outcome of its response to the requirements of defending a colonial empire in Asia. As the British Empire expanded from the Red Sea to the Malay Peninsula, the isolated defense measures taken by the British to maintain security of different parts of the empire in Asia finally evolved into a unified system of defense in the Indian Ocean. Throughout the period of the Second Empire, India was considered the Jewel of the British Empire. The unique strategic location of South Asia made India the natural centerpiece of the defense of the Indian Ocean. As Philip Darby pointed out, in the east-of-Suez naval defense strategy of the British, India had been the keystone of the arch of defense in the Indian Ocean.<sup>15</sup>

The British firmly believed that the defense of British India must be secured from far, taking the entire Indian Ocean into strategic account. The British Indian Ocean defense strategy was based on two fundamental conceptions: first, that of not allowing any other great power to establish bases or fortified ports in the Indian Ocean; and second, that Britain should always control the gateways to the region. Once the Oceanic regime based on the British naval power was firmly established throughout the Indian Ocean and the gateways to the Indian Ocean were firmly latched, security concerns of the spokes of the defense system, rather than the hub (India) itself,

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<sup>14</sup> *Ibid*, p.188.

<sup>15</sup> Philip Darby, *British Defense Policy East of Suez*, London: Oxford University Press, 1973, P. 2-15.

assumed importance. The hegemonic stability based on the British naval supremacy in the East-of-Suez and the 'Pax-Britannica' in the Indian Ocean prevailed until the outbreak of the Second World War.

## The Indian Ocean after 1945

The changes that took place in the world politics after the World War II did not have immediate impact on the Indian Ocean. The British naval supremacy in the 'East of Suez' was more or less re-established with some modifications and the US also pursued a policy of acting under the British naval umbrella in the Indian Ocean. Technically, the Soviet Union was not in a position to challenge the British naval power in the Indian Ocean. However, after the 'transfer of power' in her South Asian colonies, the British lost the South Asian hub in its Indian Ocean defense architecture. In the early Cold War era, the strategic primacy of South Asia in the Indian Ocean naval architecture was diminished. The US Collective Defense Alliances, namely, the Southeast Asia Treaty Organization (SEATO) and the Central Treaty Organization (CENTO) focused mainly on the South-East Asia and the West Asia where the Soviet intrusions were predicted. The South Asian countries were also offered the membership of these defense alliances. Prime Minister Nehru of India forthrightly refused to join them, as he believed that it contravenes his avowed policy of 'neutrality'. After a period of vacillation, Sri Lankan Prime Minister John Kotelawela also followed suit. Pakistan was the only South Asian country to join the US-led Collective Defense Alliance networks by accepting the membership of CENTO.

With the onset of the Cold War, the main theatre of confrontation between the US and the Soviet Union was Europe and the US naval strategy concentrated mainly on the Mediterranean, the Atlantic and the Pacific. The US believed that as long as the Indian Ocean continued to remain a British lake, it had nothing to worry about. The US defense strategy in the early Cold War context consisted of long-range bombers, carrying nuclear weapons (Strategic Air

Command-SAC), supplemented by forces garrisoned at the most likely point of land concentration with the Soviet Union. The Indian Ocean was left with its key Cold War partner, the United Kingdom.

The Suez crisis in 1956 marked the turning point in the post-War British naval hegemony in the Indian Ocean. The political and strategic implications of the Suez crisis compelled the US to rethink their naval strategy in the Indian Ocean, which was reflected in two developments: first, the projection of the US naval power directly in the Indian Ocean by sending Naval Task Groups with aircraft carriers to the Indian Ocean and second, the presentation of 'Strategic Island Bases Concept' (SIBC).

The British decision to withdraw from the Indian Ocean and entry of the Soviet naval forces into the Indian Ocean in 1968, presentation of the Diego Garcia plan by the US Navy and new emphasis on naval mobility in the Indian Ocean by the Nixon Administration in the US in 1969 changed the geo-strategic contours in the Indian Ocean. After the Yom Kippur War in the Middle East in 1973 and subsequent oil embargo against the US and its allies changed the earlier strategic perceptions, the Middle East and the Persian Gulf received a priority in the US strategic thinking. The US naval strategists now viewed it as an "area with potential to influence a shift in the global power balance over the next decade."<sup>16</sup> In the second half of the 1970s, the Horn of Africa and the Southern Africa came increasingly under the Super power competition. The primacy of the Persian Gulf and the Middle East in the US geo-strategic thinking was further enhanced in the light of political upheavals and ensuing volatility in the strategic positions of the Super powers in Ethiopia, Yemen, Iran and Afghanistan, which the US National Security Council Advisor, Zbigniew Brzezinski, dubbed the Arc of Crisis. In this context, the western arc of the Indian Ocean, not South Asia, became the center of the strategic gravity in the Indian Ocean.

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16 U.S. Congress. Senate. Committee on Foreign Relations, Briefing on Diego Garcia and Patrol Frigates, Statement of Adm. Elmo Zumwalt, 93<sup>rd</sup> Congress, 2<sup>nd</sup> Sess. (Washington: Government Printing Office, 1974), p. 2.

The explosion of the Iranian Revolution in January 1979 and the Soviet Union's invasion of Afghanistan in December 1979 drastically changed the strategic scenarios in the Indian Ocean. In this context, President Carter delivered his famous State of the Union address, known as the 'Carter Doctrine' on 23 January 1980. In his address, he stated, "An Attempt to buy outside force to gain control of the Persian Gulf Region will be regarded as the assault on the vital interests of the US and such an assault will be repelled by any means necessary, including military force."<sup>17</sup> The Rapid Deployment of Joint Task Force (RDJTF) was established as a tool of implementing the Carter Doctrine in March 1980. The geo-strategic focus of RDJTF was the Persian Gulf-centered 'Arc of Crisis'.<sup>18</sup> RDJTF was transformed into a permanent unified command in 1983 as the Central Command (CENTCOM). Pakistan, which became a frontline state after the Soviet Union's invasion of Afghanistan, is the only South Asian country that directly comes under the purview of CENTCOM.

## II

### Changing Geo-Strategic Contours in the Post-Cold War Indian Ocean

The Indian Ocean has entered into a new historic phase after the end of the Cold War. The regional strategic linkages that evolved in the context of the Cold War were eventually dismantled, while new strategic relationships took shape. The US has become the only external naval superpower with widespread naval wherewithal in the Indian Ocean, including the full-fledged Diego Garcia naval facility. The rapid economic growth witnessed by China and India, and the acquisition of near blue-water naval capabilities by these powers, along with other power projection competence, have ushered in a new politico-strategic environment in the Indian Ocean.

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17 President Jimmy Carter, "State of the Union Address", *Congressional Weekly Report*, 38;4, Washington, Congressional Quarterly Press, 26 January 1981, p. 201.

18 David Isenberg, "The Rapid Development Force: The Few, and Futile, the Expensible. *Cato Institute Policy Analysis* –No. 44, November 8, 1984.

Consequent to the economic and politico-strategic resurgence of Asia, along with other changes in the international politics, the center of gravity in the global politics in the new millennium is gradually moving towards Asia. It is now estimated that Asia will surpass North America and Europe put together in the global power based on GDP, population size, military spending and technological investment by 2030. According to the World Bank, South Asia solidified its lead as the fastest growing region in the world in 2016. The World Trade Organization (WTO) rated China the second largest merchandise trader in the world in 2016. Accordingly, China has risen to become the second largest economy in the world, surpassing Japan in the new century. Today, China also lays claim to the second largest navy in the world.

The shifting of the center of gravity from the West to Asia has made the Indian Ocean a pivotal global geo-strategic space in the global politics. The uninterrupted flow of hydrocarbon energy resource from the Persian Gulf is vital for the sustained respiration of the global economy. The Indian Ocean has become the principal conveyor belt for the international coal trade where China and India are now the top two importers and South Africa, Indonesia and Australia together account for more than half of the world's exports of thermal coal. The Indian Ocean ports handle about 30 percent of the global trade. Nearly 40 percent of the world's offshore petroleum is produced in the Indian Ocean and two-thirds of the global seaborne oil trade transits the Indian Ocean, circumnavigating South Asia. As a result, South Asia's position in the global order has also changed. The South Asian advances in the knowledge industry linked with the IT revolution are also very impressive today. The impact of the lead in 'colonizing the cyberspace' by South Asia is reverberated in the Silicon Valley too. The South Asian brainpower is an important factor in the Western corporate world.

The geo-strategic importance of South Asia is further enhanced by the ascendancy of India. With a population of over a billion and an impressive growth rate above the world average, India has become



an aspiring global power. India is the third largest oil importer, after the US and China. In the last two decades, India has made impressive strides in the area of knowledge industry and Research and Development (R&D). India ranks the fourth in the Global Fire Power (GFP) list, which is based on each nation's potential for conventional war-making capabilities across land, sea and air.<sup>19</sup> Today, India's military is the third largest and its air force the fourth largest with 1,080 combat aircrafts. The Indian Ocean is crucially important to the economic and politico-strategic interests of the two emerging Asian giants: India and China.

The changing strategic contours in the post-Cold War Indian Ocean were mirrored in the new foreign policy approaches and perspectives of India. In this regard, two developments are to be noted. The first is the 'Look East' policy. Prime Minister P. V. Narasimha Rao first announced it in 1991 and the subsequent governments of Atal Bihari Vajpayee (1998-2004) and Manmohan Singh (2004-2014) made it a key aspect of the country's foreign policy. The focus of the 'Look East' policy was to strengthen economic and strategic relations with the South East Asian countries. In 1992, India became a 'Sectoral Dialogue Partner' of the Association of Southeast Asian Nations (ASEAN). After protracted negotiations, the ASEAN-India Free Trade Area (AIFTA) came into effect in 2010. At the same time, India endeavored to develop its cooperation with the Asian regional groupings, such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). In order to further promote the 'Look East' policy, Prime Minister Narendra Modi renamed it as the 'Act East' policy. The 'Look East, Act East' strategy is a clear manifestation of India's changed foreign policy.

The second is the new strategic partnership with the US. The close strategic relationship with the Soviet Union was a key pillar of the Indian foreign policy since 1971. However, after the collapse of the Soviet Union, India changed its strategic gear that paved the way

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19 [www.globalfirepower.com](http://www.globalfirepower.com) (2016).

for growing convergence between India and the US. Heralding a new era in the US-India relations, the 'Agreed Minutes on Defense Relations Between the United States and India' was signed in 1995. Since then, the US-India strategic partnership has strengthened significantly. In 2015, 'Agreed Minutes on Defense Relations' was renewed and upgraded as 'Framework for the US-India Defense Relationship' to achieve greater interaction and cooperation between the armed forces. A further step in that direction was taken in 2018 by signing the Communications Compatibility and Security Agreement (COMCASA) to facilitate interoperability between the two militaries and sale of high-end technology. It paved the way for the establishment of the US-India 2+2 Ministerial dialogue in September 2018. Accordingly, India's security relationship with the US gained further impetus under Prime Minister Narendra Modi.

In the changing geo-politics and geo-strategic conditions in Asia and the Indian Ocean, the US also placed unprecedented weight on Asia in its foreign policy in the new millennium. It is reflected in 'Pivot Asia' strategy, which President Barack Obama first outlined in his address to the Australian Parliament on 17 November 2011. In the light of the growing prosperity in Asia, the 'Pivot Asia' strategy aimed to (i) strengthen US bilateral security alliances in Asia; (ii) intensify working relationships with regional states and the US; and (iii) boost regional trade and investment. Walter C Lodwig III employed the term 'Neo-Nixon Doctrine' to analyze this foreign policy démarche, which was aimed at calibrating the US interests and regional commitment by counting on major democratic powers in the Indian Ocean in the context of the relative decline of the US power in the emerging multi-polar world.<sup>20</sup> In 2011, Secretary of State Hillary Clinton remarked:

“The Asia-Pacific has become a key driver of global politics. Stretching from the Indian subcontinent to the western shores of the Americas, the region spans two oceans- the Pacific and the Indian- that are increasingly linked by shipping

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20 Walter C. Lodwig III. “A Neo-Nixon Doctrine for the Indian Ocean: Helping States Help Themselves”, *Strategic Analysis*, 36:3 (2012). 384-399.

and strategy.... Harnessing Asia's growth and dynamism is central to American economic and strategic interests and a key priority for President Obama. Open markets in Asia provide the United States with unprecedented opportunities for investment, trade, and access to cutting-edge technology. Our economic recovery at home will depend on exports and the ability of American firms to tap into the vast and growing consumer base of Asia."<sup>21</sup>

The term 'Indo-Pacific Region' gained rapid strategic currency first in the US strategic thinking and subsequently, in the strategic discourse in Japan, Australia and India.

### **From the Indian Ocean to the Indo-Pacific Region**

The change of terminology from the 'Indian Ocean' to the 'Indo-Pacific Region' underlies evolving defense and strategic praxis on the part of some key actors of the region. Traditionally, the Pacific and Indian Oceans were seen as largely separate strategic spheres. For the Indo-Pacific construct, the Indian and the Pacific Oceans constitute a single and interdependent strategic and economic space. Before the 'Indo-Pacific' entered into the geo-political and geostrategic discourse, the term 'Asia-Pacific' has been used since the late 1980s to identify a zone of emerging markets that have been experiencing rapid economic growth. Though the two terms sound similar, they are somewhat different. The term Asia-Pacific gained currency especially after the establishment of the Asia-Pacific Economic Cooperation (APEC) in 1989. As India is not considered a part of the Asia-Pacific region, it is not included in APEC. The 'Asia-Pacific' is more of an economic conception, rather than a security-related notion.

In contrast, the Indo-Pacific combines broadly the Indian and Pacific Oceans and the landmass that surround them into a single integrated theatre. As it is still an evolving concept, its exact parameters

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21 Hillary Clinton, "America's Pacific Century", *Foreign Policy*, October 11, 2011

are not yet precisely defined.<sup>22</sup> It encompasses both economic as well as geo-political and geo-strategic domains. The Indo-Pacific is primarily a maritime space and its focus is mainly on maritime security and cooperation. The new urge for maritime security and cooperation in the Indo-Pacific relates to evolving geo-politics and geo-strategies. In short, the construct of the Indo-Pacific manifests the shift in the global power and influence from the West to the East.

The US, India, Australia and Japan are in the forefront in promoting the concept of the Indo-Pacific Region. The initiative of 'strategic rebalancing' to the Asia-Pacific by the Obama administration reflected the shift. Its declared objective was to promote a rules-based political, economic and security regime for Asia. The US joined the regional East Asia Summit (EAS) grouping, concluded agreements with Australia and the Philippines to allow the US troop rotations, and pledged to shift the US naval posture to give greater weight to the Asia-Pacific. In 2016, the Obama administration initiated the 12-nation Trans-Pacific Partnership (TPP), which the Trump Administration abandoned later. Instead, President Donald Trump called for a "Free and Open Indo-Pacific" (FOIP) at the Asia Pacific Economic Cooperation (APEC) Summit in Vietnam in November 2017. Though the free and open Indo-Pacific concept echoes many elements of previous administrations' policies, it still remains amorphous. Nevertheless, the term Indo-Pacific becomes the buzzword in the US policy in Asia. According to the Indo-Pacific Strategy Report, published by the US Department of Defense in June 2019,

“The Indo-Pacific is the single most consequential region for America’s future. Spanning a vast stretch of the globe from the West coast of the United States to the Western shores of India. The region is home to the world’s most populous state, most populous democracy, and largest Muslim majority

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22 In 2017, US National Security Strategy (NSS) defines the Indo-Pacific as stretching from the west coast of India to the western shores of the United States. See. *The National Security Strategy of the United States of America*, The White House, December 2017. Others define Indo-Pacific Region more broadly to include the western reaches of the Indian Ocean littoral too.

state, and includes over half of earth's population. Among the ten largest standing armies in the world, 7 resides in the Indo-Pacific; and 6 countries in the region possess nuclear weapons.”<sup>23</sup>

The Report further stated, “The United States is a Pacific nation. Our ties to the Indo-Pacific are forged by history, and our future is inextricably linked. ... The past, present, and future of the United States are interwoven with the Indo-Pacific.”<sup>24</sup> Australia has been advocating the Indo-Pacific concept since the Australian Prime Minister aired it in New Delhi in 2008. The concept of the Indo-Pacific is the frame of both the 2016 Defense White Paper and the 2017 Foreign Policy White Paper of Australia. In August 2016, Japanese Prime Minister Shinzo Abe announced the ‘Free and Open Indo-Pacific Strategy’ at the Tokyo International Conference on African Development held in Kenya. It has now become the official policy of Japan. In June 2019, Japan outlined three components of its effort to realize free and open Indo-Pacific: promotion and establishment of the Rule of Law, freedom of trade, freedom of navigation etc.; pursuit of economic prosperity; and commitment for peace and stability.<sup>25</sup> During its annual Summit, ASEAN released a joint statement in June 2019 called ‘Asian Outlook on Indo-Pacific’, defining the Asia-Pacific and Indian Ocean Regions as a single interconnected region. As Nazia Hussain observed, “The Asian Outlook on the Indo-Pacific (AOIP) is an initial step towards formally incorporating ASEAN Centrality in the evolving Indo-Pacific concept. The AOIP has been much anticipated as different powers assert their conceptions of the Indo-Pacific Region in which ASEAN claims a key role.”<sup>26</sup>

Why does the US pursue vigorously the concept of the Indo-Pacific? It is an attempt to calibrate its geo-economic, geo-political and geo-strategic interests in the changing global context. First of

23 US Department of Defense, “*Indo-Pacific Strategy Report – Preparedness, Partnerships, and Promoting a Networked Region*”. June 1, 2019. p.1-2.

24 Ibid.

25 Ministry of Foreign Affairs of Japan, “Free and Open Indo-Pacific”, <https://www.mofa.go.jp>.

26 Nazia Hussain, “The Idea of Indo-Pacific: ASEAN Steps in”, *RSIS COMMENTARY*, No.143/20, 17 July 2019.

all, America wanted to be an integral part of ‘the arc of prosperity’. When the Indian and the Pacific Oceans are integrated into a single strategic theatre, the US will become an in-side power. Before that, the US is considered an extra-regional power in the Indian Ocean. To cite an example, in the deliberations of the United Nations Indian Ocean Peace Zone (UN IOPZ) Ad Hoc Committee in the 1970s, the US was considered an extra-regional state. In the Indo-Pacific, the US is inside the region that would bestow upon it an added rationale for it to maintain bases in the region. More importantly, the US views the concept as a geo-strategic advice that can be used to checkmate and balance China by mobilizing ‘democracies’- India, Australia and Japan- in an important geo-political theatre.

India also found a great promise in the new construct of the Indo-Pacific to further its economic and strategic interests. Hence, the Indian political leaders and the strategic community have been assiduously promoting the construct of the Indo-Pacific since 2010. The Indo-Pacific concept offers an ideological rationale for India’s ‘Look East, Act East’ policy. The concept of the Indo-Pacific Region offers India with a wider area of strategic maneuverability beyond the Indian Ocean as an emerging global power. The Indian policy makers and strategic community are happy with the term Indo-Pacific as it inadequately serves India’s changing geo-strategic interests. They view the “Indo-Pacific” construct as a space for closer partnership with the East Asian market economies. While maintaining trade links with China, India seeks to develop a credible strategic deterrence against China through strategic partnership with democracies in the Indo-Pacific. The emerging strategic alliances between India, US, Australia and Japan in the Indo-Pacific enhance India’s political and strategic standing, regionally and globally.

In order to examine the political and strategic implications of India’s rapid eastward orientation toward South Asia in the emerging geo-political framework of the Indo-Pacific Region, first of all, it is necessary to define South Asia. What is really meant by ‘South Asia’? The term South Asia bags different notions, depending on the context

of its use and the underlying stake of its construction. The term has been presented as a civilizational entity, a geographical description and also as a political idea. The geo-political construct of South Asia is basically a political idea. Geo-politically, what is South Asia? Is it the region as a unit or the countries in the region or both? It should be noted that South Asia is one of the least integrated regions in the world. The intra-regional trade in South Asia accounts for only 5% of its total trade, manifesting a low degree of regional economic bonding.<sup>27</sup> As a geopolitical construct, South Asia is something more than India. But, the conspicuous feature of South Asia is the central and asymmetrical presence of India in South Asia. India's centrality in South Asia is geo-political. None of the South Asian countries interact with another without touching or crossing the Indian land, sea or air space. India's preponderance over all others in South Asia based on its size, power, resources and development is also an undeniable reality.

With the identification of India in the Indo-Pacific space, along with new strategic partnerships, its position in the global constellation of power has gone up. India's place in the global high-table diplomacy is well secured. It is pertinent to quote what Rex Tillerson said about India at the Center for Strategic and International Studies in Washington DC in October 2017, after assuming the post of US Secretary of State:

"The United States and India are increasingly global partners, with growing strategic convergence. Indians and Americans don't just share an affinity for democracy: we share a vision of the future. ...In this period of uncertainty and somewhat angst, India needs a reliable partner on the world stage. I want to make clear, with our shared values and vision for global stability, peace and prosperity, the United States is that that partner."<sup>28</sup>

27 Gamini Keerawella, "Unpacking South Asian Regional Security in the 21<sup>st</sup> Century: A view from Sri Lanka", *Defense and Security Journal*, Defense Services Command and Staff College, Vol.13 (December 2018) pp. 1-8.

28 "Defining Our Relationship with India for the Next Century: An Address by U.S. Secretary of State Rex Tillerson", CISIS Headquarters, Washington , D.C., October 18, 2017. ([www.superiortranscriptions.com](http://www.superiortranscriptions.com))

The rise in the international standing of India does not mean that South Asia's position is also equally enhanced. South Asia has been one of the most conflict-ridden regions in the world. India and Pakistan were born in an environment of conflict and continue to remain at loggerheads even after 70 years, with multiple kinds of conflict and rival foreign policy approaches. The relationship between India and its other neighbors constantly fluctuates in an environment of mutual fear and suspicion. One of the key questions that arises in this context is whether India can move forward in the Indo-Pacific framework by leaving out the South Asian geo-strategic baggage. It will take some time for India to bring hegemonic stability to the South Asian region with its enhanced power posture. Barry Buzan lucidly captures this situation:

“There is no change in the general pattern of amity and enmity. The two biggest powers in the region, India and Pakistan, remain at each other's throat. The low level war between Indian and Pakistani intelligence services continues, expressed in accusations, and probable realities, of mutual interference of each other's domestic politics, including sponsoring insurgency and terrorism. The nuclear rivalry between India and Pakistan is ongoing, as is the cycle of apparently warning diplomacy and return to confrontation that produce no basic change.”<sup>29</sup>

What would be the strategic reverberations of the emergence of the Indo-Pacific construct as far as other smaller states in South Asia including Sri Lanka are concerned? When South Asia is repositioned in the new strategic map of the Indo-Pacific, it is no longer the center as in the case of the Indian Ocean. In the Indo-Pacific construct, Southeast Asia becomes the center of the strategic theatre as South Asia drifts westward on the map. It appears that the strategic significance of small states in South Asia is somewhat scaled down in the larger Indo-Pacific Region. However, it must be emphasized that the conjuring up of the construct of the Indo-Pacific

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29 Barry Buzan, “The South Asian Security Complex in a decentering World Order: Reconsidering *Regions and Powers* Ten Years On”, *International Studies*, 48 (1), January 2011, P.3.



by no means reduces the geo-political and geo-strategic significance of the Indian Ocean. It is expected that small states in South Asia would benefit from the growth dynamics of the Southeast Asia and East Asia through the Indo-Pacific construct. However, it also depends on how these countries leverage their linkages in the Indo-Pacific to induce the transfer of cutting-edge technology through investment to expand their market opportunities in the new strategic space. The success of this drive is also conditional on a number of political and economic variables, which could have been achieved in the Indian Ocean framework also.

The spectacular rise of China offers both economic opportunities as well as vulnerabilities to the countries in the Indian Ocean littoral, including South Asia. China should be sensitive to these vulnerabilities aired in the political discourses in the South Asian countries. In the context of the new strategic competition, if not rivalry, between the US and China, these concerns are utilized by the US to wean South Asian countries off from China. The 'Indo-Pacific Strategy Report', published by the US Department of Defense addresses this concern:

“While investment often brings benefits for recipient countries, including the United States, some of the China’s investments result in negative economic effects or costs to host country sovereignty. Chinese investment and project financing that bypass regular market mechanisms results in lower standards and reduced opportunities for local companies and workers, and can result in significant debt accumulation. One-sided and opaque deals are inconsistent with the principles of a free and open Indo-Pacific, and are causing concern in the region.”<sup>30</sup>

The complex relations between India and China will largely define the geo-strategic conditions of the Indo-Pacific Region. The rapid pace of the rise of China and its more proactive foreign policy created a ‘security dilemma’ for both India and the US. Hence, there is a strategic convergence between India and the US in checkmating

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<sup>30</sup> Op. Cit. p. 9.

China. The US finds India's enhanced position useful to marginalize China in the global politics and in its strategy of checkmating China in the crucially important Indo-Pacific, with strategic alliance with Japan and Australia. It should not be forgotten that, as has been illustrated on many occasions, India always wants to keep its options open even though it strategically walks with the US and its allies. India does not want to jeopardize its growing trade and other economic relations with China by playing overtly in the hands of the anti-Chinese forces. Even in the context of the Indo-Soviet strategic alliance in the 1970s, India did not endorse the Asian Collective Security Plan proposed by the Soviet Union, despite the earnest call made by Leonid Brezhnev in his speech before the Indian Parliament in November 1973. In 2018, India concluded a deal with Russia to purchase S-400 Air Defense System, ignoring the US warning.<sup>31</sup> Further, India's readiness to ink the Agreement on Reciprocal Logistical Support (ARLS) with Russia in September 2019 reveals India's eagerness to keep its options wide open.

An Open and Free Indo-Pacific Region, if it is presented without covert geo-political 'baggage', would benefit all the stakeholders. It could be the point of convergence for a common action plan. In this context, as Robert D. Kaplan emphasized, the US, as the established blue-water global power in the Indian and Pacific Oceans, needs to redefine its role to suit the changed geo-strategic conditions, counting more on its soft power potential, rather than on the military power, to maintain its preponderance. According to Kaplan,

“For the first time since the Portuguese onslaught in the region in the early 16<sup>th</sup> century, West's power there is in decline, however subtly and relatively. The Indians and the Chinese will enter into a dynamic great-power rivalry in these waters, with their shared economic interests as major trading partners locking them in an uncomfortable embrace. The United States, meanwhile, will serve as a stabilizing

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31 “US Warns India Over S-400 Air Defense System Deal with Russia”, *The Diplomat*, June 11, 2019.

power in this newly complex area. Indispensability, rather than dominance, must be its goal.”<sup>32</sup>

When the Indo-Pacific construct is perceived from an economic perspective, it is not an exclusive concept. By making an Indo-Pacific power, rather than remaining as an Asia-Pacific power, the Indo-Pacific concept would provide China with a rationale to pursue its geopolitical strategy linked with the Belt and Road Initiative (BRI), the main foreign policy endeavor of China at present. However, China bears some reservations on the concept because of the way in which it has been projected. The fact that China is an important geo-political and geo-strategic player in the Indo-Pacific Region should not be forgotten. The integration of China and synergizing its economic strength with the rest of the economies in the Indo-Pacific to ensure and sustain ‘Asian prosperity’ in the new millennium is crucially important for regional and global peace and stability. Furthermore, the Indo-Pacific construct can be viewed as a step towards the new phase of globalization propelled by the 4<sup>th</sup> industrial revolution. As far as interests of the small states in South Asia are concerned, the Indo-Pacific Region should not be a theatre of a ‘New Cold War’ between China and the US.

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32 Robert D. Kaplan, “Power Plays in the Indian Ocean: The maritime commons in the 21<sup>st</sup> century”, in *Center Stage for the Twenty-First Century*, March /April 2009, Council on Foreign Relations, p 190.

# Changing Balance of Power in the Indo-Pacific Region: Challenges for Bangladesh

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ASM Tarek Hassan Semul

## Introduction

China's reemergence as a possible 'challenger' to the United States (US) has given much traction to the idea of a changing balance of power in the international system. Following the World War II, as the alternative to the Soviet socialist political system, the liberal order was preached by the US and its Trans-Atlantic Western allies. Subsequently, the end of the Cold War and the triumph of the US-led liberal order put the Northern hemisphere right at the heart of the global power structure. However, while the global North was struggling in the aftermath of the last global financial recession of 2008, the Asian economies started to take the ascendancy as the global financial powerhouse. It is estimated that by 2020, four of the world's five largest economies will be located in this region ("The Indo-Pacific will create opportunity", 2019). Therefore, the rise of Asia and the eroding Pax Americana mean a gradual shift of the geo-strategic center of gravity from the Trans-Atlantic region to Asia. This shift signifies two of the most important developments which are going to shape the global geo-strategic architecture. One is the reemergence of China as a potential great power and the other is the relative decline of the US as the sole super power. This has challenged the 'unipolar' nature of the current world order and

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brought ‘multipolarity’ in the global power structure. The tiredness of the US forces in the Middle East, Afghanistan and resurgent China warrants a shift in the geographical focus back on the Asia-Pacific Region (Layne, 2012). Although, to some extent, the ‘pivot to Asia’ or ‘rebalancing strategy’ by the Obama Administration has failed to deliver on its promises, it succeeded in helping the US refocus on this region (Ross, 2014). Fully comprehending the intuition of the major regional powers such as Japan, India and Australia, the US has adopted the ‘Indo-Pacific’ in its official vernaculars by replacing the 2<sup>nd</sup> World War old construction, the ‘Asia-Pacific’ (Diplomat, 2019). One predominant hypothesis for the advent of this new geopolitical construction is connected to the rise of China, India and the Association of Southeast Asian Nations (ASEAN). It has led to a re-imagined space which encompasses two different oceans, the islands inside them and the countries that dot their littoral (Mohan, 2014). However, there are different conceptualizations regarding what underpinned this construction. Some scholars identified China’s growing strength and influence and resultant uneasiness among regional and global actors as the main reason for the construction of the ‘Indo-Pacific’. For them, it is not the shift of the global power and wealth from the West to the East, rather a strategic response to the rise of China (Cheng-Chwee, 2008; Manicom & O’Neil, 2010; Pan 2014). Nonetheless, as the definition of this region will vary depending on many factors, policymakers of major regional and global powers will continue to play a critical role in shaping what this region will look like in near future. Given that the region is home to some of the most dynamic states in the world in terms of economic growth, global power and geopolitical perspective, the Indo-Pacific is undergoing rapid changes and receiving increasing attention in the global affairs. Introduction of the projects like ‘Belt and Road Initiative’ (BRI) and ‘Free and Open Indo-Pacific’ (FOIP) has made the geostrategic gamut of this region particularly interesting. Nevertheless, it is difficult to predict possible consequences this region holds for the fate of the world. Whereas the bulk of the

literature on the Indo-Pacific largely focuses on the balance of power between the US and China and, to some extent, on the other major powers such as India, Japan and Australia, they fail to paint the full picture of the region (Tao, 2017; Shirk, 2017). For example, how the countries of this region will navigate through this intensified struggle for power and influence? Will they join the challenger to balance the status quo power or bandwagon with the status quo power? How are these small states responding to the opportunities and challenges presented by the shifting balance of power in this region? This paper will try to focus on the answers to these questions from a small state's perspective, and more precisely, Bangladesh's perspective. The case of Bangladesh is a very intriguing one as the country possesses a great degree of economic and political interdependence with all the key players in the Indo-Pacific Region, such as the US, China, India, Japan and the ASEAN nations. However, before going into the challenges and opportunities for Bangladesh, it is critical to discuss the changing nature of balance of power that the Indo-Pacific Region is going through.

### **BRI and FOIP: Shifting Balance of Power in the Indo-Pacific**

With the changing balance of power in the international system, the US-led liberal order has been under tremendous strain to continuously prove its worthiness as the global world order. The Cold War period should not be defined only as the decades of the US-Soviet great power rivalry. Rather five decades of the Cold War formed an international system that morphed into today's liberal world order. However, since the middle of the last decade or so, the US hegemony appears to be challenged by the rise of multiple constellations of power (Layne, 2012). This shift in the balance of power happened due to the "rising powers", which have consolidated their positions in the international system from a gradual transfer of wealth from the Global North to the Global South (Posen, 2009). Nevertheless, these emerging states apparently diverge on

their world vision as one group extends its support to the existing global governance structure and the other group wants to reform the post-War liberal order as it perceives the order as discriminatory against the rising powers (Florini, 2011; Terhalle, 2011). However, this analysis provides merely a binary understanding of the balance of power when it comes to the Indo-Pacific Region as, on the one hand, the major rising power, such as, India is engaging China, Russia, Brazil and other rising powers in forums such as BRICS and G-20 to reshape the global governance, while, on the other hand, the country has aligned itself with the US when it comes to balancing China's dominance in this region.

The Indo-Pacific Region has not only brought out a new type of balancing behavior from the rising and small powers, but it has also created a hotbed for US-China rivalry and the situation has been famously dubbed as the Thucydides Trap (Allison et al., 2019). Consequently, for any response to be termed as balancing or bandwagon behavior in this balancing game, there is a need for "theory of international politics that explains how rising great powers are likely to act and how the other states in the system will react to them" (Mearsheimer, 2006). This great powers' competition can be best explained by two international relations theories; one is A.F.K. Organski's "power transition" theory and the other is Stephen M. Walt's "balance of threat" theory which came as a complement to Kenneth Waltz's "balance of power" theory (Walt, 1985; Waltz, 2010). Despite China's insistence for a "peaceful rise", the balance of power theory posits, China is the challenger or revisionist power to the existing international system since China's rise has been increasingly perceived as a threat to the unipolar global order led by the US, the status quo power. Therefore, the Indo-Pacific Strategy or FOIP can be translated as a balancing response that comes with "power transition" challenges from China. Under this strategy, the US is not only internally balancing, building up military strength and so forth, but is also strengthening its old partnerships and forging new alliances in the Indo-Pacific Region, demonstrating a behavior of external balancing.

Once defunct multilateral grouping, the Quad is one such example, which has been revitalized by the US, India, Japan and Australia with an explicit objective to establish a rules-based Indo-Pacific economic and security order. Although the grouping is still in its formative stage, but all the four democracies appear to be in the same alignment to use this as a balancing tool against China and BRI. The democratic system of government and their support for establishing the liberal order has been one of their bonding factors as Japanese Prime Minister Shinzo Abe puts it as “Asia’s democratic security diamond” (Abe, 2012). Although, the “balance of power” theory explains Washington’s effort to balance China but it renders little utility in explaining Japan, India and Australia’s alignment with the US in the Quad, as this theory argues that the relatively weaker powers will automatically form balancing alliance against the status quo power. By this theory, India, Japan and Australia should have been balancing with China against the US and not the other way around. To explain this paradox, Walt’s “balance of threat” theory provides particularly four useful markers for a state for measuring “threat” against another state. Along with the aggregate power and military power of a state, “balance of threat” theory provides perceived offensive intentions and geographical proximity as two other markers (Walt, 1985). These two supplementary markers of perceived offensive intentions and geographic proximity make Australia, Japan, India and other regional countries relatively anxious and suspicious regarding Beijing’s growing clout in the Indo-Pacific Region than Washington’s might. Therefore, Beijing’s geographic proximity and Washington’s distance, along with the threat perception across the region, will be increasingly exploited by the US Indo-Pacific strategy to balance China.

The ‘Indo-Pacific’, as a strict terminology, was not mentioned in Japanese Prime Minister Shinzo Abe’s speech at the Indian Parliament in August 2007. But as he referred to the Pacific and Indian Oceans as the “confluence of the two seas”, the Indo-Pacific started to find its way into official vernaculars of the major players in the region. ("MOFA: Speech by H.E. Mr. Shinzo Abe, Prime



Minister of Japan, at the Parliament of the Republic of India "Confluence of the Two Seas", 2007). Later in 2016, Abe added "free and open" as a prefix to the Indo-Pacific based on the ideas of democracy and freedom.

The Indo-Pacific emerged as a regional framework for the US strategic discourse during Obama's Presidency. As the US-China rivalry started to take root, the Obama administration decided to readjust the US's focus back to the Asia-Pacific Region as a countervailing measure to deter China's growing dominance in the region. However, BRI, following its inception in 2013, previously known as One Belt One Road (OBOR), quickly became the centerpiece of the Chinese strategic vision not only for the Eurasian region but also for the whole world. In the post-global financial crisis of 2007-08, China became the global financial powerhouse. On the other hand, the Asian Development Bank (ADB) estimates that there is a need for US\$ 26 trillion for infrastructural development in the Asian economies during the period, 2016-2030 (Asian Development Bank, 2019). BRI, consisting of an overland route, the Silk Road Economic Belt, and a maritime route, the Maritime Silk Road Initiative (MSRI), was introduced by China as a response to the need. Beijing has been careful to insist upon BRI only being a complementary factor to the existing liberal international structure rather than a challenger (Ministry of Foreign Affairs, Japan, 2016). Nevertheless, the US and its regional allies in the Indo-Pacific Region believe that Beijing can assert significant amount of influence as BRI can be used as a tool for economic statecraft to amass political clout for China. For example, despite lacking in blue water naval capability or a collection of overseas bases, BRI/MSRI umbrella projects have made China an Indian Ocean power, with Beijing having access to partner states' ports and naval facilities (Kostecka, 2011; Brewster 2016). Therefore, many scholars argue that rather than an organic offshoot of global power and wealth redistribution from the Global North to the South, the idea of Indo-Pacific is an imagined construction which gives platform to the US and its regional allies to

formulate strategic response to the rise of China (De Castro, 2017; Pant & Reg, 2018; Medcalf, 2018).

Under the Trump Administration, in December 2017, the White House released the National Security Strategy (NSS). That document identified China and Russia as the challengers or revisionist powers to “American power, influence, and interests”, attempting to “erode American security and prosperity.” Furthermore, NSS laid out the US understanding of the region as it said, “A geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific Region” (“National Security Strategy of the United States”, 2017). To underscore the centrality of this new geopolitical reality, in May 2018, the US Pacific Command was renamed as the ‘US Indo-Pacific Command’. In that change of command ceremony in Pearl Harbor, the US Defense Secretary Jim Mattis said, “In recognition of the increasing connectivity between the Indian and Pacific Oceans, today we rename the U.S. Pacific Command to U.S. Indo-Pacific Command” (Barron, 2018). However, the “increasing connectivity” between the two oceans was not the only reason to rename the command. Rather, it was part of a grand strategy that the US has borrowed from its allies and builds on a ‘Free and Open Indo-Pacific’ or FOIP. Although it often gets labeled as the answer to China’s ‘Belt and Road Initiative’, but for geostrategic reasons, the military dimension is at the heart of this grand strategy. The Indo-Pacific is a hub for more than 40 percent of the global economic yield as well as home to strategic chokepoints, such as the Malacca and Sunda Straits. Almost 70 percent of the global trade and 75,000 sea traffics pass through these sea lanes annually by linking Asia with the Middle East and Europe (Hand, 2016). Hence, maintaining open and free Indo-Pacific remains a priority for Washington. Therefore, a report published by the US Department of Defense in 2019 explained that by “free”, Washington expects all countries “to exercise their sovereignty free from coercion by other countries”, while “open” is meant to refer to the regional integration and

connectivity, in particular freedom of navigation (The Department of Defense, 2019). Another regional power, Australia, was perhaps the first state to incorporate the Indo-Pacific into its official narrative since 2013 and it is not surprising considering its unique two-ocean geography (Scott, 2013). This unusual geographical reality brought Australia close to both the Western powers and Asian region and at the same time excluded it from being considered either as a Western power or Asian power. Therefore, Australia was one of the driving forces to preach the Indo-Pacific construction as this narrative not only put Canberra right at the heart of the region but it also provided to the country the much-needed legitimacy and relevance as a major regional power. Later in 2017, the Australian Foreign Policy White Paper laid out Canberra's vision regarding the region as it says, "open, inclusive and prosperous Indo-Pacific Region, in which the rights of all states are respected" ("Foreign Policy White Paper", 2017). In this White Paper, Australia has explicitly expressed its dismay regarding the militarization of the South China Sea and vowed to collaborate with countries that share the same belief to ensure freedom of navigation. India is one of those countries which not only subscribes to Australia's perspective on the Indo-Pacific Region but also explicitly discords with China's infrastructure projects under MSRI and BRI. India is another country that has moved ahead with its rapid economic development, demanding its claim over the major global power status. Other than the suspicion of being encircled by China, the official argument to oppose BRI is twofold. This project financed the China-Pakistan Economic Corridor (C-PEC), which India regards as an interference on its sovereignty as it goes through Pakistan controlled Kashmir region (which New Delhi claims as an integral part of India). Subsequently, C-PEC gives Beijing the much needed access to the Indian Ocean, which India regards as her backyard and where Beijing is perceived as an outsider. Additionally, from the Indian perspective, BRI does not have "universally recognized international norms, good governance, [the] rule of law, openness, transparency and equality" (Chellaney, 2018). Therefore,

in December 2012, Tokyo began to preach for westward expansion of the previous construction of the “Asia-Pacific” and replace “Asia” with “Indo”. In turn, that would bring another rising Asian power, India, into play, which has several strategic concerns and stakes in common with the US, Japan and Australia. For New Delhi, ‘Security and Growth for All in the Region’ (SAGAR) became the guiding principle as it renders not only the strategic philosophy for safeguarding India’s territorial integrity but also for deepening economic cooperation in using maritime space. The adoption of SAGAR means, for Indian policymakers, India’s economic rise will increasingly be attributed to the safeguarding of the Sea Line of Communication (SLOC) in the Indo-Pacific Region. Hence, the Indian Prime Minister, Narendra Modi, believes for India, the freedom of navigation and the adherence to international norms are ‘essential for peace and economic growth in the ... inter-linked marine geography of the Indo-Pacific’ (Ministry of External Affairs, India, 2017). The persistence on establishing a “rule-based order” in the Indo-Pacific, specifically in its maritime space, by these four nations vis-à-vis China means the small and medium powers of this region have to find a response to this emerging rivalry within the Asian geo-strategic architecture.

## Challenges and Coping Strategy of Bangladesh

Following the intensified great power competition in the Indo-Pacific Region, the Bay of Bengal and its South Asian littorals are gaining rapid economic and strategic importance. The Bay not only connects the Pacific and Indian Oceans, but its recent impressive economic performance makes it a bridge among the East, Southeast and South Asia. Bangladesh with its colonial past, ridden with extreme economic poverty, has been a part of this recent regional economic success as it set out to graduate from a Least Developed Country (LDC) to Middle Income Country by 2024. Rapid growth in the manufacturing sector, coupled with massive infrastructural development drive, has aided the country’s economic boom as

the annual GDP growth rate has been no less than 6 percent for the last decade. ADB forecasted for the financial year of 2019-20, Bangladesh's GDP growth rate will be 8 percent, highest in the Asia-Pacific Region (Asian Development Bank, 2019). Ready-made Garments (RMG) sector has been playing a pivotal role in this development as this sector alone accounted for about 4.5 million jobs and nearly 80% of Bangladesh's total commodity exports in 2018 (Robinson, 2018). However, to sustain this growth and to move up the industrial value chain, Dhaka is in critical need of a huge amount of Foreign Direct Investment (FDI) to diversify its export basket as well as infrastructural development. For this reason, any great power competition or any further intensification of rivalry among the global and regional players in the Indo-Pacific Region will have grave impact on the development of Bangladesh. SLOC in the Bay of Bengal and the broader Indo-Pacific maritime space is increasingly playing a critical role in the strategic thinking of Bangladeshi policymakers. Approximately, 82 percent of the country's global trade is taking place along these sea lanes, which includes export of readymade garments and import of raw materials as well as crude oil and Liquefied Natural Gas (LNG) that fuel the growing manufacturing sector of Bangladesh (Karim, 2018). Therefore, any conflict among the regional or global players along these sea lanes in the Indo-Pacific Region may severely undermine not only the country's plan to be a developed nation by 2041 but its security itself.

To navigate through troubled water of this Indo-Pacific, Bangladesh's foreign policy behavior can best be understood and explained as a strategic hedging, which has been the coping strategy for many other South Asian and Southeast Asian nations as well. Hedging came into prominence in the post-Cold War period when international relations theorists felt the inadequacy of mainstream theoretical tools to understand and explain foreign policy behaviors of small and middle powers in a highly volatile and uncertain international environment, in particular in the backdrop of a rising power - China. As unipolar moment of the US gave away for a fluid

multipolar structure, smaller or second-tier powers increasingly started to behave in such a way that could no longer be termed either as 'balancing' or 'bandwagoning', rather their behavior demonstrated a mixed approach vis-à-vis great powers, defined as hedging. Instead of picking a clear side to tackle an identified threat or bandwagon, states are more inclined to minimizing risks in a capricious strategic environment (Ross, 2006; Chan, 2012; Jackson, 2014; Kuik, 2016). While for a state to adopt balancing as a response strategy always requires a perception of threat from adversary(ies), "...hedging, on the other hand, involves positioning against the possible emergence of a threat in the future" (Haacke, 2019). Subsequently, this anticipation of emergence of a possible threat in the future can emanate from an uncertain strategic environment. Looming great power competition centering the Indo-Pacific Region has been perceived as one of such unstable milieus by Bangladesh and many other South Asian nations. Hedging, as a response strategy to that possible emergence of threat in the future, includes useful measures as "military strengthening (defense spending and qualitative improvements) without a declared adversary, increasing participation in voluntary (as opposed to rules-based) bilateral and multilateral cooperation, absenting from firm balancing and bandwagoning, and improving simultaneous equidistant relations with the two greatest regional powers" (Jackson, 2014).

Consequently, Bangladesh manifests a clear intent to maintain equidistance from this great power rivalry and also there is an absence of any intent either to balance or bandwagon. Dhaka's response to this great power competition is based on the foreign policy tradition of neutrality of Bangladesh as Prime Minister Sheikh Hasina put it, "Our foreign policy is very clear: friendly relations with everyone ... what China and U.S. are doing, it is between them" (Robinson, 2018). Like Bangladesh, so far most of the small states of the South Asian region have successfully maintained reasonable distance from the big players' balancing game. However, maintaining mere equidistance in the absence of a clear adversary might not be enough for these small and middle powers in South Asia. Rather, "military modernization"

and “voluntary participation in bilateral and multilateral frameworks” will be critical as components of a hedging strategy for many South Asian nations.

Military modernization has to be understood in the backdrop of two major successes in the recent diplomatic history for Bangladesh where peaceful resolution of the maritime delimitation dispute with neighboring Myanmar and India was achieved in 2014 and the Land Boundary Agreement with India was reached in 2015. Therefore, with no apparent adversary at sight, the modernization drive of armed forces that Bangladesh started in 2009 by adopting “Forces Goal 2030” can be construed as a component of the country’s hedging strategy. The primary rationale is to build a “three dimensional force capable of conducting multi-platform warfare” to secure its maritime space and resources in the Bay of Bengal, which is receiving growing attention in tandem with Bangladesh’s dynamic industrial and energy sector (Mushtaq, 2018). This growing impetus on defense modernization has been reflected in the budgetary allocation for defense and the modernization of the armed forces. While in 2009-10 fiscal year, US\$ 1888 million was allocated as the defense budget, within 9 years the defense sector received more than the double of that amount as it became US\$ 3822 million in 2017-18 (Economics, 2019). This sharp increase in the recent defense spending has been reflected in the changed military strength ranking as Bangladesh jumped to 45 in 2019 from 57 in 2018 (Firepower, 2019). The military spending program has not been only limited to merely raising army units, establishing aviation wing for the navy, building military or naval bases, rather there has been an upward trend to purchase newer weapon systems, fighter and training aircrafts, frigates, corvettes, unmanned aircraft, self-propelled artillery, submarines and radar systems. Among these purchases, two refurbished Ming-class type 035B diesel electric submarines at the cost of US\$ 203 million from China would be the most prized acquisition for the Bangladesh Navy (Mushtaq, 2018). These submarines came as pieces of a bigger

modernization plan to build a three-dimensional navy through which Bangladesh can safeguard its key maritime interests; nonetheless, the possibility of a stronger Chinese footprint in the Bay of Bengal has created “strategic anxiety” in New Delhi (Miller, 2014). This “anxiety” among the Indian strategists also stems from the strong defense cooperation that Beijing and Dhaka enjoy since the 1980s which did not change in 44 years of their diplomatic relationship. Rather, in 2002, the two countries signed a defense cooperation agreement (first of its kind for Bangladesh) and in 2016 under the incumbent Awami League government, two countries decided to elevate their bilateral relation from ‘closer comprehensive partnership of cooperation’ to ‘strategic partnership of cooperation’ (New Age, 2016). During Chinese President Xi Jinping’s visit to Bangladesh in 2016, Beijing extended to Dhaka a line of credit worth US\$ 24.45 billion in bilateral assistance for some 25 infrastructure projects, in addition to a pre-existing US\$ 13.6 billion Chinese investment for joint ventures, totalling the pledged amount to US\$ 38.05 billion in Chinese assistance (Paul & Blanchard, 2016). However, when China expressed great interest in building a deep sea port at Sonadia, an island near Cox’s Bazar, a concern was expressed by India, Japan and the US that this deep sea port might give stronger control of the Bay of Bengal to Beijing. Later in 2016, the whole project was canceled and instead two new deep-sea projects came to the forefront, one in Matarbari (25 km away from Sonadia in Cox’s Bazar District) and another in Payra. Japan was given the contract to build the Matarbari deep sea port, along with a coal-based power plant and LNG terminal, while Payra deep sea port, which includes an LNG terminal, an oil refinery, a coal terminal for a coal-based power station and a container terminal, is to be built by a consortium of countries, including China, India and Japan under public-private partnership (PPP) framework. This deep sea port is a stark example of how well Bangladesh has averted a budding rivalry in infrastructural projects and maintained equidistance by bringing in all the major competing powers to build its deep sea ports.



Since the 1980s, Bangladesh has a strong defense tie with China as its armed forces is largely equipped with the Chinese military hardware, making the country as the second largest buyer of the Chinese armaments, accounting for 19 percent of the total Chinese defense export. Consequently, from 2013 to 2017, China remained the biggest arms supplier with 71 percent, while Russia grabbed the second position with 16 percent of total arms import for Bangladesh (Pubby, 2018). However, following the Chinese footsteps in the recent years, a trend of increased interest among the major powers for defense cooperation with Bangladesh can be visible. Consequently, Bangladesh has also slowly started to diversify its sources of military hardware with notable purchases from the US, Europe and most recently from India. For example, following Chinese President Xi's visit to Dhaka in October 2016, an Indian envoy headed by the Indian Defense Minister, Manohar Parrikar, visited Bangladesh in November 2016 during which the idea of deeper defense cooperation between the two countries was discussed in the form of joint trainings and exercises between the armed forces and a line of credit for US\$ 500 million was offered by India to purchase the Indian military armaments (Rashid, 2018). As a result, in April 2017, Bangladesh Prime Minister Sheikh Hasina's visit to New Delhi resulted in a defense MoU signed for US\$ 500 million in loan for buying military equipment. As a part of growing Indo-Bangladesh defense cooperation, another MoU was signed in October 2019 during the visit of Bangladesh's Prime Minister to New Delhi to establish coastal surveillance radar system in Bangladesh (Chaudhury, 2019). Like India, recently the US has joined the potential weapon sellers' club for Bangladesh as the US State Department proposed to buy the American weapons for Bangladesh armed forces during the visit of Foreign Minister A K Abdul Momen to Washington in early 2019 (BDnews24.com, 2019). This offer can be linked to the US's "Buy American" plan to drum up overseas arms trade for the US weapon industry which was a part of President Donald Trump's one of the major 2016 election campaign promises to reduce the US trade deficit and create more jobs for the American people. On the other

hand, while the US was criticized for showing little commitment in terms of financing the Indo-Pacific Region, in June 2019, the Trump Administration sought US\$ 30 million from the US congress under its Bay of Bengal security initiative that aims to upgrade maritime and border security capacity of Bangladesh, Sri Lanka and Maldives through foreign military financing (Standard, 2019). However, it is yet to be clarified whether the recipient countries have agreed to accept this fund or the modalities of its implementation. The latest example of Washington's interest to deepen its defense cooperation with Dhaka is evident from the fact that the two countries are currently in negotiation to sign the General Security of Military Information Agreement (GSOMIA) and the Acquisition and Cross Servicing Agreement (ACSA). These two deals will enable them to forge a stronger defense relationship by "expanding opportunities for defense trade, information sharing, and military-to-military cooperation" (Hasib, 2019). As a hedging strategy, it is not surprising to see Bangladesh forging defense cooperation with multiple power centers in line with its quest for military modernization. As the center of gravity started to shift towards the Indo-Pacific Region, defense cooperation will likely to be more scrutinized in the coming days. Therefore, it will be more challenging not only for Bangladesh but many other South Asian nations to continuously maintain equidistance with the major powers.

However, as part of its hedging strategy, Bangladesh has been showing keen interest to participate in different multilateral forums related to connectivity, regional integration, energy cooperation, economic development, non-traditional security cooperation, disaster management and so forth. Participation in multilateral initiatives, such as BRI, BBIN-EC, BIMSTEC and IORA has enabled Bangladesh to tap into the much-needed FDI, energy and finance for infrastructural development as well as access to regional integration and cooperation process that Bangladesh needs to sustain its rapid economic growth. Moreover, these initiatives give Dhaka the space for diplomatic maneuvers to navigate through an increasingly intensified strategic environment that is emerging in the Indo-Pacific Region.

Nonetheless, in this great power competition, Bangladesh tried to maintain a delicate balance and consciously avoided any situation which can be portrayed as taking sides. The Constitution provides guidelines for maintaining external relations in Article 25 which serve as the central plank of the foreign policy of Bangladesh. For example, Article 25 underlines the importance of promotion of international peace by non-interference in the internal matters of the other countries and peaceful settlement of security disputes by upholding international laws and principles enunciated in the United Nations Charter. In 1971, Bangladesh's birth as a small independent nation within a bipolar system dictated Dhaka to enshrine neutrality in the constitution to maintain equidistance in the great power competition. However, during the military regimes of the late 1970s and 1980s, Dhaka's foreign policy aligned more with Washington and Beijing rather than Moscow. The rectification of the course of foreign policy took place in the post-1990 period in conjunction with Bangladesh's increased participation in the United Nations Peacekeeping Operations. Consequently, under the unipolar structure, Dhaka increased diplomatic engagement in the regional and global forums in favour of upholding international law as was originally mandated in the Constitution. Since then, the Bangladeshi policymakers opine that multilateralism and preservation of international norms is critical to the sovereignty and security of a small state like Bangladesh. However, multilateralism will be increasingly marked as a tool of the hedging strategy in the Indo-Pacific Region as it has been the case for Bangladesh and many other South Asian nations.

## Conclusion

The 'Asian Century' or the shift of the strategic center of gravity towards the Indo-Pacific has brought challenges and opportunities alike for the countries in the region. A complex web of security relationships is emerging out of the great power competition for dominance over forging new alliances, defense or mega infrastructure

deals and shaping norms for this region. Will the catastrophic precedence of the power transition be repeated in the case of the US-China rivalry? How will the other big powers such as India, Japan and Australia play this out in a multipolar system? While it is essential to find answers to these questions to predict the future of this region, it might as well largely undermine the role that small and medium powers are to play in this emerging geo-strategic gamut of the Indo-Pacific Region. Unlike the Cold War period, conventional power balancing or bandwagoning behavior has been taken over by hedging, at least in the case of small states like Bangladesh, when it comes to military modernization with no apparent threat but in the context of a looming uncertain strategic environment and increased multilateral engagement with multiple and often overlapping connectivity and development initiatives, thereby maintaining equidistance in infrastructural finance or defense cooperation. How the globalization process and unprecedented economic interdependence is going to shape the fate of this region can be a subject of interest for future research.

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# India Inc. and the Indo-Pacific: A New Wave of Neo-Liberalism and Transnationalism?

Jivanta Schottli and Markus Pohlmann<sup>1</sup>

## Introduction

The Indo-Pacific has been widely described as central to the future growth of the global economy. It is generally specified as including the world's largest economies of the United States (US), China and Japan as well as six of the world's fastest growing economies. Contributing two-thirds of the global growth in Gross Domestic Product (GDP), it is also described as accounting for 60 percent of the global GDP. In the case of the US, a quarter of its exports goes to the Indo-Pacific and its exports to China and India have more than doubled over the past decade.

The Indo-Pacific represents a core area for business opportunities and strategic interests for India, as its private and state companies consider expanding operations. The ASEAN members like Singapore, and Japan in East Asia, are amongst India's most important trade and security partners. Furthermore, India's security relationship with the US has been deepening; for instance, the recent granting of the Strategic Trade Authorisation-1 (STA-1) status to India, enabling high-technology sales from the US to New Delhi. This was seen as a major step in strategic coordination between the two countries given that an exception was made for India, which is yet to become a member of the Nuclear Suppliers Group (NSG). Normally, the US

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has placed only those countries in the STA-1 list that are members of the four export control regimes: Missile Technology Control Regime (MTCR), Wassenaar Arrangement (WA), Australia Group (AG) and NSG.

In a recently released US Department of Defence's Strategy Report, the Indo-Pacific was described as a "priority theatre".<sup>2</sup> The Report clearly identifies its security interests and concerns in the region. At the same time, however, there has been an evolving narrative and strategy of economic engagement and counter-balancing. On 30 July 2018, the American Chamber of Commerce in Washington hosted the Indo-Pacific Business Forum where the Secretary of State, Michael R. Pompeo, delivered the keynote speech.<sup>3</sup> In what was hailed as the first detailed enunciation of America's Indo-Pacific vision, Pompeo presented the economic strategy behind the country's engagement in and commitment to the region. He announced US\$ 113 million as a part of an initial investment package to support the digital economy, energy and infrastructure in the region. Furthermore, at the end of the year, on 31 December, President Trump signed into law the "Asia Reassurance Initiative Act of 2018"<sup>4</sup>, providing a broad statement of the US policy for the Indo-Pacific Region. The Act is divided into three titles- "Promoting United States Security Interests in the Indo-Pacific Region", "Promoting United States Economic Interests in the Indo-Pacific Region", and "Promoting United States Values in the Indo-Pacific Region".

In each of the abovementioned initiatives, the economic interests and values of the US have been strongly promoted and, specifically, there is a role envisioned for the American enterprise. For example, Pompeo, in his speech, emphasized that, "The U.S. government's Indo-Pacific initiatives will be shaped by these values and buttressed

2 For a full version of the report, see <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>

3 For the speech, see <https://www.state.gov/remarks-on-americas-indo-pacific-economic-vision/>

4 For a full version of the Act, see: <https://www.congress.gov/bill/115th-congress/senate-bill/2736/text>

by partnerships with American companies. This will reflect American values in the high standards, transparency, and adherence to the rule of law.” In what, therefore, can be described as having been a rallying cry, Pompeo called upon the corporate sector “to help build environments that foster good, productive capitalism”. The Trump Administration has committed to upholding a “Free and Open Indo-Pacific”<sup>5</sup>, one that rests fundamentally on maintaining the freedom of navigation as well as the freedom of doing business, essentially based on the American style of neo-liberal and transnational capitalism.

How well placed is India, as a growing economy, key regional player and emerging partner of the US, with at least some shared strategic interests, to take advantage of these developments? In what follows is a summary of the design and findings of an empirical study that tested claims about the alleged impact of the economic globalization on business elites, namely that elites become increasingly transnational in their careers and life style, and neo-liberal in their action orientations. It is purported that endogenous institutions have an important and enduring role to play in the shaping of careers as well as in generating embedded cognitive frameworks. Drawing from this exploratory study, this paper argues that alongside examining major geo-political developments and shifts in the balance of economic power, it is necessary for policy-making elites to examine the socio-cultural mechanisms of selection and socialization. These, it is argued, must be taken into account in discussions about the emergence of a global corporate elite.

## India and Globalization

In the early 1980s, China and India were at a similar measureable “level” of globalization; for instance, in terms of trade to GDP ratio, at 16.6 percent for China and 13.8 percent for India in 1984. The Chinese ratio experienced exponential growth thereafter, reaching a

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5 See for example the speech of President Trump at the APEC CEO Summit held in Vietnam in November 2017 <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-apec-ceo-summit-da-nang-vietnam/>

peak of 64.8 percent in 2006. In India's case, the ratio continues to grow and the country's export intensity is expected to overtake that of China. A number of scholars have pointed to a transformation taking place in the "whole architecture of India's trading state (which) has been radically reformed".<sup>6</sup> At the same time, India ranks low on a number of indices measuring globalization, such as economic integration or economic openness. For example, the 2019 DHL Global Connectedness Index ranked India 74 out of 169 countries overall in 2017, dropping India two places down when compared with the 2015 study.<sup>7</sup> The index measures global connectedness in terms of international flows relative to the size of the country's domestic economy (what the index calls "depth") and international flows that are distributed globally rather than narrowly focused (what the index calls "breadth"). On the depth dimension of the index, India ranked 163 out of 169 countries. While larger countries are likely to be more domestically-oriented than smaller countries, the 2019 Index implies that even after controlling statistically for population, per capita income, location and other structural characteristics, India's ranking is below expectations. Interestingly, India ranks much higher on the breadth dimension of the index, coming in at 15 out of 169 countries. Its breadth ranks are even higher when focusing only on information (8 of 85) and trade flows (9 of 140). This is partly explained by the very low levels of trade integration within the region of South Asia.

Nonetheless, the Indian private and state-owned companies have been increasingly pursuing international strategies, using mergers and acquisitions to expand production capacity as well as gain market access worldwide. This trend is likely to increase given bullish analyses by international agencies, such as the International Monetary Fund on India's growth results and potential. As a result, the government policies and Indian companies have undergone a reorientation process and reforms have been introduced that are supposedly changing the

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6 See Sinha, Aseema (2016). *Globalizing India: How Global Rules and Markets are Shaping India's Rise to Power*. Cambridge University Press, Cambridge.

7 For the full report, see <https://www.dpdhl.com/en/media-relations/specials/global-connectedness-index.html>

rules of the game toward business, encouraging greater marketization and competition. Thus, in response to the structural change at home and international economic prospects abroad, will Indian CEOs grow increasingly more global in their action orientations?

## A Project on International Management Studies: two core hypotheses

The paper summarizes an empirical study that was conducted to test claims about the purported impact of the economic globalization on business elites, namely that elites become increasingly transnational in their careers and life style, and neo-liberal in their action orientations. To do this, the paper drew upon original material collected through (a) a life course dataset for 100 current top managers in India and (b) a collective mind-set analysis using in-depth interviews that were conducted in India with retired and serving senior business managers. The findings indicate that endogenous institutions have had an important and enduring role to play in the shaping of careers as well as generating embedded cognitive frameworks.

This paper focuses on the assertions that have been made about the effects of globalization specifically on business elites.<sup>8</sup> These can be broadly summarized in terms of two main projections:

**(1) The Global Elites Hypothesis:** It is proposed that across the world, a global economic elite is emerging, a “world class” of management. There is tough international competition for coveted

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8 This draws on the work of numerous scholars including Beck, Ullrich (1997). *Was ist Globalisierung? Irrtümer des Globalismus—Antworten auf Globalisierung* (What is Globalization? Fallacies of Globalism—Answers to Globalization). Frankfurt/M., Suhrkamp; Carroll, William. (2010) *The Making of a Transnational Capitalist Class: Corporate Power in the 21<sup>st</sup> Century*. London: Zed; Chiapello, Eve and Boltanski, Luc (2005), *The New Spirit of Capitalism*, Verso, London; Hall, D.T. (2002). *Protean careers in and out of organizations*. Thousand Oaks, CA: Sage; Inkson et al. (2012) “Boundaryless Careers: Bringing Back Boundaries”, *Organization Studies* 2012, pp. 323 – 340; Kanter, Rosabeth Moss (1995). *World Class: Thriving locally in the global economy*, Simon and Schuster Inc.

positions with high income and reputation and, as a result, a fight for the best heads between countries and companies. Professionals and managers increasingly pursue a borderless career that gives rise to the global economy where money, goods and people are forever circulating. As a result, global elites are free to choose where to work, in the places that are most beautiful and the taxes at their lowest. These transnational capitalist classes form interlocking and exclusive networks across countries so that a new transnational class can be identified. Top managers, as a result, no longer follow an organizational career but are free to pursue their individually designed and a boundary-less career path. Each of these suppositions presents the top manager as the personification and pioneer of globalization.

**(2) A Neo-Liberal Convergence Thesis:** These global elites help to spread a neo-liberal spirit of capitalism worldwide, bringing with them a new financial market orientation and the application of new management concepts. These are seen to be inevitably neo-liberal, emanating from the US and spreading across the globe through programs and pressures for deregulation and liberalization. Top managers are often described as being the driving force behind the spread of neo-liberal ideas; although to date, there has been little supporting empirical evidence of this alleged phenomenon.

## Research Design

Fifteen interviews were conducted, comprising eleven active and four retired Indian top managers. These were used to conduct an analysis of collective mind-sets and to study these across a generation of younger and older managers, including senior executives leading private, family or state companies. With just fifteen interviews, the sample was small but it provided a starting point for studying possible variations and similarities across a managerial class. Furthermore, through proportional quota sampling, an effort was made to match the variation on key features (age, gender, qualifications and origin) in the interviews, with the variation contained in the overall population of top one hundred managers, for whom life course data was collected.

In conducting the collective mind-set analysis, eight steps of interpretation were implemented, including: (1) Selection of sequences from the interview focused on the specific topic being examined; (2) Reformulation of the key arguments, explanations and narrations used in the sequences; (3) Abstraction of the logic and normative structures; (4) Linking the abstraction to a broader set of norms; (5) Comparison of the selected sequences to identify recurring, dominant cognitive and normative patterns; (6) Identification of rules that connect to the social context of the interviewee; (7) Contextualization in terms of the cultural setting; and (8) Explanation based on established theories.

## Findings

A few key characteristics appear to define India's managerial class in manufacturing: (a) the typical career path of the contemporary Indian CEOs rests strongly upon dynamics of in-house tenure and employer loyalty; (b) careers remain predominantly national rather than international both in terms of recruitment and mobility patterns; (c) more often than not, Indian top managers (regardless of generation) are highly qualified in terms of education; (d) there is a growing penchant for business and management programs, especially prestigious programs abroad; and (e) among the younger generation, there is an increase in the option of stays abroad, not only for education but also for work. Indian top managers have a longer tradition, than in other Asian countries, of going abroad for higher education and especially for pursuing business degrees; out of the 15 managers interviewed, at least half had been abroad for part of their studies.

Nonetheless, the collective mind-set analysis revealed a very weak financial market orientation, classified as neo-liberal, both amongst professional and owner-manager, as well as among younger and older managers.

The managerial collective mind-set of how to manage the company vis-a-vis the economy rested strongly upon an older variant of industrial entrepreneurialism where the manager steers the company, drawing upon his or her instincts and the belief that the company can be run as a self-sufficient and autonomous unit. Thus, for example, when recounting instances of how the company was saved during a financial crunch or expanded in response to new opportunities, managers often referred to equity, acknowledging the importance of shareholders in the Indian corporate sector. However, the reference was always made in terms of the manager retaining control over strategic decisions rather than highlighting the company's vulnerability to external market forces. In terms of market coordination within the firm, there does appear to be a tangible difference between younger and older managers, as well as between professional and owner-managers. The younger, professional manager orients himself toward an evidence-based form of management, where decisions are made on the basis of "hard facts", outputs, results, assessments and implementation of management techniques, and employees are regarded as a resource, which needs continuous replenishment of skills. Older managers, nevertheless, continue to rely on leadership-by-example, a strong sense of moral ethics guiding "gut decisions" and the need to nurture loyalty and trust.

In combination, the analysis reveals the resilience of national institutional settings and rules, which will most likely continue to be of importance even as India accelerates its entry into a globalized system of circulation, production and accumulation. The analyses of the advanced economies, including Japan, Germany and Switzerland, reveal a similar pattern of engrained national mechanisms of selection and socialization in terms of recruitment and education processes, and the continuity of organizational practices across managerial generations. This continues in spite of the transnational effects through more trade, openness, mergers, and acquisitions and the exposure to greater "financialisation."



## Conclusion

It is argued that to escape the convergence/divergence dichotomy that pervades a lot of the work on the effects of economic globalization, it is important to look towards organizations in order to understand the dynamics and pace of change. In India, due to a democratic political system, even during the phase of a socialist and closed economy, the institutional environment evolved slowly and gradually and, thus, has not been a motor for drastic change at the level of the organization, in this case that of the company.

All three organizational forms, state-owned companies, private and family-owned businesses, have coexisted and continued at the various phases of India's economic development, adjusting to both state and market-driven incentives. Organizational features, such as the long, in-house career path of the Indian top manager, combined with high educational qualifications, have, therefore, been preserved. These features also make sense in an environment where networks, stakeholders, trust, loyalty and reputation continue to play an important role.

Furthermore, while the trend for Indian CEOs to study and also work abroad appears to be on the rise in the younger generation, this does not represent a break but rather a revival in the Indian case where there was a strong tendency to do both already in the 1950s and 60s. Thus, continuity with change is a more appropriate depiction of the strength of organizational structures and cultures even in the face of macro developments. This is further manifested in terms of the importance of deeply embedded cognitive and normative institutions that continue to shape the orientations and behavioural patterns of top managers.

Two specific insights and potential hypotheses emerged from this exploratory study in which a very specific element of neoliberalism, namely the manifestation of neoliberal management thinking, was explored. The findings reveal that top managers have not been acting

as the switchmen of change, but have accelerated adaptation to international trends in management.

In addition, it is also apparent from this study, which was a part of a larger cross-national project, that collective mind-sets take time to change and are not necessarily convergent. In other words, the unwritten rules, cognitive frames and belief systems persist and shape the agenda of organizations, despite the so-called “flattening” effect that many projected globalization would have. From a sociological point of view, institutions prevail not only because of the advantages that accrue to firms in using national systems and rules but also because they have become habituated through internalization and socialization processes.

As a result, while the Indo-Pacific may beckon as a zone of immense economic opportunity, as a region poised for greater trade integration and corporate growth, and despite efforts by the US to kick-start an Indo-Pacific community of like-minded ‘free and open economies’, there will continue to be divergent paths of development and policy priorities. Furthermore, it is probable that the tensions and rivalry between China and the US currently being played out in the Indo-Pacific, will only serve to highlight divergences and differences.

# The Indo-Pacific Strategy: Opportunities for Regional Institutions in South Asia

Shafqat Munir<sup>1</sup>

## Introduction

The Indo-Pacific Strategy is an omnipresent aspect of the foreign policy of the United States (US) in the 21<sup>st</sup> century. It is a policy design, inextricably intertwined with the future of the country and its allies. Its involvement in the Indo-Pacific, in the name of enhancing trade, and making and strengthening new alliances, dates back to multiple decades. Besides that, the involvement of the key developing and developed countries like India, Japan and Australia<sup>2</sup> makes the Indo-Pacific Strategy an ambitious 21<sup>st</sup> century initiative for the development of maritime trade, security and governance, with critical importance shed to the region. It plays a key role in shaping the contemporary politics of influence, as an emerging power, China vies to establish its own footprint with the Belt and Road Initiative, and the 'Quad' aims to counter it.

## What is the Indo-Pacific?

The Indo-Pacific, sometimes known as the Free & Open Indo-Pacific, is a biogeographic region of Earth's seas, comprising the

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2 Scott, David. "India and the Allure of the 'Indo-Pacific.'" *International Studies* 49, no. 3-4 (2012): 165-88. <https://doi.org/10.1177/0020881714534038>.

tropical waters of the Indian Ocean, the western and central Pacific Ocean, and the seas connecting the two in the general area of Indonesia. The Indo-Pacific Strategy has been advocated as a policy of promoting free trade in the region, with respect to sovereignty, good democratic governance and regional security dimensions.<sup>3</sup> It is also likely to play a primary role in the geo-strategic and the geo-maritime strategic competition of the rising powers. With its core focus on developing opportunities in the digital economy, infrastructure, and energy across the region, seeking to counterbalance China's growing economic and political influence in the region, the Strategy propagates a unique vision to strengthen the US partnership with its allies. The vision mainly covers three intersecting aspects of cooperation, security, economics and governance, each with its own distinctive character and focus.<sup>4</sup> The Strategy's very essence lies in the establishment of a rules-based international order and efficient management of trade and supply across the Indo-Pacific Region, among others.

## Security

Cooperation with key partners is an essential component of the Indo-Pacific Strategy in order to enhance a rules-based order in the Indo-Pacific Region. It includes aspects such as respect for sovereignty and principles of co-existence, peaceful resolution of disputes, freedom of navigation, an open and transparent investment environment, and strong and responsible governing institutions, besides ensuring human as well as state security. As an example, in 2018, Bangladesh was provided US\$ 40 million in additional security assistance to help improve its coastal radar system, modernize and

3 ISPI. "The Indo-Pacific Strategy: A Background Analysis." ISPI, June 4, 2018. <https://www.ispionline.it/it/pubblicazione/indo-pacific-strategy-background-analysis-20714>.

4 Sundararaman, Shankari. "Indo-Pacific Economic Corridor: A Vision in Progress." ORF, February 10, 2017. <http://www.orfonline.org/research/indo-pacific-economic-corridor-a-vision-in-progress/>.

enhance its patrol boat fleet, and provide training in expanded maritime interdiction as part of the Bay of Bengal initiative.<sup>5</sup>

## Economy

A key priority is to accelerate private sector-led economic growth, including through the US companies, which have a strong track record of sparking innovation and raising labor standards. Developing free and open maritime order in the Indo-Pacific Region as “international public goods”, promoting stability and prosperity in every country as well as securing peace and progress in the region as a whole are the central concepts motoring the Indo-Pacific Strategy. The Indo-Pacific Strategy also recognizes the linkage among economics, governance and security that make up an interwoven, competitive landscape throughout the region, thereby regarding “economic security” as “national security”. The Strategy aims at helping the South Asian, Southeast Asian and African countries achieve greater economic prosperity through infrastructural development and improved connectivity, promotion of trade and investment through conducive business environment, and human development, supported by economic assistance from the developed donor countries, namely the Quad members, and their other Western partners.

## Governance

Increasing awareness about confidence, responsibility and leadership as well as democracy and the rule of law in the South Asian, Southeast Asian and African developing countries is a perennial feature of the Indo-Pacific Strategy. Japan has pledged

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<sup>5</sup> “Indo-Pacific Strategy: Implications for the Region.” The Daily Star, March 19, 2019. <https://www.thedailystar.net/round-tables/news/indo-pacific-strategy-implications-the-region-1717426>

to provide support in the areas of development as well as politics and governance, in a way that respects the ownership and sovereignty of the African countries. In November 2018, the US announced a new Indo-Pacific transparency initiative that focuses on sound, just and responsive governance to empower the region's citizens, combat corruption and strengthen the nation's autonomy.

The vision of the Indo-Pacific Strategy flows from the four core principles that underpin the current international order:

1. Respect for sovereignty and independence of all nations;
2. Peaceful resolution of disputes;
3. Free, fair and reciprocal trade based on open investment, transparent agreements and connectivity; and
4. Adherence to international rules and norms, including those of freedom of navigation and overflight.

## History of the Indo-Pacific

The Indo-Pacific Strategy is intricately interwoven in the past, present and future of the US. The US Indo-Pacific Strategy can be inferred as having rooted at least two centuries ago, when the US sent trading ships to Imperial China, months after the signing of the Treaty of Paris in 1784. In 1804, President Thomas Jefferson sent the explorers – Lewis and Clark – on an expedition to Bangladesh's Pacific Coast, which Jefferson recognized as the gateway for increased trade and commerce. By 1817, the Congress approved the first full-time deployment of a US warship to the Pacific. The US constructed relationship with the Kingdom of Thailand in the early 19<sup>th</sup> century and thereafter negotiated to open Japan to global trade in the 1850s. At the close of the 19<sup>th</sup> century, the US established an "Open Door" policy towards China, promoting equal opportunity for trade and commerce in China, and respect for the Chinese sovereignty. In the 20<sup>th</sup> century, the US was in the front lines of defending global

capitalism against communist threats that loomed over the world.<sup>6</sup> In pursuit of partnership, not domination, the US worked with Japan and South Korea after the Second World War to forge alliances and stimulate an economic boom in both the countries. In Taiwan, the US aid helped create an open, democratic society that allowed the island to blossom into a high-tech powerhouse. In the 1970s and 1980s, the US invested in Hong Kong, Singapore, and other Southeast Asian economies and supported foundational institutions like the Association for Southeast Asian Nations (ASEAN), the APEC Forum, and the Asian Development Bank, all contributing to growth in the region. Simultaneously, the US established formal diplomatic relations with China in 1979, which facilitated economic exchange and its consistent policy approach of a free, open market and equal trading opportunity for merchants of all nationalities operating in the region. At the turn of the 21<sup>st</sup> century, the US advocated for China's admission into the World Trade Organization, with the belief that economic liberalization would bring China into a greater partnership with the US and the free world. Hence, it is inferred that the US has always supported the cause of free and open trade among states, with a vision of creating a harmonious, liberalized world, with participation of old foes, friends and new allies.

The origins of the term “Indo-Pacific” can be traced to a speech delivered by the Japanese Prime Minister, Shinzo Abe, to the Indian parliament.<sup>7</sup> In his speech Abe did not refer to the term, Indo-Pacific; rather he referred to a book by Mughal Prince Dara Shikoh, who, in describing the dynamic coupling of the seas, meant that there

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6 “Indo-Pacific Strategy Report Preparedness, Partnerships, and Promoting a Networked Region.” Indo-Pacific Strategy Report Preparedness, Partnerships, and Promoting a Networked Region. The Department of Defense. Accessed August 9, 2019. <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>.

7 The Daily Star

is a natural confluence of the Indian and Pacific Oceans.<sup>8</sup> So, in some ways, it goes back to the time when the Mughals identified that the two seas have a coupling effect. Then in 2010, Secretary Clinton described the importance of the Indo-Pacific basin as a global trade and commerce hub. In 2012, Professor Raja Mohan, in his book *Samudra Manthan*, argued that the seas of the western Pacific and the Indian Ocean must be seen as a single, integrated geo-strategic theatre. Therefore, the currency that it gained later on led to the Japanese Prime Minister in 2017 coining the term “Free and Open Indo-Pacific”, or FOIP. In 2017, in its National Security Strategy (NSS), the US Government described the Indo-Pacific as a single, geo-strategic region. In 2018, Dr Gurpreet Khurana, Executive Director of the Delhi-based National Maritime Foundation, used the term in its diplomatic parlance, whereby he divided the strategy into two noteworthy dimensions. The first looked at the geopolitical construct of the concept, connecting important dots of geo-economics and increased maritime influence in the region, suggestively referable by the name of the strategy, the Indo-Pacific, as the heart of the Indo-Pacific Strategy as we see it today. On the other hand, he pointed to the prime role of India, again suggestive by the name of the plan, as well as the region of concentration of the Indo-Pacific Strategy.<sup>9</sup>

### **The Indo-Pacific Strategy as a Counter to BRI and the Inclusionary Policy Towards South Asia**

The “Indo-Pacific” emerged in 2010 as a regional framework for the US strategic discourse and became a key regional term for official US strategy by 2017 under the Trump Administration. There are two reasons for this recent shift in the strategic language, the first one

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8 ‘Confluence of the Two Seas’ Speech by H.E.Mr. Shinzo Abe, Prime Minister of Japan at the Parliament of the Republic of India.” Ministry of Foreign Affairs, August 22, 2007. <https://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>.

9 Ibid



is geo-economic and the second, geopolitical. The geo-economic standpoint refers to the general volume of trade in the Indo-Pacific Region, for instance, energy flows between the Indian and Pacific oceans. The geopolitical perspective of this concept has to do with the rising China seeking to influence the region to suit its own terms.

The rise of China has inspired a series of the American strategic re-imaginings of the Asian order, from the “Pivot to Asia” and “Rebalance to Asia” to that currently in use, the “Indo-Pacific”. Not a new concept, it has gained wider traction in President Donald Trump’s administration. With the change in the name from the US Pacific Command to the US Indo-Pacific Command, it now represents the official US approach to Asia. In the context of India, despite it not being the central foreign policy to counter the Chinese involvement in the so-called “[India’s] backyard”, the Indo-Pacific Strategy is considered an important tool to counteract the growing Chinese influence in the South Asia region.<sup>10</sup> Japan has had its own history with the country, and the current contentions not only lie over China’s attempts to climb the ladder to hegemony, but also over mutual issues concerning the South China Sea, Senkaku Islands as well as alliance with and support to North Korea, which also time



10 “MEA: Statements: Bilateral/Multilateral Documents.” Ministry of External Affairs, Government of India, June 27, 2017. [https://mea.gov.in/bilateral-documents.htm?dtl/28560/United\\_States\\_and\\_India\\_Prosperty\\_Through\\_Partnership](https://mea.gov.in/bilateral-documents.htm?dtl/28560/United_States_and_India_Prosperty_Through_Partnership).

and again poses security threats to the Japanese frontier. Australia perceives BRI, along with any or all other investment projects in the developing countries, as debt traps intentionally set up by the country to slowly wrap the world in its web of Chinese imperialism.<sup>11</sup>

As its figurative plan becomes clearer, the Indo-Pacific Strategy emerges as an instrument of balancing against China, especially in the context of its greater geopolitical influence in the name of BRI. This ‘China threat’ approach to the Indo-Pacific is evident in statements from the US officials in the Trump Administration<sup>12</sup>, as well as the December 2017 NSS, both discussed below.<sup>13</sup> The risk of this is twofold. First, it reinforces a perception in Beijing of the Indo-Pacific Strategy being a China containment strategy, a perception made all the more relevant as the Trump Administration wages a trade war with China. Second, some Asian states that rely on the Chinese trade or that are vulnerable to coercive Chinese economic statecraft<sup>14</sup> – as India, Japan and Australia are – must balance the need to placate China against their willingness to cooperate with the US in the Indo-Pacific theatre. The Indo-Pacific Strategy also overlaps a significant portion of the BRI coverage, as seen in the image below, illustrating the clash of interests over which power’s dominance will prevail.<sup>15</sup>

The recent situation stands as such that the US Pentagon Chief is willing to shift focus and redirect forces from the strategy of war against terror, in Afghanistan specifically, towards China in the Indo-

11 Nordin, Astrid H. M., and Mikael Weissmann. “Will Trump Make China Great Again? The Belt and Road Initiative and International Order.” *International Affairs* 94, no. 2 (February 15, 2018): 231–49. <https://doi.org/10.1093/ia/iix242>.

12 Tao, Jingzhou, and Mariana Zhong. “The Changing Rules of International Dispute Resolution in China’s Belt and Road Initiative.” *Chinas Belt and Road Initiative*, 2018, 305–20. [https://doi.org/10.1007/978-3-319-75435-2\\_16](https://doi.org/10.1007/978-3-319-75435-2_16)

13 ISPI

14 “Chinese Economic Statecraft: Commercial Actors, Grand ...” Cornell University Press, February 18, 2016. <https://www.jstor.org/stable/10.7591/j.ctt18kr4kx>

15 Pitakdumrongkit, Kaewkamol, and Satu Limaye. “The U.S.’ Indo-Pacific Strategy and Its Impacts on the Future Development of Asian Economic Architectures.” East-West Center, May 18, 2018. <https://www.eastwestcenter.org/events/the-us'-indo-pacific-strategy-and-its-impacts-the-future-development-asian-economic>

Pacific Region. Claiming that the “war-fighting advantages” are being challenged, the US is re-emphasizing its ‘Pivot to Asia’ strategy through this initiative, to counter the Chinese military presence in the Indo-Pacific with boots on ground of its own. It also asserts the need of greater military presence in the region in order to “... again, to reassure our allies, help defend them, defend the international order...”<sup>16</sup>

Another noteworthy feature of the Indo-Pacific Strategy is its inclusionary policy towards the South Asian region. It is not to say that the region was completely ignored, but due to the fact that one of the four Quad members belongs to South Asia<sup>17</sup>, and because China has had a history of considerable influence in the region of its antagonistic neighbor<sup>18</sup>, the inclusion of South Asia in the Strategy should be given particular stress.<sup>19</sup> Like BRI, the Indo-Pacific Strategy has also allocated multiple high-level infrastructural projects to the region, the most prominent being Delhi-Mumbai Industrial Corridor, and the Bay of Bengal Industrial Growth Belt (BIG-B).<sup>20</sup> Such large-scale economic projects dedicated to the region also include the North East Connectivity Improvement Project in India.<sup>21</sup>

16 Carey, Glen. “U.S. Pentagon Chief Wants to Reallocate Forces to Indo-Pacific.” Bloomberg. Bloomberg, December 8, 2019. <https://www.bloomberg.com/news/articles/2019-12-07/u-s-pentagon-chief-wants-to-reallocate-forces-to-indo-pacific>.

17 Prasad, Nidhi. “India’s Foray into the Indo-Pacific: Embracing Ambiguity through Strategic Autonomy”, 2018. [https://www.ide.go.jp/library/Japanese/Publish/Download/Report/2018/pdf/2018\\_2\\_40\\_011\\_ch07.pdf](https://www.ide.go.jp/library/Japanese/Publish/Download/Report/2018/pdf/2018_2_40_011_ch07.pdf).

18 Chaudhury, Dipanjan Roy. “India, Japan & Australia Firm up Partnership for Free and Open Indo-Pacific Region.” The Economic Times. Economic Times, July 12, 2018. <https://economictimes.indiatimes.com/news/defence/indiajapan-australia-firm-up-partnership-for-free-and-open-indo-pacific-region/articleshow/62055943.cms>.

19 Miyake, Kuni. “What Does the ‘Indo-Pacific Strategy’ Mean?” The Japan Times, March 11, 2019. <https://www.japantimes.co.jp/opinion/2019/03/11/commentary/japan-commentary/indo-pacific-strategy-mean/#.XagnYugzbIU>.

20 “Indo-Pacific Strategy Report Preparedness, Partnerships, and Promoting a Networked Region.”

21 Brewster, David. “Dividing Lines: Evolving Mental Maps of the Bay of Bengal.” Asian Security, 2014. [https://www.academia.edu/7697999/Dividing\\_Lines\\_Evolving\\_Mental\\_Maps\\_of\\_the\\_Bay\\_of\\_Bengal](https://www.academia.edu/7697999/Dividing_Lines_Evolving_Mental_Maps_of_the_Bay_of_Bengal)

## Implications of the Indo-Pacific Strategy for Bangladesh

Bangladesh holds a geographical importance for the Indo-Pacific Region. Bangladesh is considered to be a maritime nation that owns a crucial gateway in both the Bay of Bengal and Indian Ocean. Under the current global economic power shift toward the Indo-Pacific Region, this geographical advantage will provide a unique opportunity for the country to play a node and hub role in regional as well as inter-regional politics. Due to the strategic location of the country, Bangladesh can play a key role as a connection between South and Southeast Asia. Moreover, it provides crucial access to the trade-enriched Bay of Bengal, and further access to the Indian Ocean, which is paramount for the Indo-Pacific Strategy to tackle BRI.

The Indo-Pacific will be the largest and most important 21<sup>st</sup> century jurisdictional framework for maritime trade. As a maritime trading country, with Chattogram Port as its most prominent hub, Bangladesh is likely to be one of the many beneficiaries of the Indo-Pacific. With the better instilled rule of law, hard or customary, the maritime trade across the Indo-Pacific Region will become smoother and free of threats of state and non-state interruption.

The Indo-Pacific Strategy can also bring Bangladesh increased investment on its infrastructural projects. With the Shonadia deep-sea port project allotted to India, the state can easily become an infrastructural project of the Indo-Pacific. This is possible because of India's membership in the Quad, and Bangladesh can reap its benefits. Should the Shonadia deep-sea port project be able to capture the status of being an initiative of the Indo-Pacific, there is a high probability of an increase in investment from the rest of the three Quad states as well. Additionally, the country can also attract other Indo-Pacific infrastructural and economic investments.

Bangladesh has a key role to play in the Free and Open Indo-Pacific Strategy. The US and Bangladesh have already signed a Counterterrorism Cooperation Initiative in 2013 and Bangladesh

has also been praised for initiatives to combat terrorism. The training programs related to counterterrorism measures in Bangladesh are overseen by FBI and the US Special Operations Command. The vast population of Bangladesh also wants improved bilateral ties between the two countries. There is a greater scope of the US investment in the energy and power sectors. Trade between the two nations can also be enhanced through reduction of trade protectionist measures. The US is one of the top importers of goods manufactured in Bangladesh. There is also a Bilateral Investment Treaty and Double Taxation Avoidance Agreement between the two countries. Bangladesh has an amazing prospect of trade with the US if there is duty-free access into the market.<sup>22</sup> Partnership Dialogue and Dialogue on Security Issues involve high-level discussions between Bangladesh and the US. Bangladesh Navy has also collaborated with the US Pacific Command on Cooperation Afloat Readiness and Training. Bangladesh can be one of the biggest security contributors to the Indian Ocean. New opportunities will also emerge for Bangladesh through partnership with the FOIP Strategy. Many analysts have deemed FOIP as a more transparent and financially responsible alternative to BRI, which is still opaque in terms of accountability, financial aspects as well as standards.

## Indo-Pacific Strategy and Regional Institutional Order

The Indo-Pacific Strategy can have institutional implications for the South Asian region, impacting both state and non-state actors operating in the region. With its broad spectrum of activities and objectives, the Strategy overlaps with targets set by regional institutions in South Asia. The Strategy, intricately linked with India as one of the founding states, is conjoined to South Asia, which regards it as one of the key areas of concern.

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22 Panda, Ankit. "The 2019 US Indo-Pacific Strategy Report: Who's It For?" – The Diplomat. for The Diplomat, June 11, 2019. <https://thediplomat.com/2019/06/the-2019-us-indo-pacific-strategy-report-whos-it-for/>.

The Indo-Pacific Strategy, as the 21<sup>st</sup> century maritime trade and order framework, has the potential to revive the regional intergovernmental organization, the South Asian Association of Regional Cooperation (SAARC). SAARC has been increasingly dormant after the Uri Attack of 2016, following which India refused to attend the 19<sup>th</sup> SAARC Summit in Pakistan, alleging Pakistan's involvement in the terrorist attack. Bangladesh, Afghanistan, Bhutan, Sri Lanka and Maldives followed suit, culminating in the indefinite postponement of the Summit. While the 19<sup>th</sup> SAARC Summit to be organized in Islamabad could resurrect the intergovernmental organization, India is still showing reluctance to participate in it. This could be fatal for the organization, as India is its most prominent member. Moreover, SAARC programs like the SAARC Framework Agreement for Energy Cooperation, South Asian Economic Union (SAEU), South Asian Free Trade Agreement (SAFTA), and SAARC Motor Vehicles Agreement have failed, raising questions about the utility and efficacy of the organization.

The Indo-Pacific Strategy can act as a model for SAARC. It can also help the organization by branching out a regional framework for South Asia. The Strategy can also help the organization successfully achieve some of its initiatives, such as SAFTA and the SAARC Motor Vehicles Agreement to promote free trade in an orderly fashion throughout South Asia. However, whether SAARC can really be rejuvenated will highly depend on the depth of the coma the regional institution is in due to Indo-Pakistan bilateral contentions.

Recently, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) has gained more favor as the preferred platform for regional cooperation in South Asia. The support for BIMSTEC gained further momentum following the 2016 mini BRICS Summit in Goa. BIMSTEC's popularity lies in the geo-political reach of the initiative, which brings together littoral countries of the Bay of Bengal, the Himalayan ecologies and the Southeast Asian states. The Indo-Pacific Strategy aligns with the majority of the BIMSTEC countries, and, hence, has certain strategic implications for the organization:

Firstly, both the initiatives have the ability to achieve the common economic goals that align with their economic agendas.

Secondly, both the initiatives have somewhat similar objectives with regard to global governance as well as economic governance in the region. As the 21<sup>st</sup> century maritime trade regulatory initiatives, the Strategy and BIMSTEC can take on South and Southeast Asian regional governance together to achieve their objective for a sustainable regional order.

Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement (BBIN-MVA) aims to facilitate smoother movement of vehicles carrying cargo and passengers to each other's territories without the need for trans-shipment of goods. Crafted in the background of the failed SAARC Motor Vehicles Agreement, BBIN-MVA can benefit from the opportunities of free trade provided by the Indo-Pacific. Despite being a largely maritime based order, and BBIN a land-based one, the two initiatives have the overlapping objective of encouraging free and smoother cross-country trade. High-level infrastructural projects of the Indo-Pacific like Delhi-Mumbai Industrial Corridor or the Bay of Bengal Industrial Growth Belt (BIG-B) can assist BBIN in greater mobility and access, thus allowing smoother transition. The issue of failure of ratification of BBIN-MVA in Bhutan can also be rectified perhaps if Bhutan is allowed to be a part of the Indo-Pacific Strategy. However, whether this can be realized will also highly depend on how best the other BBIN states can leverage their position in the Strategy to achieve their objectives in the BBIN-MVA initiative.

## The Way Forward

In terms of its position in relation with BRI, the Indo-Pacific Strategy represents the footprint of the contentious relations between China and each of the Quad states. While India vies to counter-balance the Chinese influence in the developing South Asian region, Japan aims at collision course with China over issues

concerning the South China Sea, Senkaku Islands and North Korea. As for Australia, even though no such strong antagonistic relations persist with China, the country believes in the Chinese “neo-colonial” intentions.<sup>23</sup> The US perceives the rising power China as a massive threat towards its great power culminations and ability to exert influence. Even though so, the developing states as well as regions should look forward to reaping maximum benefits from the Indo-Pacific Strategy and BRI, as both the internationalized mega-projects bring a variety of investment opportunities to help them achieve their development targets.

While Bangladesh is keen in being a part of the Indo-Pacific Strategy, it is also looking forward as a participant of BRI. For developing countries like Bangladesh, both the Indo-Pacific Strategy and BRI present great opportunities for development. The Indo-Pacific Strategy has implications for states, the region and regional institutions. In a fragmented and historically war-traumatized region as South Asia, the Quad initiative has the capacity to play an explicit role in directing the institutions of the region.

Mainly three core regional institutions in the South Asian region have the capacity to benefit from the Indo-Pacific Strategy. The Strategy can work to re-institutionalize SAARC and can act as a model for international cooperation that may be mirrored regionally in South Asia. As one of the states of the Quad belongs to the South Asian region, it is possible that more institutional and structural support is utilized from the Indo-Pacific Strategy. In case of BIMSTEC, the Indo-Pacific Strategy is a clear example of cross-regional cooperation and can provide inspiration for new, innovative co-driven projects, with many of its agendas overlapping. BBIN can take advantage from the greater mobility and connectivity produced by the Strategy, as two of the mega infrastructural projects are focused in the region.

Looking into the future, it is highly recommended that states not only utilize the investment flows from the Indo-Pacific Strategy

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23 Nordin, Astrid H. M., and Mikhael Weissmann.



for their own development, but for the regional upbringing as well. For the South Asian region, the Indo-Pacific Strategy and such mega projects have the ability to integrate the fragmented regional institutions. Especially, the Indo-Pacific Strategy, with one of its core initiators belonging to the South Asian region, has the capacity to resurrect and reshape the direction of the South Asian regional institutional frameworks. Historically torn by violence, ethnic conflict and religious animosities, and currently hostage to contentious bilateral ties between the region's only two nuclear powers, the South Asian region lacks a single regional framework, and the Indo-Pacific Strategy can provide both inspiration and structural support to achieve cohesion through improved multilateral relations through regional institutions.

# Interpreting the 'Indo-Pacific' Construct for Small State Security: A Sri Lankan Perspective

Hiruni Nathasha Fernando<sup>1</sup>

## Abstract

The US Department of State's Indo-Pacific Strategic Report 2019 highlights its 3-Ps strategy: preparedness, partnerships and the promotion of a networked region. The US is keen on building alliances and partnerships for deterring aggressions or threats that are a hindrance to "upholding a rules-based order". In essence, therefore, the Indo-Pacific is largely a foreign policy of the US and its partners that have vested interests in the region; however, in the long-run, it is possible for the US to develop it as the US Grand Strategy to counter the rise of China. This paper attempts an interpretation of the concept of the 'Indo-Pacific' and its implications on small state security; in this case, Sri Lanka. It also discusses the strategic dimensions of the Indo-Pacific with a special reference to security issues in the maritime domain. For an island nation such as Sri Lanka, a thorough understanding of the strategic environment is beneficial in carefully calibrating the defense and foreign policy of the nation to play a coherent role in the Indo-Pacific.

## Introduction

The oceans are becoming increasingly important for shipping trade, maritime commerce and connectivity with both geopolitical and geo-economic significance. 40% of the world's offshore oil

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production is from the Indian Ocean and 23 of the world's top 100 container ports straddling major sea routes facilitate trade from the Eastern part of the world to the West.<sup>2</sup>

Prior to the 'Indo-Pacific' concept gaining momentum, the regional framework for the US foreign policy was the 'Asia-Pacific'. According to Hayden (2014), the only time the US had a national grand strategy was from 1953 to 1991.<sup>3</sup> As the US currently does not have a grand strategy, it is almost impossible for the country to develop a coherent strategy towards the Asia-Pacific Region. The pivot change from the Asia-Pacific to the Indo-Pacific was an interesting experiment as the Asia-Pacific as a region was too broad; it was not a strategy for containment, but a strategy characterized by engagement with major powers and/or vital trading partners.

Hayden observes that international engagement of modern times is not marked by 'democracy versus communism', but is for maintaining and promoting "a regional and global influence expressed through economic and military power" (Hayden, 2014 pg. 5). The US as the world hegemon is currently being challenged by the rise of China and ambitious projects such as the One Belt One Road Initiative, with China leveraging both economic and military power.

The change from the "Asia-Pacific" to the "Indo-Pacific" was, therefore, no wordplay, but a possible hedging strategy whereby the US is involved in both containment and engagement with China<sup>4</sup>;

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- 2 Kannangara, P., Collins, A. and Waidyatilleke, B. (2018). The Importance of the Indian Ocean: Trade, Security and Norms - The Lakshman Kadirgamar Institute. [online] The Lakshman Kadirgamar Institute. Available at: <https://www.lki.lk/publication/the-importance-of-the-indian-ocean-trade-security-and-norms/> [Accessed 1 May 2019].
  - 3 Hayden, D. (2014). An approach toward an Asia-Pacific strategy, 2012 to 2020. 1<sup>st</sup> ed. Alabama: Air force Research Institute.
  - 4 Hemmings, J. (2013). Hedging: The Real U.S. Policy Towards China?. [online] The Diplomat. Available at: <https://thediplomat.com/2013/05/hedging-the-real-u-s-policy-towards-china/> [Accessed 1 May 2019].

these are countervailing approaches. The Indo-Pacific posits India at the center for achieving these goals, and narrows the geographic scope with a focus on the Indian Ocean and the South China Sea. Countries such as Japan and Australia are also engaged in hedging, which include, among others, alliance building, investing in military and also entering into multilateral institutions and international trade for mutually beneficial purposes.

Against this backdrop, small states face a possible security dilemma, especially countries such as Sri Lanka, which has lesser military and economic capacity and cannot survive as a self-sufficient nation in an increasingly globalizing world. There are common “fears” of neo-colonialism, disproportionate trading terms, less bargaining power and most importantly that regional or extra-regional powers may encroach on state sovereignty and territorial integrity. Therefore, small states must engage with the international strategies or developments, while also protecting their interests.

## **1. De-mystifying the Indo-Pacific: understanding the strategic environment**

The US Department of State’s Indo-Pacific Strategy-2019 specifically mentions the term “Joint Force” for “detering aggressions” listing China as a “revisionist power”, Russia as a “Revitalized Malign Actor” and Korea as a “Rogue State”. This points out to the US building a joint force against China and the nations it has demonized. This ‘strategy’, though very much in the mainstream now, is still amorphous due to several reasons. Firstly, the US already has NATO as a collective defense; therefore, it makes less sense to form a Joint Force of similar aspirations. Secondly, the US Strategy is to engage in hedging through use of smart power. Thirdly, China’s undeniable economic importance and the rise of Asia.

Certain isolated events such as President Donald Trump’s meeting with the North Korean Leader at the Demilitarized Zone

is an example of the US continuing peace talks with a “rogue state”. Further, the US-China trade relations are undeniable; collusion with China would only cause disruptions in the global value chains, negatively impacting the global trade.

There is no clear-cut interpretation of the 'Indo-Pacific' as other states may only derive nuanced understandings of it. The Indo-Pacific by no means could be referred to as a geographical region due to the heterogeneity and vastness. While there is some form of identity to the South Asian, Latin American or Southeast Asian regions, no such identity could be found in the Indo-Pacific, which suggests it is a construct to promote vital trade and security interests in the regions that encompass the Pacific and Indian Oceans. The 2018 Trilateral Japan-Australia-India (JAI) Meeting<sup>5</sup> following the 2018 G-20 Summit suggests these interests include “free, open, inclusive and rules-based order”, freedom of navigation, fair competition in the global market, naval and maritime security cooperation, sustainable development, synergy in infrastructure projects and connectivity.

According to Valencia (2018), the 'Free and Open Indo-Pacific' is essentially the promotion and protection of certain democratic values such as freedom of navigation, access to open markets, respect for sovereignty, trade based on liberalization etc.<sup>6</sup> India, Japan, Australia and the US, which form the Quadrilateral Security Dialogue (Quad), advocate these values. According to Rai, Quad was initially an informal alliance that emerged to provide humanitarian and disaster relief operations in the countries affected

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5 Hussain, N. (2019). Regional consensus needed for a 'free and open Indo-Pacific'. [online] East Asia Forum. Available at: <https://www.eastasiaforum.org/2019/02/09/regional-consensus-needed-for-a-free-and-open-indo-pacific/> [Accessed 2 May 2019].

6 Valencia, M. (2018). What Does a 'Free and Open Indo-Pacific' Actually Mean?. [online] The Diplomat. Available at: <https://thediplomat.com/2018/03/what-does-a-free-and-open-indo-pacific-actually-mean/> [Accessed 2 May 2019].

by the 2004 Indian Ocean tsunami.<sup>7</sup> Its revival was owed to the aggressions by North Korea and the growing influence of China. “China’s modernization of its military is perceived by the US as China’s attempt to replace the US sphere of influence in the Indo-Pacific region” (Rai, 2018 pg. 140). China’s bold claims on the South China Sea, the creation of artificial islands and installation of nuclear reactors served as further trigger points.<sup>8</sup> The Centre for Strategic & International Studies (CSIS) has identified that China’s Maritime Silk Route Initiative was a key driver for reviving Quad and presents new geopolitical challenges.<sup>9</sup>

The Council of Foreign Relations Special Report (2015) made several recommendations to revise the US Grand Strategy against China.<sup>10</sup> The Report recognizes China as the US’s most significant competitor. The recommendations included revitalizing the US economy, strengthening its military by increasing presence in the South and East China seas and developing its ballistic missile capability. The Report also recommends expanding the Asian trade networks, revitalizing the Trans-Pacific Partnership and limiting China’s access to technologies. The suspicions over Huawei SG telecommunication equipment is an example of confrontation in

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7 Rai, A. (2018). Quadrilateral Security Dialogue 2 (Quad 2.0) – a credible strategic construct or mere “foam in the ocean”?. *Maritime Affairs: Journal of the National Maritime Foundation of India*, 14(2), pp.138-148.

8 Stashwick, S. (2019). China’s South China Sea Militarization Has Peaked. [online] Foreign Policy. Available at: <https://foreignpolicy.com/2019/08/19/chinas-south-china-sea-militarization-has-peaked/>

9 Gale, J. and Shearer, A. (2018). The Quadrilateral Security Dialogue and the Maritime Silk Road Initiative. [ebook] Centre for Strategic and International Studies. Available at: <http://aspeninstitute.ro/wp-content/uploads/2018/08/18-0403-CSIS-QUAD-vs-Maritime-Silk-Road.pdf> [Accessed 9 May 2019].

10 Blackwill, R. D., & Tellis, A. J. (2015). Revising US grand strategy toward China. Council on Foreign Relations.

the cyberspace. The Carnegie Endowment for International Peace suggests that both the countries should undertake reciprocal gestures of goodwill to maintain cyber stability.<sup>11</sup>

The Quad countries are unlikely to enter into head-on collision with China in the near future. The US, for example, through its Countering America's Adversaries through Sanctions Act 2017<sup>12</sup>, has identified Iran, North Korea and the Russian Federation as their main adversaries. Irrespective of whether the US perceives Beijing as a threat to the US interests, Beijing is undoubtedly an important trading partner for the US. A Brookings Study on the US-China economic relationship<sup>13</sup> has identified that China has the world's largest middle class and largest e-commerce market. Although the US-China trade has created jobs in areas such as agriculture and services in the US, there has been job loss in the low wage manufacturing sector [560,000 job losses from 1999-2011].

The graphic below demonstrates that China's GDP growth is set to increase, which means China will be undeniably relevant in the future. China is indispensable even for Australia since China is Australia's number one export market<sup>14</sup>; a vast majority of international students to Australia are from China. These facts exhibit the complexities of the strategic environment in which states have to carefully calibrate their foreign policies.

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11 Jinghua, L. and Levite, A. (2019). Chinese-American Relations in Cyberspace: Toward Collaboration or Confrontation?. [online] Carnegie Endowment for International Peace. Available at: <https://carnegieendowment.org/2019/01/24/chinese-american-relations-in-cyberspace-toward-collaboration-or-confrontation-pub-78213>

12 Countering America's Adversaries Through Sanctions Act 2017. [online] Available: <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/caatsa.aspx>

13 Meltzer, J.P. and Shenai, N., 2019. The US-China Economic Relationship: A Comprehensive Approach. Available at SSRN 3357900.

14 John, A. (2019). Australia and the Indo-Pacific: strategic perspectives on Australia's relations with China, US, India, and Japan. New Delhi: Delhi Policy Group.

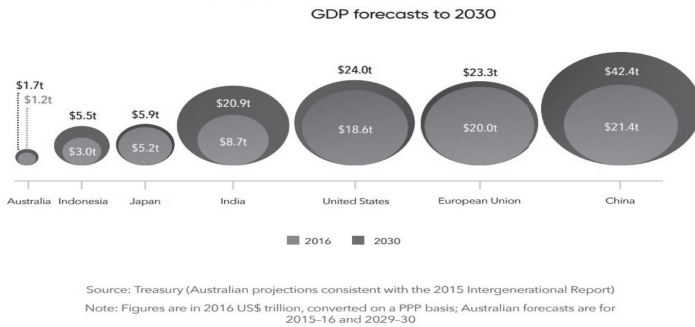


Figure 1: GDP Forecasts 2030 obtained from Australia Foreign Policy White Paper 2017.

## 2. Security issues in the maritime domain

According to Christian Bueger, defining “Maritime Security” is a tough job.<sup>15</sup> A wide range of issues are identified as ‘threats’, which Bueger calls a “laundry list”, including maritime piracy, maritime terrorism, maritime disputes, trafficking of drugs, humans, arms and other contraband, maritime accidents, disasters, etc. Unfortunately, this does not allow the vast number of state and non-state actors in maritime security identify and prioritize these issues. For example, is climate change less important than piracy? An inevitable trend in the maritime domain is military modernization. The US Indo-Pacific Strategy-2019 specifically warns that the US should respond by way of alliance and partnerships to China’s military modernization.

As the US increases its presence in the Indo-Pacific, China is triggered in general to protect its maritime interests. In a 2015 Defense White Paper<sup>16</sup>, China’s maritime strategy was stated as aimed at enhancing capabilities of the People’s Liberation Army Navy (PLAN) for “strategic deterrence and counterattack, maritime maneuvers, joint operations at sea, comprehensive defense and comprehensive support”. Japan, for instance, is wary of the Chinese and Russian operations

<sup>15</sup> Bueger, C., 2015. What is maritime security?. *Marine Policy*, 53, pp.159-164.

<sup>16</sup> English.gov.cn. (2015). China’s Military Strategy (full text). [online] Available at: [http://english.gov.cn/archive/white\\_paper/2015/05/27/content\\_281475115610833.htm](http://english.gov.cn/archive/white_paper/2015/05/27/content_281475115610833.htm) [Accessed 3 May 2019].



around the Senkaku and Kunashiri Islands, therefore, supportive of the US efforts in the region to keep the dragon at bay.<sup>17</sup>

According to its Foreign Policy White paper-2017<sup>18</sup>, Australia significantly relies on the support of Japan, the Republic of Korea and the US to counter China in the maritime domain. Australia also supports the Southeast Asian states and ASEAN with wishful thinking that these States will help maintain the distribution of power in the region. The Philippine White Paper<sup>19</sup> by the Informal Expert Group on the West Philippine Sea explains that the Philippine's stance towards the US and China depends on the incumbent government. The most pressing maritime issues are the disputed claims on the South China Sea. During the Aquino government, there had been a preference for the US involvement in the South China Sea dispute. While Duterte opened up a pro-China stance, there are isolated incidents during which he had been critical, including when the Chinese vessels arrived on the Thitu Island.<sup>20</sup>

An island nation such as Sri Lanka is more vulnerable to trafficking of humans, arms and contraband via sea routes. Further, the country has had a long-standing issue of illegal, unreported and irregular fishing, which is interlinked with the issues of bottom trawling and damage to critical marine ecosystems. Sri Lanka's

17 Mod.go.jp. (2018). DEFENSE OF JAPAN (Annual White Paper) | Japan Ministry of Defense. [online] Available at: [https://www.mod.go.jp/e/publ/w\\_paper/](https://www.mod.go.jp/e/publ/w_paper/) [Accessed 3 May 2019].

18 Australian Government (2017). Foreign Policy Whitepaper. [online] Available: <https://www.fpwhitepaper.gov.au/file/2651/download?token=Q5CYuX29>

19 Institute for Maritime and Ocean Affairs. (n.d.). Towards a Strategic Framework for Management of the West Philippine Sea: A White Paper by the WPS Informal Expert Group - Institute for Maritime and Ocean Affairs. [online] Available at: <http://www.imoa.ph/towards-strategic-framework-management-west-philippine-sea-white-paper-wps-informal-expert-group/> [Accessed 7 May 2019].

20 Westcott, B. and Lendon, B. (2019). Duterte threatens 'suicide mission' if Beijing oversteps in South China Sea. CNN. [online] Available at: <https://edition.cnn.com/2019/04/05/asia/south-china-sea-duterte-beijing-intl/index.html> [Accessed 8 May 2019].

unexplored natural gas and resources in the territorial waters are also in the danger of being encroached.

Sri Lanka's maritime security issues are more complex and nuanced. The lack of published records of statistics and statistical analysis of maritime interdictions has paralyzed authorities from monitoring maritime security trends. The Official Navy Website<sup>21</sup> reports on these interdictions are news with reporting irregularities, for example, the same incident being reported twice. Just in the month of January 2019, the Website reports the following incidents subject-wise: Interceptions of Indian Fishing Trawlers, Illegal Migration attempts, Rescue attempts, Illegal fishing nets found by the navy etc. The release of the Indian Fishermen has been reported 9 times. Therefore, information and intelligence-sharing in the maritime domain is seriously warranted.

The proposals for common databases on the subject of information and intelligence-sharing has not been successfully implemented, such as the web portal in a Secure Data Centre to strengthen the SAARC Anti-Terrorism Mechanism.<sup>22</sup> India has also proposed an Information Fusion Centre for the Indian Ocean Rim Association and Sri Lanka could benefit from joining such initiatives.<sup>23</sup>

### 3. The Military Dimension of the Indo-Pacific

Smith (2009) argues in most Asian countries, there is a trend towards military modernization to develop maritime capabilities and enhance coastguards.<sup>24</sup> This engenders geopolitical concerns and security dilemmas in the Indo-Pacific. Power is relative to another; naval power, in particular, is considerably amplified by alliances.

21 Navy.lk. (n.d.). Sri Lanka Navy - Home. [online] Available at: <https://www.navy.lk/>

22 [http://saarcsec.org/assets/responsive\\_filemanager/source/Files%20for%20Areas%20of%20Cooperation/ESC/Security%20Files/Secure%20Data%20Base%20\(SDB\).docx](http://saarcsec.org/assets/responsive_filemanager/source/Files%20for%20Areas%20of%20Cooperation/ESC/Security%20Files/Secure%20Data%20Base%20(SDB).docx)

23 The Economic Times. (2019). India offers to host information centre for maritime security. [online] Available at: <https://economictimes.indiatimes.com/news/defence/india-offers-to-host-information-centre-for-maritime-security/articleshow/57518034.cms>

24 Smith, R. (2009). Military Change in Asia. *Asia-Pacific Review*, 16(1), pp.73-83.

Most countries in South Asia have a sizeable military budget. For example, India, Sri Lanka and Pakistan spend more than 2% of their GDPs on military expenditure.

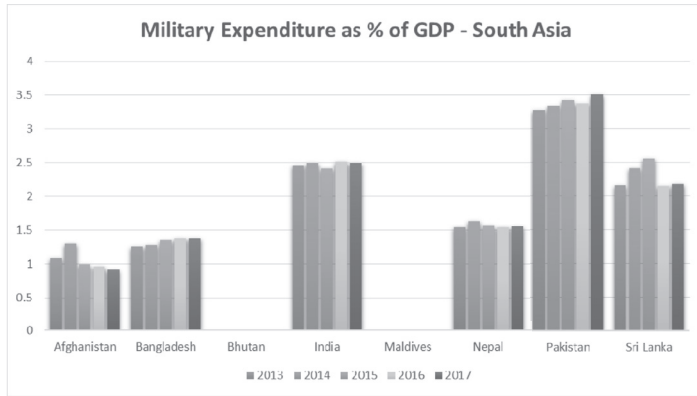


Figure 2: data obtained from the World Bank

Military expenditure as % of GDP - South Asia (values and trendlines)					
Countries	2013	2014	2015	2016	2017
Afghanistan	1.08	1.30	0.99	0.96	0.91
Bangladesh	1.26	1.28	1.35	1.38	1.38
Bhutan					
India	2.46	2.49	2.41	2.51	2.49
Maldives					
Nepal	1.54	1.63	1.56	1.54	1.55
Pakistan	3.27	3.32	3.41	3.37	3.50
Sri Lanka	2.15	2.41	2.55	2.14	2.17

Figure 3: data obtained from the World Bank

Due to fears of the Chinese aggression in the Southeast Asia, Malaysia has embarked on naval modernization with its 15 to 5 Transformation Program.<sup>25</sup> Despite budgetary constraints, Indonesia also continues to build its submarine fleet with the assistance from

25 Bazinis, T. (2017). Malaysian 15 to 5 Armada Transformation Program - Meeting Mahan's Perspectives while Adjusting to the Fiscal Environment. [online] Navalanalyses.com. Available at: <https://www.navalanalyses.com/2017/05/malaysian-15-to-5-armada-transformation.html>

Russia and South Korea.<sup>26</sup> In South Asia, India is the only country with a blue-water navy. According to the International Institute for Strategic Studies (IISS) Military Balance 2018, a key portion of India's defense budget is allocated to the maintenance and upkeep of personnel.<sup>27</sup> It was only well into the 2000s that India first accelerated defense procurement, joint interoperability missions, blue-water capability and participation in naval exercises, including additions to the Indian Navy Surface Combatant Fleet. Until that wave of modernization, almost half of India's warships were inoperable, while others were only sea worthy.<sup>28</sup> India's modernization efforts are mostly contingent on building both defensive and offensive capability to counter Pakistan and China, while protecting its offshore interests.

In contrast to India, Sri Lanka has no blue-water capabilities and has limited interdiction capacity. Its navy is barely able to cover its territorial waters, which are 27 times the size of Sri Lanka's landmass. Most Sri Lankan vessels were gifts and donations, such as Sri Lanka Coast Guard (SLCG) *Samudra Raksha* and *SLCG Samaraksha* by Japan, Australia, and most recently, a frigate from China.<sup>29</sup> Sri Lanka has no developed military industrial complex, save the inshore patrol Craft Project through which arrow class patrol boats.<sup>30</sup> The Wave Rider Crafts were locally manufactured by Sri Lanka's Navy and sold to Nigeria. Sri Lanka too is stepping up for modernization through Sri Lanka's Maritime Strategy-2025. No country with access to the sea likes to be left out from modernization efforts as developments in the Indo-Pacific continue in a rapid and dynamic fashion.

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26 Naval Today. (2019). Indonesia orders additional three 1,400-ton submarines from South Korea. [online] Available at: <https://navaltoday.com/2019/04/12/south-korea-to-export-three-submarines-to-indonesia-under-usd-1b-deal/>

27 International Institute for Strategic Studies, 2018. *The Military Balance*, 2018.

28 GlobalSecurity.org. (n.d.). India - Navy Modernization. [online] Available at: <https://www.globalsecurity.org/military/world/india/in-navy-development.htm>.

29 Gain, N. (2019). Sri Lanka Navy commissions former PLAN frigate - Naval News. [online] Naval News. Available at: <https://www.navalnews.com/naval-news/2019/07/sri-lanka-navy-commissions-former-plan-frigate/>

30 Srilankabusiness.com. (2016). SL Navy exports 9 Patrol Craft to Nigeria. [online] Available at: <http://www.srilankabusiness.com/blog/navy.html>

### 3.1 Militarization-Demilitarization paradox

The Belt and Road Initiative (BRI) covers a vast area of land and sea from Europe, Africa and North Korea. The US Indo-Pacific Command<sup>31</sup> is a geographic combatant command, which has integrated all of the US defense capabilities: Army, Navy, Air Force and Marine Corps. It further works in conjunction with multiple components and sub-unified commands, including the US Forces Korea, US Forces Japan, US Special Operations Command Pacific, US Pacific Fleet, US Marine Forces Pacific, US Pacific Air Forces and US Army Pacific. In a strict defense perspective, the US capabilities to deter China is far greater owing to its alliances. There may never occur a military showdown between the two countries but small states cannot enter into a strong argument for demilitarization of the oceans as it has been necessitated owing to regional power dynamics, threat perceptions and maritime crime. However, small states are capable of promoting a rules-based regime, negotiating in defining the rules of engagement and critiquing the military praxes of the states for security and stability. At an age of converging interests in a multipolar world, the role of non-state actors such as Tribunals and Arbitration Centers should be strengthened to make independent decisions. States should be pressurized to comply with supra-national institutions. Obeying rules should be a priority without Chinese or American exceptionalism.

## 4. Sri Lanka at the center of the Indo-Pacific: geopolitics

China's influence in Sri Lanka is inevitable due to huge Chinese investments in infrastructure projects, including Hambantota Port and Airport, Lotus Tower, Central Expressway, Colombo Port City and Norrochchilai Coal Power Plant. These investments have

31 U.S. Indo-Pacific Command. (n.d.). USPACOM Area of Responsibility. [online] Available at: <https://www.pacom.mil/About-USINDOPACOM/USPACOM-Area-of-Responsibility/> [Accessed 2 May 2019].

triggered India's suspicions, such as Hambantota port becoming a Chinese naval base. In the past, according to Nissanka (1984), Sri Lanka's port in Trincomalee was the main base for the Eastern Fleet and British Royal Navy during the Second World War.<sup>32</sup> Submarines can be docked there due to its natural disposition. As early as 2013, Sri Lanka expressed an interest of either purchasing or receiving a gift of a submarine; the former navy vice admiral's visit to Iran's 28<sup>th</sup> fleet and interest in its submarine, Younes, point out how even cooperation with a revisionist state was an option for Sri Lanka.

The US-Sri Lanka defense agreements, including Acquisition and Cross Services Agreement (ACSA) and the Status of Forces Agreement (SOFA), have enabled the two nations to receive logistical support, supplies and services on a reciprocal basis. SOFA provides the legal framework for the operation of the US military personnel under a foreign jurisdiction.<sup>33</sup> It defines the scope of applicability and to which extent laws of a foreign jurisdiction apply to the conduct of the US personnel in a foreign state. The contentious issues such as criminal jurisdiction and the US-basing rights in SOFA have caused both skepticism and fear.

Sri Lanka has had an enduring relationship with the US, China, India, Pakistan, Israel, Russia and Ukraine, which supported the country to defeat the Liberation Tigers of Tamil Eelam (LTTE). Colombage writes, "China provided weapons when many other nations shied away citing human right considerations. China even established a bonded warehouse for arms and ammunition that was required to fight the war."<sup>34</sup> Therefore, the newly elected President of Sri Lanka, Gotabaya Rajapaksa, has rightfully pronounced that Sri

32 Nissanka, H.S.S., 1984. *Sri Lanka's Foreign Policy: A Study in Non-Alignment*. Vikas Publishing House.

33 Mason, R.C., 2010. *Status of Forces Agreement: What Is It, and How Has it Been Utilized?*. DIANE Publishing.

34 Colombage, J. (2018). Strategic environment of South Asia/Indian Ocean region: Sri Lankan perspective. [online] Ft.lk. Available at: <http://www.ft.lk/opinion/Strategic-environment-of-South-Asia-Indian-Ocean-region--Sri-Lankan-perspective/14-646230> [Accessed 26 May 2019].

Lanka will have an equidistance foreign policy maintaining friendly relations with all.

Sri Lanka-Australia security relations have been a huge strength to the country in the realm of its border security. For example, the Tamil Asylum seekers have been illegally migrating to Australia via sea routes. In 2014, the Australian Coastguard intercepted a vessel with illegal immigrants but it had been unclear whether the vessels “had departed India rather than Sri Lanka and it was not clear whether the passengers were of Sri Lankan or Indian nationality”<sup>35</sup> (Brewster, 2015 44). Sri Lanka had to work with both the Indian and Australian authorities to deal with such issues reflective of the need for cordial relations.

The Sri Lanka-China relationship is a controversial one. Sri Lanka entered into the Chinese agreements without prior feasibility studies or risk and foresight analyses during the Rajapaksa regime, causing massive foreign debt. Nevertheless, new findings on Sri Lanka's external debt have revealed “50% of Sri Lanka's total external debt exposure is being held by international financial markets and sovereign bonds and China holds less than 15% of the total external debt.”<sup>36</sup> The Chinese debt, therefore, could be repaid if effective strategies are in place, including through engaging with BRI productively.

Sri Lanka-India relationship remains equally controversial. The Indo-Lanka accords of 1989 and intervention of the Indian Peacekeeping Force in Sri Lanka (1987-1990) during the Tamil crisis were domestically unwelcomed.<sup>37</sup> According to Buillion (2007), the military intervention reflected India's policies as a regional

35 Brewster, D., 2015. The Australia-India Framework for Security Cooperation: Another Step Towards an Indo-Pacific Security Partnership. *Security Challenges*, 11(1), pp.39-48.

36 Verité Research. (n.d.). Chinese debt is not Sri Lanka's biggest problem – Verité Research | Verité Research. [online] Available at: <https://www.veriteresearch.org/2019/01/16/chinese-debt-is-not-sri-lankas-biggest-problem-verite-research/>

37 Indo Lanka Accords available at: [https://peacemaker.un.org/sites/peacemaker.un.org/files/IN%20LK\\_870729\\_Indo-Lanka%20Accord.pdf](https://peacemaker.un.org/sites/peacemaker.un.org/files/IN%20LK_870729_Indo-Lanka%20Accord.pdf)

hegemonic power.<sup>38</sup> India has continued to pressurize Sri Lanka in the post-war period by voting against Sri Lanka in the US Human Rights Council Resolutions.<sup>39</sup> Irrespective of those concerns cited above, Sri Lanka needs a delicate balancing strategy as India is still economically important to Sri Lanka. India invested in the Palaly Airport, has granted US\$ 350 million for building villages and a solar power plant in Sampur, Trincomalee, and a liquefied natural gas terminal in Kerawalapitiya jointly with Japan.

## Conclusion

The change from the Asia-Pacific to the Indo-Pacific is not merely a wordplay. It is a carefully thought-out construct to promote economic and security interests in the Indo-Pacific Region. The US Indo-Pacific Strategic Report-2019 is reflective of how the Indo-Pacific Strategy will eventually emerge as the US grand Strategy to counter China's rise. Despite the robustness of the Quad alliance and military modernization of the Indo-Pacific nations, there will be no military showdown between China and the US. The Indo-Pacific countries cannot ignore the importance of China in the international political economy and will engage in hedging, strategic equidistance and delicate balancing acts. The center of gravity in the international politics is shifting to the Indo-Pacific, with Asia becoming increasingly important, economically, politically and strategically. Sri Lanka due to its unique position in the Indian Ocean is at the center of these strategic inclinations. Therefore, Sri Lanka requires a comprehensive and complementary foreign and defense policies that are in line with the modern times and strategic scales. A thorough understanding of the strategic environment should be carefully reflected in Sri Lanka's foreign and defense policies.

38 Bullion, A. (1994). The Indian peace-keeping force in Sri Lanka. *International Peacekeeping*, 1(2), pp.148-159.

39 Das, M. (2012). India votes against Sri Lanka, UN Human Rights Council resolution adopted. [online] NDTV.com. Available at: <https://www.ndtv.com/world-news/india-votes-against-sri-lanka-un-human-rights-council-resolution-adopted-472872>



# India and the Indo-Pacific Strategy

Geeta Madhavan<sup>1</sup>

The term “Indo-Pacific” is a newly evolved strategic construct that spans the geographical reality of the two major oceans of the world: The Indian Ocean and the Pacific Ocean. This strategic vision has mammoth significance and global implications.

“There’s our shared vision for a free and open Indo-Pacific region – a vision which we arrived at independently but which today we pursue together”, US Secretary of State Mike Pompeo stated in his opening remarks on 28 June 2019 at New Delhi, summing up the strategic plan and intent of the US in the region. The new term Indo-Pacific [alternately referred to as Free and Open Indo-Pacific] has shifted the focus to security and maritime interests of the nations that lie on both sides of both the oceans linking the United States to East and South Asia and to Africa. There are two reasons for this strategic shift: one is geo-economic and the other, geo-political. While the geo-economic reason is the spurt in the general volume of maritime trade and particularly, the increase of energy flows between the Indian and Pacific Oceans; the geo-political reason is the apprehension triggered by the rapid rise of China and the significant growth of India. The Indo-Pacific percept has been clearly articulated by the Japanese Foreign Ministry as the “key for stability and prosperity” and as the “dynamism that is created by combining ‘Two Continents’: Asia and Africa, and ‘Two Oceans’: Free and Open Pacific and Indian Oceans.”

The Joint Statement issued at the conclusion of the 34<sup>th</sup> ASEAN Summit held on 23 June 2019 at Bangkok declared that ASEAN recognises that Southeast Asia lies in the centre of the two dynamic

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regions: the Asia-Pacific and Indian Ocean regions. It adopts a perspective of seeing these “not as contiguous territorial spaces but as a closely integrated and interconnected region, with ASEAN playing a central and strategic role.”

The basic objective of the Indo-Pacific Strategy is benignly articulated as collective efforts by the countries which are ostensibly united to create a rules-based order for freedom of navigation; adherence to international law, customs, norms and well-established principles; sustainable and equitable exploitation of natural resources - living and non-living - reiterating thereby that the Oceans are the heritage of the mankind. However, there are serious and lurking doubts that the Indo-Pacific Strategy is specifically aimed at countermanding the influence and interests of China in the maritime domain and scrutinising China’s security structures and foreign policy in the Indo-Pacific Region. The Joint Press Release of the 9<sup>th</sup> Trilateral Meeting of 2018 among the United States, Japan and India stated that the officials “explored practical steps to enhance cooperation in the areas of connectivity and infrastructure development, counter-proliferation, counter-terrorism, maritime security, maritime domain awareness and Humanitarian Assistance and Disaster Relief (HA-DR).”

Several questions arise in the discussion of the Indo-Pacific Strategy. The first is: does the Strategy aim for the collective efforts of littoral countries of South Asia like Sri Lanka, Pakistan, Maldives, Seychelles, Indonesia and Philippines or does it involve only the big players like Japan, India, Australia and extra-regional powers like the US and the EU? Secondly, whether the significantly smaller countries and the island nations of South and Southeast Asia really are at the centre of the Strategy? The third question is, whether the Strategy aims at exerting more influence or less influence of the existing and emerging powers in the region? It, thereby, raises another query about the powers that are in reality emerging as the masters in the region and the ultimate effect of these new regional or extra-regional maritime powers on those smaller nations, which have neither the defence capability nor

combat capability to assert maritime dominance. Besides acting as a counter check to the Belt and Road Initiative (BRI) of China that was formulated with the express intention of acquiring economic connectivity and dominance in the region and beyond, will the Indo-Pacific Strategy shift its shape to become an Asian NATO? Therefore, there is a suspicion that the Indo-Pacific Strategy is formulated for the soft containment of China's maritime ambitions and maritime dominance. Finally, is the Indo-Pacific Strategy in the guise of establishing the Rule of Law, in actuality, spurring a military capability competition in the region turning these waters into militarized zones?

The Quadrilateral Security Dialogue (Quad) is a strategic dialogue involving the United States, Japan, Australia and India that was initiated in 2007 by Prime Minister Shinzo Abe of Japan. Through the Quad, the four trading democracies aimed to extend cooperation to each other in intersecting bi-lateral and multi-lateral activities, pursue defence exercises to maintain peace and security in the region and ensure the exercise of a rules-based international order. Although the Joint Press Release of the 9<sup>th</sup> Trilateral Meeting of 2018 among India, Japan and the US highlighted, as their aims, connectivity, infrastructure development, counter proliferation, counter terrorism, maritime security, maritime domain awareness, and humanitarian assistance and disaster relief (HADR), there have been alternate views that multi-lateral groupings and initiatives will lead to imbalance in the region, thereby disrupting the unity that has sustained trade and cultural linkages over a long period of time.

India, in its foreign policy and geostrategic positioning, is guided by the two principles of engagement and autonomy. Therefore, all policy-making decisions lay great emphasis on the strategic autonomy of India. The guiding principle of a foreign policy is rooted in national identity and capacity to stay non-polarised and non-factionalised. Therefore, to develop regional peace and stability in the region and maintain multi-polarity and its own identity, India has to engage with both the US and China. In 2016, China and India engaged in Maritime Cooperation Dialogue to increase practical cooperation to ensure maritime security in the region.

Prime Minister Dr. Manmohan Singh, while speaking at the ASEAN Summit in 2012, stated: India seeks a future that is “interlinked” for which “a stable, secure and prosperous Indo-Pacific Region is crucial.” At the Shangri-La Dialogue of 2018, Prime Minister Narendra Modi clearly stated: “India does not see Indo-Pacific Region as a strategy or a club of limited members nor as a grouping that seeks to dominate. And by no means do we consider it as directed against any country.” These statements are the reflection of the position taken by India, which has strong trade ties with China, and has been constantly engaging with China at various levels, despite some border related issues.

India has strong trade relations with China. In 2018, the India-China bilateral trade touched a historic high of US\$ 95.54 billion. Therefore, while being an integral part of the Quad Initiative, and while Quad will remain a part of the geo-political balancing in the Indo-Pacific Region, India will not allow that to interfere with its independent balancing efforts in the region. Subsequent to the Modi–Xi Jinping Summit in 2018, India has gradually slowed down in its commitment to the Quad, and, therefore, is regarded by the Western analysts as the weakest link of the Quad. India, on the other hand, attributes its approach to two definitive reasons. Firstly, the elusive specifics of the Quad do not reinforce its concrete purpose, and secondly, the countries that are part of the Quad Initiative are at variance in their political affiliations and agreements. For instance, how can there exist a natural partnership among Quad members with differing policies on the US and Iran, and China and Japan, and between ASEAN and Quad? India, therefore, prefers all geo-political and geo-strategic agreements and initiatives to be multilateral consultative planks and not be construed as alliances. Instead of considering the Quad as being the focal point of the Indo-Pacific Strategy, India has shown a preference to invest ASEAN with the responsibility of furthering cooperation and maintaining security in the region.

India is, therefore, justified in its apprehension that a competitive arms race in the maritime arena will develop if the Indo-Pacific Strategy is pursued aggressively without bringing China into the discussions on maintenance of maritime security and maritime domain awareness. It fears that counter alliances will form as smaller nations that have trade linkages with China will not want to risk the displeasure of China by aligning themselves with the Indo-Pacific Strategy as envisaged at present.

Conflict radials will develop turning the oceans into militarized conflict zones and pushing island nations and littoral states to choose one side or the other. This also raises the question: what credible alternatives and initiatives does the Indo-Pacific Strategy offer to the countries already committed or those no longer eager to commit to BRI? This question gains prominence after the disastrous Sri Lankan deal with China of the Hambantota Port Development Project. Sri Lanka's new government has struggled to make payments on the debt for the development of the port infrastructures. Under heavy pressure by the Chinese for payments, in December 2018, in lieu of the debts owed, the Sri Lankan Government handed over to China the Hambantota port and 15,000 acres of land around it for 99 years. This has led to a dilemma among several nations, which are scrutinising negotiations with China for projects and infrastructure developments.

India has, therefore, adopted a wider multilateral approach by partnering with Japan in the Asia-Africa Growth Corridor of 2017. The previously concluded Comprehensive Strategic Partnership of 2016 was also intended to extend India's influence over African coast. India has laid greater emphasis on the western Indian Ocean through which 65% of energy supplies for India from the Middle East pass and where 7 million Indian immigrants reside. India's concern is also greater in 3 other areas:

1. Straits of Malacca – between the Malay peninsula and Indonesia;
2. Straits of Sunda – between Java and Sumatra and the Indian Ocean; and

### 3. Straits of Lombok- connecting the Java Sea and the Indian Ocean.

In December 2018, India inaugurated the first phase of the Chabahar port in South East Iran on the Gulf of Oman, opening a strategic transit route among India, Iran and Afghanistan, bypassing Pakistan. The port is crucial to regional trade and India's economic ties with its partners of the tripartite project. This is also seen as an alternative to the development to Gwadar port in Pakistan by China. Although India and the US vary over their policies towards Iran, India has reiterated that it will engage but not align with regional powers and balance its national maritime interests.

The two European powers, France and Germany, albeit extra-regional powers, are being viewed as preferred partners in India's Indo-Pacific vision of cooperation. India also considers other partners, which are geographically placed closer in the region, e.g. Iran and Russia, to avoid total dependency on the US alone. With Russia seemingly moving closer to China, it is to be seen whether this is a strategically wise move.

India is inclined to see the Indo-Pacific Region as more of a trading highway than perceivable choke points. Therefore, India's stress is on protection of India's Sea Lanes of Communication (SLOC) for trade and communication. India's main focus on Pakistan and China is trade-related maritime domination and as it sees no perceivable major state-based threat from sea, it has not developed its navy for punitive strikes or blockades.

Several questions are constantly raised about India's geo pre-eminence and cultural and trade linkages, which are seen as constantly threatened by BRI. For example, the refusal by Seychelles of the offer of India of US\$ 550 million for the construction of a base in the island nation was viewed by China as a strategic defeat of India. Overcoming the recent controversy, India and Seychelles, in a major move in July 2018, agreed to work together on the joint project at the Assumption Island keeping each other's concerns

in mind. India ramped up its defence partnership with the Indian Ocean Region (IOR) country by handing over a Dornier aircraft and US\$ 100 million defence-related Line of Credit to augment the island nation's defence capabilities. The two sides also signed six pacts, including a cybersecurity arrangement and White Shipping Agreements between the two navies. India and France have signed "regional reciprocal logistics support" agreement that allows warships of both the nations access to each other's naval bases in the Indian Ocean. The deal will facilitate the French and Indian armed forces to receive logistical support, supplies and services from each other during authorised port visits, joint exercises, joint training, humanitarian assistance and disaster relief efforts. India is all set to firm up a defence logistics agreement with France, just like LEMOA (Logistics Exchange Memorandum of Agreement) with the US. It illustrates, in more ways than one, the continuous deepening of France-India partnership in the Indian Ocean, guided by the Joint Strategic Vision adopted by both the countries last year, and the excellent cooperation between their navies. The move will allow India access to the French military bases in the Indian Ocean and the Horn of Africa, and round off another critical part of enhancing its military presence in these waters to counter China. This forms the entire arc from the Pacific to the mouth of the Persian Gulf, essentially forming the expanse now termed as the 'Indo-Pacific'. Australia, too, is said to be interested in pursuing a logistics agreement of the kind the US has and now France will have with India. France and India share a commonality of interests. Both the countries, which face the same challenges with the same values - freedom of navigation and fight against maritime piracy - are determined to foster economic cooperation. India and France are also considering to balance China through Naval cooperation in the Indian Ocean Region. The Andaman and Nicobar Islands as well as La Réunion are situated near key chokepoints, providing access to the Strait of Malacca and the entire coast of Africa and the

Southwest Indian Ocean. Together, India and France could make significant gains in generating maritime domain awareness in the southern and western Indian Ocean, reinforcing India's initiatives to create such awareness for the region at large.

India has also moved on in the projects of development in the Assumption Island in Seychelles and Agalega Islands in Mauritius, both on the outer stretches of Africa, with the intent to monitor heavy shipping traffic moving across the Indian Ocean and also towards the Horn of Africa and to the Persian Gulf. In both these places, India will build infrastructure and operate bases with adequate safeguards to the sovereignty of the countries concerned.

Another agreement India signed as a part of this maritime strategy was with Singapore at the Defence Ministers' Dialogue in July 2018. Under this agreement, India can dock its naval platforms in Singapore for longer periods, use its facilities, and even conduct maritime surveillance missions in the South China Sea. As a result, Indian ships and naval assets can move across from the edge of the Pacific, Singapore, down to the Andamans, Diego Garcia, then on to Mauritius, Seychelles, and Djibouti, onwards to Oman.

Vietnam constantly faces the threat of being used as a pawn between the US's and China's power politics. Thus, it has turned to India for guidance and support. The proximity of Cam Ranh Bay port to the Malacca Strait and China makes it important and if Vietnam gives access to India to the strategic port, it should be able to secure all its economic interests and also ward off any possible threats from China. India and Vietnam have a stake in ensuring security of the sea lanes and share concerns about China's access to the Indian Ocean and the South China Sea. Vietnam is thus a willing partner of India to curb China's influence in the troublesome South China Sea.

Meanwhile, India has also sought agreements with Australia to gain access to the bases in Cocos (Keeling) Islands (belonging to Australia), which are closer to Southeast Asia than to main air bases in Australia. India also considers as its partners other states in the region with which it has age-old linkages, e.g. Russia, thereby



avoiding dependency on the US, which is not only in keeping with its principle of strategic autonomy but also of non-alignment. India and Russia have held one round of dialogue on the Indo-Pacific Strategy and may hold a second round of dialogue in the near future. Prime Minister Modi has been invited as the chief guest to the Eastern Economic Forum was held in Vladivostok in September 2019. The forum is a key element in Russia's Indo-Pacific Strategy and India sees Russia as a reliable partner in the region.

Finally, India is poised to reach agreements that ensure both its national and regional security and also forge its own policies regarding maritime concepts and principles, not with standing it partnering with different countries to ensure the safety of maritime trade and maritime domain awareness. Despite national criticism and international scepticism over its policy of strategic autonomy, power balancing, bilateral alliances and initiatives and its unwillingness to be pulled into conflicting positions, India has been successful in forging an Indo-Pacific outlook that goes beyond mere strategy and involves all the major powers, small island nations and littoral countries of the region.

# Nepal's Approach Towards the Indo-Pacific Strategy

Mahesh Bhatta<sup>1</sup>

The Indo-Pacific Strategy has created a buzz in the contemporary international relations. It has received exceptional media attention all over the world and is becoming a centre of political, strategic, and security debate. Even a small country like Nepal could not remain isolated from the Indo-Pacific discussion and has become one of the key stakeholders in the region. Being situated between India and China, Nepal's geostrategic location has lately attracted interest from powerful states. 2019 began with a flurry of diplomatic activities, including the visits of Japanese Foreign Minister Taro Kono and Nepali Foreign Minister Pradeep Gyawali to India. Admiral Phil Davidson, head of the US Indo-Pacific Command, visited Nepal while General Purna Chandra Thapa, Chief of Nepal's Army Staff, visited India.

## Nepal in the Indo-Pacific Strategy Report

The United States Department of Defense made public the Indo-Pacific Strategy Report on 1 June 2019 in which Nepal has been added to the US's 'State Partnership Programme in the Indo-Pacific'. In the report, the US Defense Department said that the country is seeking to expand defense relationships focusing on disaster recovery, peacekeeping operations, defense professionalization, ground force capacity, and counter-terrorism. The report further says, "Our growing defense partnership can be seen in the establishment of the U.S. Army

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Pacific-led Land Forces Talks in June 2018, our senior-most military dialogue with Nepal. This year has already seen several senior-level visits to Nepal by the United States Indo-Pacific Command (US-INDOPACOM) Commander and Deputy Assistant Secretary of Defense for South and Southeast Asia to further advance our defense relationship."<sup>2</sup> According to the Report, within South Asia, the United States is working to operationalize its major defense partnership with India, while pursuing emerging partnerships with Sri Lanka, the Maldives, Bangladesh, and Nepal. Highlighting the importance of the Indo-Pacific Region, the Report says, the Indo-Pacific contributes two-thirds of global growth in the gross domestic product (GDP) and accounts for 60 percent of global GDP. "This region includes the world's largest economies-the United States, China, and Japan and six of the world's fastest-growing economies- India, Cambodia, Laos, Burma, Nepal and the Philippines."

This is all about Nepal, the least mentioned in the 64-page Report. However, many areas of cooperation have been included and expanded too. Operations for peacekeeping, military professionalization and counter-terrorism are the focus areas for increasing cooperation in defense.

The Indo-Pacific strategy has triggered massive discussions and also courted controversy after the USA sought Nepal's central role in the Indo-Pacific strategy during the meeting of Foreign Minister Gyawali with US Secretary of State Mike Pompeo in December 2018.<sup>3</sup> In Kathmandu, the report came into limelight as it included Nepal in the U.S. strategic umbrella, which is contradictory to our foreign policy's principled position of non-alignment. Although the title 'Indo-Pacific Strategy Report: Preparedness, Partnerships, and

2 [https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT OF DEFENSE INDOPACIFIC STRATEGY REPORT 2019.PDF](https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT_OF_DEFENSE_INDOPACIFIC_STRATEGY_REPORT_2019.PDF)

3 United States seeks to expand defense ties with Nepal under its Indo-Pacific Strategy: <https://myrepublica.nagariknetwork.com/news/united-states-seeks-to-expand-defense-ties-with-nepal-under-its-indo-pacific-strategy/>

Promoting a Networked Region<sup>4</sup> indicates that all the countries included in the document have already been an integral part of that strategy, the reality might be different.

## Nepal's position

Nepal has not formally commented on the Report. Yet our conduct of foreign policy till date includes certain principles which do not permit Nepal to be aligned with any military alliances. But the US side has repeatedly stressed that this is not a club where one needs to take membership or sign up to. Nepal's priority, no doubt, is to preserve a friendly neighborhood relationship. Foreign Minister Gyawali has clarified that Nepal has not been a part of the Indo-Pacific Strategy and will not be part of such alliances and strategies. Regarding his meeting with Secretary of State Pompeo, Gyawali said there were no discussions about Nepal becoming part of the Indo-Pacific Strategy. Since Nepal is the Chair of SAARC and a member state of BIMSTEC, it can play a crucial role in the Indo-Pacific Region and the US knows this fact well.

In December 2018, Foreign Minister Gyawali had met with Secretary of State Pompeo during his visit to the US. According to the statement issued by the State Department, Nepal's central role in a free, open and prosperous Indo-Pacific was discussed but there had not been discussions about Nepal becoming a member of that strategy.<sup>5</sup> At a press conference after returning from the US, Gyawali rejected the reports about Nepal's inclusion in and support for the Indo-Pacific Strategy.

4 [https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT OF DEFENSE INDOPACIFIC STRATEGY REPORT 2019.PDF](https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT_OF_DEFENSE_INDOPACIFIC_STRATEGY_REPORT_2019.PDF)

5 Minister for Foreign Affairs Pradeep Gyawali outrightly rejected reports about Nepal supporting the Indo-Pacific strategy of the US- <https://kathmandupost.com/national/2018/12/24/gyawali-refutes-reports-about-nepal-joining-us-indo-pacific-strategy><https://kathmandupost.com/national/2018/12/24/gyawali-refutes-reports-about-nepal-joining-us-indo-pacific-strategy>

## Millennium Challenge Corporation (MCC) and Nepal

The government of Nepal signed a Compact worth US\$ 500 million with the government of the United States of America in September 2017. The Compact aims to increase the availability and efficiency of electricity, preserve road quality and facilitate power trade and promote electricity exchange. The construction of high-voltage transmission lines and maintenance of strategic roads will provide further support to development initiatives. The MCC projects are jointly backed by the U.S. government and Nepal, as the latter puts US\$130 million into it.<sup>6</sup>

According to the US Ambassador to Nepal, Randy Berry, “MCC will contribute to the country’s future not only as an energy sufficient country but as an energy exporter as well. The impact of the MCC compact will be immense because it comes with clear terms, transparency, accountability and anti-corruption measures with fairness and openness in procurement and implementation as well as a sharply defined budget... his is not about the US government giving money to Nepal to do something; it’s a combined investment of both countries that will demonstrate that Nepal is an investment destination.”<sup>7</sup>

Though the agreement was signed sometime back by the then Finance Minister Gyanendra Bahadur Karki, from the Nepali Congress Party, implementation of the pact will only start in 2020 as there has been considerable delay by the Federal Parliament in ratifying it.

## Is MCC an initiative under the Indo-Pacific Strategy?

While the government of Nepal has categorically denied any role and engagement in the Indo-Pacific Strategy, the Report

6 The Millennium Challenge Corporation (MCC)- <https://www.mcc.gov/where-we-work/program/nepal-compact>

7 Indo-Pacific Strategy Just a name given to the US Policy: Amb. Berry- <https://risingnepaldaily.com/interview/indo-pacific-strategy-just-a-name-given-to-the-us-policy-berry>

introduced by the US Department of Defense states that the United States seeks to expand its defense relationship with Nepal under the State Partnership Program in the Indo-Pacific.<sup>8</sup> Nepal, along with Sri Lanka, has been recently added in 2019 to the US's 'State Partnership Program in the Indo-Pacific.'

Acting Deputy Assistant Secretary for South Asia at the US Department of State David J Ranz has said that the Millennium Challenge Corporation Compact programme was one of the most important initiatives being implemented in Nepal under the US Indo-Pacific Strategy. According to Ranz, "the MCC Compact was valuable not only because it was going to provide critically needed infrastructure to boost Nepal's energy sector, but also because it would boost regional connectivity. Regional connectivity is another critical aspect of our goals in the Indo-Pacific Strategy."<sup>9</sup> His remark clearly hints that Nepal will be construed to have embraced Indo-Pacific Strategy if it chooses to use the MCC fund.

### **MCC and IPS not linked: Nepal**

Minister of Foreign Affairs Pradeep Gyawali however on several occasions has stressed that the MCC Programme and the Indo-Pacific Strategy are two different things and that there is no need to link them together. According to him, "Nepal interpreted the MCC Compact as a development partnership and nothing else. The negotiation process for the MCC Compact partnership had begun in 2014 and Nepal officially signed a USD 500 million assistance deal in 2017. US President Donald Trump coined the term Indo-Pacific Strategy later. It is different if all past assistances come under the Indo-Pacific Strategy but there's no need to link these two different

<sup>8</sup> Contrary to government claims, latest Indo-Pacific Strategy report includes Nepal in its State Partnership Program- <http://kathmandupost.ekantipur.com.np/news/2019-06-03/contrary-to-government-claims-latest-indo-pacific-strategy-report-includes-nepal-in-its-state-partnership-program.html>

<sup>9</sup> MCC important initiative under Indo-Pacific Strategy- <https://thehimalayantimes.com/nepal/millennium-challenge-corporation-compact-programme-important-initiative-under-indo-pacific-strategy/>

things.”<sup>10</sup> Despite these assurances, some senior leaders of his own party have been airing views against ratifying the MCC from the House. PM Oli even complained publicly that Speaker Krishna Bahadur Mahara, before resigning as Speaker, was delaying the ratification process. Senior leaders of the NCP like Bhim Rawal have also been publicly voicing their concerns against the MCC.

### **Respecting Nepal's neutrality is in US interest**

Nepal and the US established diplomatic relations in 1947 and since then Nepal has been receiving substantial US support. Over the years, Nepal has received hundreds of millions of dollars in American foreign aid, including US\$ 500 million Millennium Challenge Corporation grant.<sup>11</sup> But the media rage for and against the MCC and the resultant arguments and counter-arguments inside the ruling Nepal Communist Party (NCP) augurs ill for Nepal's international relations exercise. An obvious question arises: If the MCC was against Nepal's inherent national interests, why did we sign it? And make a hue and cry only during the last stage i.e. during its ratification and implementation?

At the same time, the US government should also try to understand why Nepal is committed to maintaining its non-aligned policy and should explore how it can still play a central role in protecting the US interests in the region without officially aligning with it.

### **Nepal can assist the US in the region**

Nepal sits between India and China, two very important countries for the US, and with which the US has relationships that is being

10 MCC, Indo-Pacific Strategy not linked- <https://thehimalayantimes.com/nepal/millennium-challenge-corporation-compact-programme-united-states-indo-pacific-strategy-not-linked/>

11 The US Government's MCC has approved a US\$500 million (approximately NRs. 52 billion) 'compact programme' with Nepal. This is MCC's first compact in South Asia. <https://kathmandupost.com/valley/2017/08/18/mcc-approves-500-million-compact-programme-with-nepal>  
<https://kathmandupost.com/valley/2017/08/18/mcc-approves-500-million-compact-programme-with-nepal>

widened from economic, political to strategic and military. While sometimes the relations is marked by closeness, there are at times also differences on many issues. From Washington's viewpoint, India and China are neither rivals, since they often need to collaborate to secure common interests, nor consistent allies, since they cannot trust each other in many areas. Therefore, given the US interest in maintaining ties with India and China, its deeper engagement with Nepal could provide a buffer zone in the region that would strengthen Washington's ability to negotiate with both Beijing and New Delhi. Thus, involving Nepal in the region is in the best interest of the United States. Moreover, unlike hardliners in Washington who contend that a country can only support or oppose the United States, Nepal seems to be able to help the United States in the region by being a neutral state. Afterall, Nepal established diplomatic ties with the US before it did with its own two neighbours – India and China. Currently, Nepal is also the Chair of SAARC in which the US is an Observer. Washington should, therefore, continue to engage Nepal with a long-term strategic vision and support its neutral role in the region.

## **Geopolitical Dynamics: BRI and IPS**

At present, two strategic ideas - Belt and Road Initiative promoted by China and Indo-Pacific Strategy propagated by the US have grasped the attention of scholars, strategists, diplomats, and policy analysts. In 2013, BRI was launched as China's dream project to expand connectivity through infrastructure projects along the ancient Silk Road and Maritime Silk Route to help develop cross-border trade hubs.

Like China, the US has also come forward with a new competing ideology represented by the Indo-Pacific Strategy. Amid consensus on the eastward shift of economic gravity following China and India's emergence as global economic superpowers, the US has also re-adjusted its strategic emphasis on Asia and the Pacific region. The



security perception of the US is highlighted by the fact that China has made a huge investment to build deep seaports along the rim of the Indian Ocean from Gwadar in Pakistan through Kyaukpyu in Myanmar, Chittagong in Bangladesh to Hambantota in Sri Lanka which are referred to as 'String of Pearls'.<sup>12</sup> The United States interprets the 'String of Pearls' as a euphemism for China's strategic alliance for the Indian Ocean and South China Sea dominance. Over the past decade, the United States has developed a mechanism called the Proliferation of Security Initiative to tackle the perceived or real challenges posed by China's rise. There is a growing conflict of interest between the two powers in the South China Sea, coupled with rising rivalry in the Gulf region and increasing differences of views in Afghanistan, Syria, Iraq, and Venezuela on domestic conflicts. This shows that both powers are in a constant need to look over the shoulder of others as they move along to fulfill their alternative visions for creating a better world order. The on-going trade war can also be seen in the same prism.

The US has offered India a dominant role in the Indo-Pacific Strategy, which seems to have attracted the latter's attention because of its ability to serve as a platform to showcase its newfound economic and military capabilities. India's willingness to be a part of the 'Quad' consisting of the other three countries Japan, Australia, and the US shows that there is more to the Indo-Pacific Strategy than that meets the eyes. India has likewise set-up a separate Indo-Pacific Division in its Ministry of External Affairs.

Smaller countries in the region including Nepal are under tacit pressure to choose either the BRI or the Indo-Pacific Strategy to fulfill their aspiration for better connectivity, infrastructure development and economic prosperity. Nepal had been receiving

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12 Degang SUN & Yahia ZOUBIR, "Development First": China's Investment in Seaport Constructions and Operations along the Maritime Silk Road, Shanghai International Studies University 2017.

hints of disapproval from the US about its endorsement of BRI in 2017.<sup>13</sup> Washington made an overture to Nepal to play a ‘central role in free and open Indo-Pacific’ in December last year. Against this backdrop, Nepal should not be siding with one or the other and learn to act more assertively in its relations with its interest at the center. The geopolitical and strategic locational advantage as well as its chairmanship SAARC and membership of regional organizations such as BIMSTEC, BBIN, provide great leverage to play an effective role in the region. Nepal should not treat BRI and Indo-Pacific Strategy as mutually conflicting opportunities for advancing connectivity and infrastructure projects rather endeavor to benefit from both.

### **President Xi Jinping’s visit to elevate bilateral ties**

China sees Nepal as a strategic geographic zone in the Himalayan region and has been carefully managing its relations with Nepal. The Chinese outlook appears to be changing rapidly as evident from the results of President Xi Jinping’s visit to Nepal in October 2019.

President Xi’s visit to Nepal had a strategic significance especially when Nepal is under pressure by the US administration to officially join the Indo-Pacific and play a central role in a free, open and prosperous Indo-Pacific.

With a growing focus on strengthening bilateral cooperation, especially on building sub-regional connectivity,<sup>14</sup> Beijing appears to orchestrate a Himalayan approach in its relationship with Kathmandu-revealing a major Chinese policy in making. President Xi expressed a view to forge “strategic and long-term” cooperation between the two sides.

13 BRI vs. Indo-Pacific Strategy- <https://www.pressreader.com/nepal/peoples-review/9d48/20190911/281822875493523>

14 “Joint Statement between the People’s Republic of China and Nepal”, *Ministry of Foreign Affairs, People’s Republic of China*, June 22, 2018; and “Joint Statement Between Nepal and the People’s Republic of China”, Ministry of Foreign Affairs, Government of Nepal, October 13, 2019.

Stressing a 'renewed friendship' President Xi also laid emphasis on a 'trans-Himalayan multi-dimensional connectivity network'. What is interesting about China's recent relationship with Nepal is its effort to transform the relationship into a comprehensive alliance aimed at integrating Nepal with its Belt and Road Initiative. Orchestration of a realistic and strategic mode of comprehensive partnership is becoming the focus of China's approach to Nepal, rather than just a simple form of engagement.

Xi's visit, with more than 20 agreements<sup>15</sup> outlined an ambitious Chinese strategy not only to support the BRI funded flagship projects but also to strategically link them to their various trans-Himalayan connectivity projects. For instance, the intended cooperation on Kathmandu-Pokhara-Lumbini Railway project, restoration of Zhangmu/Khasa port, implementation of various highway projects in the Himalayan valley promoting transit-transport connectivity and plans to promote three north-south corridors in Nepal (Koshi Economic Corridor, Gandaki Economic Corridor, and Karnali Economic Corridor) outlining China's ambitions to deepen connectivity with Nepal<sup>16</sup> both within and outside the purview of the BRI. However, how swiftly China and Nepal can develop modalities to implement these projects needs to be seen.

In addition, Xi's recent visit to Nepal can be perceived beyond the purview of bilateralism between the two sovereign nations. Critics have pointed out to the communist party to communist party relations from the two countries as seen during the training symposium on 'Xi Jinping Thought' that took place in September 2019 in Kathmandu wherein leaders and cadres of the NCP participated. In the recent days, mayors, local Left leaders and NCP cadres are visiting China in large numbers.

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15 Xi wraps up Nepal visit with 20 pacts: main agreements aim at boosting connectivity between the two countries-<https://thehimalayantimes.com/nepal/xi-wraps-up-nepal-visit-with-20-pacts/>

16 "Joint Statement between Nepal and the People's Republic of China", *Ministry of Foreign Affairs, Government of Nepal*, October 13, 2019.

All these developments come amidst Beijing's effort to increase its influence in South Asia. Xi's visit to Nepal indicates the changing approach of China to its immediate neighbours. Strengthening partnership with Nepal enhances the sub-regional outreach of China in the Himalayan Valley. Therefore, Xi's visit to Kathmandu sets a new benchmark for Nepal-China ties to imbibe a party to party and a regional approach, moving away from traditional inter-state relations based on simple bilateral modes of engagement.

## Conclusion

Being a small land-locked country in a sensitive geopolitical location, Nepal can ill afford to be a part of any geopolitical games. Therefore, Nepal should be careful not to get entangled in big-power rivalry and handle the situation diplomatically. If Nepal tries to solve the question through the binary view of either BRI or Indo-Pacific Strategy, it will antagonize one force at the expense of getting cozy with another. Therefore, it is time to redefine our understanding of both the BRI and the Indo-Pacific Strategy, as both knock our door to enter and seek our role.

# Indo-Pacific: The Shifting Rhetoric An Indian Perspective

Aparupa Bhattacharjee<sup>1</sup>

## Introduction

### The concept of geopolitics

The word 'geopolitics' has been predominantly used and referred to in the domain of International Relations and Security Studies. The term is stated to define the amalgamation of geography with the political concept. The word coined by the Swedish citizen, Rudolf Kjellén, in the early 20th Century, describes the concept as, "the science of states as life forms, based on demographic, economic, political, social and geographical factors." Along with Kjellén, his fellow colleague Friedrich Ratzel emphasized the necessity of this newly coined word as a nation derives its power from the land it controls in order to sustain in the international political arena. His explanation forms the core of this concept which is well understood even when one studies the contemporary world politics.

With the advent of the industrial revolution, the enthusiasm to learn about its impact on the world politics further expanded the foundation of the aforementioned concept. The extensive mention of this concept in the 20<sup>th</sup> century literature cemented its importance in academia. The industrial revolution and the two world wars, which followed in the same century ushered in a new era in the world politics. Several academicians believed that the size of the given territory and competition between states has a prominent role to play

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in strategic policies. This thinking was evident through the balance of power in Europe in the same period, the rise of colonial powers like Britain, France and Portugal due to their marine supremacy and industrialisation, and the formation of imperial colonies in Asia and Africa on the basis of their strategic locations. The concept of geopolitics reached its zenith in this period. Thinkers like Alfred Thayer Mahan, Halford Mackinder, John Seeley, Karl Haushofer, Friedrich Ratzel, H. G. Wells, Nicholas Spykman, Homer Lea, Frederick Teggart, Frederick Jackson Turner, James Burnham, E. H. Carr and Paul Vidal de la Blache started implementing the concept in their work in order to explain the transformation in the world politics.<sup>2</sup>

The impact of this concept could be visualized even in the contemporary political order. The rise of the United States and Russia as superpowers was attributed to the size of these countries and also to their economic development. The advent of globalization had added a new dimension to the concept of geopolitics. This phenomenon leads to an integration of the people of one corner to the other end. There was no confinement of a national border; and trade and connectivity had their reach across the world irrespective of distance, culture and language. This phenomenon re-confirmed the co-relation between the economic interests and geopolitics. The economic goals motivated connectivity, especially with the countries located in strategic locations. Additionally, this also brought prominence to the maritime routes used for trade and connectivity as the underbelly of the geopolitical concept. The concept led to the growth of different countries and rise of the regional rhetoric like the Indo-Pacific. This paper attempts to describe this rhetoric vis-à-vis the concept of geopolitics and to analyse the Indian understanding of it and its importance to the country.

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2 Sören Scholvin. 2016. "GEOPOLITICS: An overview of concepts and empirical examples from International Relations." The Finnish Institute of International Affairs Working Paper, ISSN: 2242-0444 <https://www.files.ethz.ch/isn/196701/wp91-Geopolitics.pdf>

## Indo-Pacific

### The rise of a shifting region

The inception of a global era has led to the shift of prominence and power to those countries which hold political strings. The rise of Asia as an economic giant is attributed to this era. The early 90s welcomed the globalization and opening up of the market in Asia, which led to the rise of this region economically. The countries contributing to the economic success in Southeast Asia, South Asia and East Asia were attributed the term 'Asian Tigers' in the region. Although in 1997, the region witnessed a historical financial crisis, it revived itself within the span of some years. The region with the largest population currently has "... world's 30 largest cities, 21 are in Asia, according to the UN data. By the next year, Asia will also become home to half of the world's middle class, defined as those living in households with daily per capita incomes of between US\$ 10 and US\$ 100 at 2005 purchasing power parity (PPP)."<sup>3</sup> Today, this continent is the centre for the world economic activity. "It has become the main growth engine of the world. In fact, we are now living through what many have termed the Asian Century", as rightly stated by Narendra Modi, Indian Prime Minister, at the last annual meeting of the Asian Infrastructure Investment Bank.

Although the success is attributed to the entire continent, the real achievers are those countries which enjoy the marine connectivity. Hence, the economic success is accredited specifically to the Asia-Pacific region. This region is going to witness constant economic growth in the coming years also. In value terms, the Asian GDP increased between 1970 and 2015 from US\$ 4.63 trillion to US\$ 45.39 trillion in constant prices, an increase well above the rise in population growth, lifting millions out of poverty. If the current trends continue, it is predicted that the share of the Asia-Pacific region in the world GDP will have risen to 63.5% by 2050 with

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3 Valentina Romei and John Reed "The Asian Century is set to begin", Financial Times, 26 March 2019

Europe declining to 12.1%, the Americas at 18.9% and Africa rising marginally to reach 5.5%. Slowing growth in China will not halt the Asian growth as conditions for expansion exist across South Asia, particularly in India."<sup>4</sup> But what is the Asia-Pacific?

The Asia-Pacific as a rhetoric is accredited to the region which centres on the Pacific Ocean. This rhetoric came to the forefront in 1960s for connecting the East Asia to the wider Pacific region. This concept was highly induced by countries such as the United States, Japan and Australia. Though the US cannot be a part of Asia, its economic, military and political collaboration with several Pacific countries prompted it to propagate this regional construct. This got further pre-eminence following the previous US President Barack Obama's American Foreign Policy of "Pivot to Asia". The rebalancing of the American focus to Asia was initiated by Obama's predecessors by deploying weaponries in Guam and Japan in East Asia, and cooperating on Singapore's Changi Air base and others. But the major emphasis to the construct of the Asia-Pacific was given by Obama's strategic interest in the Southeast and East Asia. This was further strengthened by the support of countries like Australia and Japan.

The term, "Asia-Pacific", implies a region comprising the East Asia and the countries of the Pacific, such as Australia, Canada, New Zealand and the US. This region comprises active regional organizations like the Association of Southeast Asian Nations (ASEAN) as well as the Asia Pacific Economic Cooperation (APEC). But by early 2000, it was realized that there is greater connectivity not only with the East of Asia but also the west. In 2004, the US launched the Proliferation Security Initiative (PSI) to counter sea-borne proliferation of the Weapon Mass Destructions (WMDs), which focused on enhancing maritime strip stretching from the West Asia, especially Iran and Syria to the Northeast

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4 Brian Sturges, 2017. "The Unstoppable Economic Rise of Asia", World Economics, World Economics, 1 Ivory Square, Plantation Wharf, London, United Kingdom, SW11 3UE, vol. 18(3), pages 105-112, July.



Asia, such as North Korea. This stretch made it evident that the India Ocean has become the connector to the rest of the world. This realisation weakened the Asia-Pacific as a notion. As the Indian Ocean did not play much of a role in the previous rhetoric, there was a need for a larger region that combined both the Indian and Pacific Oceans. These two gigantic water bodies have become crucial for the alignment of the new geo-political world order.

The shift from the Asia-Pacific to the Indo-Pacific became further essential due to the growing political-military power of China and its assertion on the region. China's Foreign Direct Investment, trade and infrastructural investment all over Asia and Africa have become worrisome to many. The "String of Pearls"<sup>5</sup> strategy of China as highlighted by a US think-tank in 2005, indicated how China has been investing in all the crucial ports all around Asia and Africa. This became a cause of concern for other regional powers like India and Japan. This concern prompted the shift from the Asia-Pacific as a concept to the Indo-Pacific.

Thus, a discussion in 2006 at the Institute for Defence Studies and Analyses (a New Delhi-based Think Tank) led to the coinage of the new term, Indo-Pacific. Dr Gurmeet S Khurana first mentioned the word in his paper titled "Security of Sea Lines: Prospects for India-Japan Cooperation" published in the journal, Strategic Analyses, in January 2007. This article focused on explaining the concept but did not specify the reason for its rise. The coinage of this new nomenclature led to the shifting of the world focus from only Pacific to the amalgamation with the other ocean, Indian Ocean. The reason for the larger coverage was to tap into the Chinese weaknesses and their energy connectivity via the Indian Ocean. The Ocean also is China's link to the rest of Asia and Africa. In August 2007, in a speech he delivered at the Indian Parliament, the Japanese Prime

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5 Gurpreet S. Khurana. 2008. "China's 'String of Pearls' in the Indian Ocean and Its Security Implications" *Strategic Analysis*. 32:1. pages 1-39, DOI: 10.1080/09700160801886314

Minister, Shinzo Abe, described the concept of the Indo-Pacific as “Confluence of the Indian and Pacific Oceans.”<sup>6</sup>

The term, Indo-Pacific, loosely implies the region that comprises the Indian and Pacific Oceans. But it is not a constant and permanently described term. Interestingly, the term has been deciphered differently by different countries and regional groupings. For example, Indonesia strongly perceives it to be the role of centrality when it comes to the Indo-Pacific. That was also corroborated by Indonesia’s foreign policy. The then Foreign Minister, Marty Natalegawa, in his keynote address at an Indonesia conference at Washington’s Centre for Strategic and International Studies (CSIS) in 2013, laid the foundation of “An Indonesian Perspective on the Indo-Pacific.” Currently, Indonesia’s present Foreign Minister Retno’s stance remains the same. President Joko Widodo’s Global Maritime Axis vision further enhances this standpoint. It was Indonesia that pushed ASEAN to adopt its Indo-Pacific vision. The ASEAN Outlook on Indo-Pacific (AOIP) was adopted during the 2019 ASEAN Annual Summit. AOIP establishes ASEAN and the Southeast Asia as central to the Indo-Pacific, which includes the Indian Ocean region and Asia-Pacific. The establishment of these three as one region gives a new definition to the Indo-Pacific. As stated by C Raja Mohan, National University of Singapore, adaptation to this new definition has led to the starting of a new phase of geo-politics. He also pointed out that the document and its explanation of the newly defined geography of the Indo-Pacific refute the notion that geographic concepts are constant. He mentions, “political geography changes depending on political circumstances.” Even Thitinan Pongsudhirak, Institute of Security and International Studies of Thailand, considered this to be “a paradigmatic shift.”<sup>7</sup>

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- 6 Mercy A Kuo, “The Origin of Indo-Pacific as Geopolitical Construct: Insights from Gurpreet Khurana”, *The Diplomat*, 25 January 2018  
URL: <https://thediplomat.com/2018/01/the-origin-of-indo-pacific-as-geopolitical-construct/>
  - 7 Aparupa Bhattacharjee, “ASEAN Outlook on the Indo-Pacific: Worth all the hype?” *Global Politics*, CWA#155, 18 August 2019 URL:[http://www.globalpolitics.in/view\\_cir\\_articles.php?ArticleNo=155&curl=Southeast%20Asia&recordNo=238](http://www.globalpolitics.in/view_cir_articles.php?ArticleNo=155&curl=Southeast%20Asia&recordNo=238)

### The American Push

Similar to the concept of the Asia-Pacific, the major push for the Indo-Pacific came from the US again. The reason for the shift is twofold. As aforementioned, the first reason is the Chinese expansion from the western Pacific to the Indian Ocean for their political and economic activities. Secondly, the US realised India's role as the “net security provider”. Thus, it was imperative to incorporate New Delhi into this larger region-wide security architecture encompassing the two major Oceans. It was under the tenure of Donald Trump that the term, “Indo-Pacific” got greater recognition. The new American foreign policy points towards a more robust collaboration with its allies and partners in order to curtail the rise of China.<sup>8</sup>

Trump took the next step by introducing his vision of a “Free and Open Indo-Pacific” (FOIP) at the APEC meeting in November 2017. The Secretary of State, Rex Tillerson, in his speech at the American Council on Foreign Relations, was the first one to talk about this theme. He said the major agenda of FOIP is to aggravate the US-India partnership for upholding the rule of law and freedom of navigation. After being introduced by Trump, this concept has been further adopted by Japan, Australia and India. This helped to revive the four-power security dialogue dating back to 2007, known as the Quad.<sup>9</sup>

### India's Indo-Pacific Policy

As a political strategy, AEP attempts to inject vigour into India's regional diplomacy, emphasising New Delhi's desire for closer economic and security relations with its Asian neighbours. While

8 Mercy A Kuo, “The Origin of Indo-Pacific as Geopolitical Construct: Insights from Gurpreet Khurana”, *The Diplomat*, 25 January 2018

9 Donald E Weatherbee, “Indonesia, ASEAN and Indo-Pacific Cooperation Concept”, *ISEAS Perspective*, Issue: 2019 No.47, Singapore, 7 June 2019  
URL: [https://www.iseas.edu.sg/images/pdf/ISEAS\\_Perspective\\_2019\\_47.pdf](https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2019_47.pdf)

the Modi government continues to prioritise political ties within the South Asian neighbourhood, AEP signals a more action-oriented policy towards the Association of Southeast Asian Nations (ASEAN). In seeking closer political interaction with its eastern partners, New Delhi has expanded the scope of its economic, security and connectivity endeavours across a wide arc in the Pacific littorals, including Japan, South Korea, Australia, and the Pacific Island states. A key component of AEP has been India's maritime engagement in the Asia-Pacific. Through regular ship visits, naval exercises and maritime capacity-building programmes with partner navies, the Indian Navy has striven to lift New Delhi's geopolitical profile in the Southeast and East Asia.

It is within this gambit that India has chosen to locate its Indo-Pacific policy. As per the press release by the Indian Ministry of External Affairs (MEA) on 11 November 2017, India has emphasized "Act East Policy as the cornerstone of its engagement in the Indo-Pacific" when the leaders of the Quad met on the sidelines of the 31<sup>st</sup> ASEAN and East Asian Summit.<sup>10</sup>

India has found the rationale of the evolving concept of the Indo-Pacific in three arenas. Firstly, by associating the Indo-Pacific as an extension to Act East Policy, India has retained the ASEAN centrality as the core of its engagement in the Pacific. In this, the Navy's growing forays have been essential as India's trade and economic linkages in the Pacific, i.e., the Southeast Asian countries became deeper. Over the past decade, India's bilateral trade with ASEAN has increased more than threefold from US\$ 21 billion (2005-2006) to US\$ 65 billion (2015-2016). Secondly, Indo-Pacific India has been able to bolster its economic engagements with the East Asian countries with its Act East policy that now extended its relation with Japan and Australia. This led India to join hands in

10 India-Australia-Japan-U.S. Consultations on Indo-Pacific (November 12, 2017). MEA. Press Release. 12 November, 2017. URL: [https://mea.gov.in/press-releases.htm?dtl/29110/IndiaAustraliaJapanUS\\_Consultations\\_on\\_IndoPacific\\_November\\_12\\_2017](https://mea.gov.in/press-releases.htm?dtl/29110/IndiaAustraliaJapanUS_Consultations_on_IndoPacific_November_12_2017)

revitalising the Quad in 2017 but also be wary of the evolving nature of the concept in the new world order where the US predictability and the Asian security architecture have been questionable. Thirdly, more than anti-China, multilateral engagements outside of China have been the rhetoric and background for India's Indo-Pacific policy. This was evident in Prime Minister Modi's speech at the Shangri-La Dialogue in June 2018.<sup>11</sup> His speech underscored for the first time the overlapping strategic geographies as also the operational reach of India. He said for India the geography of the Indo-Pacific stretches from the eastern coast of Africa to Oceania (from the shores of Africa to that of the Americas), which also includes in its fold the Pacific Island countries.

The natural corollary to this has been the setting up of the Indo-Pacific Wing in the Ministry of External Affairs (MEA) in April 2019. This particular bureaucratic alignment was not in isolation. It came after Washington had been operationalizing its Indo-Pacific policy. The renaming of the US Pacific Command to the US Indo-Pacific Command as well as adoption of the Asia Reassurance Initiative Act in December 2018 were the two vital policy changes initiated by the US. In alignment with the Washington adjustment and the Shangri-La speech, it was not a surprise when India integrated IORA, the ASEAN region and the Quad to its Indo-Pacific politics, thereby indicating that the Indian Ocean region, ASEAN centrality and the Pacific countries will be of simultaneous importance for India.

Hence, there is a larger expectation that there will be further positive shift in India's Indo-Pacific policy. There is no doubt that this enhancement will further strengthen connectivity among India, Southeast Asia and East Asia. Plus, it is also forming the core of India's balancing act, especially when it comes its relationship with the US, which may seem hunky-dory but there is some distress, especially in the case of trade and economic relations between the two.

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11 Alyssa Ayres, "A Few Thoughts on Narendra Modi's Shangri-La Dialogue Speech", Council on Foreign Relations, June 1, 2018. URL: <https://www.cfr.org/blog/few-thoughts-narendra-modis-shangri-la-dialogue-speech>

The Indo-Pacific as a rhetoric will continue to be a focal point for years to come not only for India but also other countries, especially in South and the Southeast Asia. It is important to use this rhetoric to uplift the regional understanding, leading to greater collaboration. It is essential that each of these sub-regions starts looking into the larger picture for greater benefits and considers the Indo-Pacific as a political and economic entity rather than just a strategic one in order to curtail China's rise in Asia and Africa.

# Democracy, Development and Security: Looking East to Understand the Indo-Pacific

Laura Sophia Hauck, Maria Eugenia Trombini, Mario Jorge and  
Yuanyuan Liu<sup>1</sup>

In early August 2019, the United States (US) withdrew from the Intermediate-Range Nuclear Forces (INF) Treaty because of Russia's alleged violations of the pact. Nonetheless, the grounds seem to be associated with decisions in the "Indo-Pac-Com theatre", intensifying arms race among Beijing, Washington and Moscow. Asia has at least four potential hot spots: the South China Sea, the East China Sea, the Taiwan Strait, and the Korean Peninsula.<sup>2</sup> Mike Esper, US Secretary of Defense, announced that conventional weapons will be deployed to the region "sooner rather than later" and the Chinese should not be surprised that they wish to have an equal inventory and are "taking corrective measures to develop a capability that we need for both the European theatre and this theatre, the Indo-Pac-Com theatre."<sup>3</sup> According to specialists, "The choice of Asia for his first international trip since he was confirmed was a deliberate one, designed to signal that Asia remains the department's top priority."<sup>4</sup> Fu Cong, Chinese official, responded, stating that Beijing "will not stand idly by and be forced to take countermeasures should the U.S. deploy intermediate-range ground-based missiles in this part of the world."<sup>5</sup> What, then, can one prognosticate about the shape of the

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1 Authors are associated with Heidelberg University, Germany.

2 <https://www.foreignaffairs.com/articles/china/competition-with-china-without-catastrophe>.

3 <https://www.nytimes.com/2019/08/03/world/asia/us-missiles-asia-esper.html>

4 <https://foreignpolicy.com/2019/08/05/pacific-tour-tests-new-pentagon-chief-mark-esper-first-international-trip-asia/>

5 <http://global.chinadaily.com.cn/a/201908/14/WS5d5341efa310cf3e35565905.html>

rapidly unfolding Asian arena, particularly with reference to the ‘Indo-Pacific’?

Some years back, when the term ‘Indo-Pacific’ was still a novelty, the first to officially redefine its region according to this two-ocean framework was Australia. In a 2013 publication, it outlined the emergence of the “Indo-Pacific as a single strategic arc” due to growing economic and security interdependencies across the Indian and Pacific Oceans through Southeast Asia.<sup>6</sup> If the concept was still emerging then and “its security architecture is, unsurprisingly, a series of sub-regions and arrangements rather than a unitary whole”, the idea continues to be looking for a body. At least that was said when decision-makers gathered in early May 2019 at Heidelberg University. However, even if there is disagreement, part of the collective remembrance was that countries that belong to the Asia-Pacific Region have created epistemic communities for centuries, being home to hundreds of civilizations. On that note, everyone seemed to agree that being the “recipients” of ideas coming from outside no longer fit the collaborative endeavor to which each individual, organization and country is committed.

The US is one of the most eloquent advocates of the Indo-Pacific terminology, as part of its “Asia rebalance” strategy. As the Americans move closer to the goal of deploying about 60 percent of its navy to the Asia-Pacific, China is on the lookout. Apart from the military dispute, at the discourse level Beijing dismisses the two-ocean concept as either insubstantial (“an attention-grabbing idea” that will “dissipate like ocean foam”) or dangerous, a cloak for the US-led confrontation and containment, or both (Medcalf, 2019). Even so, the reactions to the “Indian-Pacific Ocean combine” confirm the usefulness of assembling two economic and geo-politically distinct regions into a single supra-strategic region (Gandhi, 2014).

Democracy – often referred to in the context of political elections, competition and forms of government in general – literally refers

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6 [http://www.defence.gov.au/whitepaper/2013/docs/WP\\_2013\\_web.pdf](http://www.defence.gov.au/whitepaper/2013/docs/WP_2013_web.pdf)



to the “rule by people” in its ancient Greek meaning. Who these “people” are and how they are supposed to “rule”, however, remain unsettled. Without going into the many already existing definitions of democracy, one needs to remember when talking about democracy, oftentimes, what one refers to is the democratic state in its Western manifestations. The democratic state, however, is not identical with democracy. In fact, democracy can be interpreted as a contingent concept with the possibility of a peaceful exchange of government at its core. The specific interpretations and empirical manifestations have changed over time and are culturally dependent. One only needs to follow the path from ancient Greece where only free men directly voted on issues to the contemporary elaborate forms of government, such as the federal parliamentary democracy in India.

In addition to the conceptual issues, democracy is also a strongly normatively charged term: this type of regime is seen as something “good”, a system of government to strive for – mostly by political scientists of the West. Especially in the context of the Indo-Pacific Region, the question of how – and if – to move from a formal to a substantive democracy remains particularly relevant. Furthermore, it will be a joint effort of the entire Indo-Pacific Region to find an interpretation and manifestation of democracy that does not renounce the cultural heritage but additionally draws on and borrows from the many already existing ideas – the great melting pot of the political market.

More interestingly than assessing the health of a democracy under a unique parameter, focusing on a specific regional context allows inferences on the phases of the (de-) democratization process. South Asia too, as the rest of the world, is grappling with ‘democratic backsliding’. Nevertheless, considering that anti-political establishment has become a considerable mobilizer of discontent with high chances of electoral success in the West, then the uneven endowments no longer stand on a geographic axis alone. Spanning from North to South, populism is on the rise, and as a chameleon, adopts the colors of its environment (Taggart, 2000).

In Indo-Pacific, it probably derives, and implicates, new problems, economically, politically and culturally. Like capitalism may have helped disseminate "horizontal-secular, transverse-time" notions of territoriality and citizenship to the non-Euroamerican world, as suggested in "Imagined Communities", this supposedly homogeneous phenomenon yielded many nationalisms, not one (Anderson, 1991). Acknowledging the qualitative complexity is necessary, but not sufficient, for the design of the concepts also shapes their operationalization. Partha Chatterjee takes issue with Anderson's totalizing history of the modern world providing illustrations from Bengal: if nationalisms in the rest of the world have to choose their imagined community from certain 'modular' forms already made available to them, what do they have to imagine? Referring back to the epistemic communities from our Workshop-debates, he argues most creative results of the imagination in Asia are posited "not on an identity but rather on a difference with the 'modular' forms of the national society propagated by the modern West" (Chatterjee, 1993). In brief, the warrant is: heuristic power increases if we tailor democracy (and the same is true for development and security) to on-site variables, instead of exoticizing or universalizing it.

In addition, the analysis has to borrow from people who are looking internally, aware of one's own locus enuntiationis.<sup>7</sup> In the regional scenario, among the hypotheses is that autocratic tendencies could be associated with a difficulty of bonding development and western style democratic values. One of the arguments posited the increasing appeal of the authoritarian rule to people who realize the dysfunctionality of democracy, and the gap between liberal ideals and material reality. While witnessing contradictions in the Western world, like Brexit, and economic prosperity in China, said to be a communist regime, a query interrogates South Asians: "Do we want a strict government but undemocratic or a free government and then face problems?"

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7 Here we refer to the concept used by Enrique Dussel citing Walter Mignolo in his post-colonialist theories.

On 1 June 2019, the US Department of Defense released its Indo-Pacific Strategy Report.<sup>8</sup> This summary of the US foreign policy shift in the South Asia and Indian Ocean arenas, which have been taking place since 2011<sup>9</sup> and aggressively since Donald Trump took office in 2016, states: “a geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific Region.” The key focus of the US policies is, of course, China and a long-standing era of careful, accommodating, consensual engagement has ended. Although skepticism on the current administration’s tactics (i.e. trade war) and a fear for its consequences remain,<sup>10</sup> there has been consistent bipartisan praise of the attitude shift; many considering it was about time to compel Beijing to follow traditional rules of global behavior.<sup>11</sup> In the view of the US, this did not happen without cause. China’s attempt to secure the Xinjiang region by committing human rights violations is just one example all countries can get behind.<sup>12</sup> Against the US itself, China has “stolen US technological and personnel secrets for its own advantage, antagonized US allies in the South China Sea, killed or imprisoned more than a dozen American informants, and taken millions of US jobs”<sup>13</sup> in addition “to manipulating its currency in the past – in effect, subsidizing exports and taxing imports – China also coddles many industries and engages in other practices that give its companies an unfair trade advantage.”<sup>14</sup> So far, however, antagonizing China by military drills, imposing tariffs or selling arms to Taiwan has resulted not in compliance but in the expansion of Chinese ties with

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8 <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>

9 China-India Great Power Competition in the Indian Ocean Region: Issues for Congress, 20.04.2018, Congressional Research Service, p. 17.

10 <https://www.foreignaffairs.com/articles/china/competition-with-china-without-catastrophe>.

11 <https://www.politico.com/story/2019/07/28/trump-china-veterans-foreign-policy-1438389>

12 <https://www.bbc.com/news/blogs-china-blog-48700786>

13 <https://www.vox.com/world/2018/9/18/17790600/us-china-trade-war-trump-tariffs-taiwan>

14 <https://qz.com/898780/china-has-stolen-3-4-million-american-jobs-since-2001/>

Tehran<sup>15</sup> and Moscow<sup>16</sup>, as well as relaxation of the sanctions on North Korea.<sup>17</sup> The US wants to force Beijing to recognize the American interests in the region, but the long-term effects of this more aggressive approach will only be seen in the future, affecting diplomatic relations between all parties in the region. Democracies, in this sense, also have a disadvantage when compared to China's way of rule. A new election means a new administration, which could result in a new shift in policy or tactics.

The US is aware of the geostrategic importance of the Pacific and the Indian Ocean Region and the link between the Asian states and energy-rich nations of the Middle East and maritime trade routes. This space plays a vital role in the rivalry between India and China, both dependent on seaborne trade and imported energy.<sup>18</sup> China's Belt and Road Initiative is, therefore, a fundamental move that will diversify its trade routes, diminish its vulnerabilities and increase its political influence. In an environment of increased competition among China, India and the US, this move is seen as a counterbalance. The Asian states use their own hedging strategies, such as enhancing security partnerships and increasing political ties. They will have difficulty, though, balancing their strategies between a traditionally advantageous US-led rules-based system and the desire to secure the Chinese capital and infrastructure investment. A shift in focus of the US from military security goals to diplomacy and increased aid utilizing trade agreements and multilateral forums could reinforce regional dissatisfaction with China's approach and an opportunity, with US being the main leadership in the region, to strengthen its alliances, especially with democratic countries, including India.<sup>19</sup>

15 <https://www.cnbc.com/2018/07/23/how-china-can-use-iran-oil-sanctions-to-gain-concessions-in-trade-war.html>.

16 <https://www.rand.org/blog/2019/04/a-warming-trend-in-china-russia-relations.html>.

17 <https://www.latimes.com/business/la-fg-china-north-korea-sanctions-2018-story.html>.

18 <https://warontherocks.com/2019/04/the-great-game-moves-to-sea-tripolar-competition-in-the-indian-ocean-region/>.

19 <https://www.orfonline.org/wp-content/uploads/2018/01/ORF-Heritage-Hudson.pdf>.

A point of contention is the different geographical reach of the Indo-Pacific Strategy coming from Washington and Beijing. For the US, it stops at the India-Pakistan border.<sup>20</sup> The policies of the US, Pakistan and Iran are mostly focused on counter-terrorism, energy and other security issues, part of the South Asia Strategy. This is due to the US still having troops in the Middle East, along with other interests and military command boundaries that have been in place for decades (Indo-Pac-Com, Centcom, Africom). It would be of great value to the US to extend the reach of the Indo-Pacific Strategy all the way to the African Coast, including the Persian Gulf. China has shaped its focus quite differently. Pakistan is its most valuable asset into gaining access to the Arabian Sea and India's most controversial neighbor. If not, a revisited model of the silk route put forward under the name China-Pakistan Economic Corridor (CPEC) would not have been devised, which has been defined by Islamabad on the following terms: "with concrete economic and trade cooperation, and people-to-people exchange and cultural communications as the engine, CPEC is based on major collaborative projects for infrastructure construction, industrial development and livelihood improvement, aimed at socio-economic development, prosperity and security in regions along it."<sup>21</sup> From the standpoint of Pakistan, CPEC represents a concrete action plan it can act on, "different from multi cross-national undefined plans" as argued by one of the conveners in the Workshop.

The routes to the modern world taken in China, Japan and India and the role of "the economic factor" were studied by Barrington Moore. He argued a particular outlook prevailed because of a historical explanation "often with great pain and suffering" (Moore, 1996). The arrival of infrastructure in the Indo-Pacific Region at an overinflated cost and the hidden story behind development is not entirely a specificity of the region. The extraction of surplus from the weak and vulnerable as a requisite for growth and investment

20 <https://www.defense.gov/Newsroom/News/Article/Article/1284964/president-unveils-new-afghanistan-south-asia-strategy/>.

21 <https://strafasia.com/cpec-an-economic-project-or-a-game-changer/>

was described as “the dying wail of a class [the working class] over whom the wave of progress is about to roll” (Moore, 1996). Yet, the successful combination of socialism, capitalism and Confucianism in China offers new possibilities of achieving economic prosperity while upholding traditional values, and turns out to be an interesting alternative, not only to Pakistan.

China sees the "Indo-Pacific Strategy" promoted by the United States as a countermeasure of their “One Belt, One Road” economic policy (Huang 2019). However, Beijing does not believe that this "Indo-Pacific Strategy" could be an essential geopolitical tool as the US conspired to isolate China successfully. This perception is based on two factors. On the one hand, ASEAN countries, especially India, signal a higher political appeal instead of being an appendage of the US. India prospects to enhance its international status through the "Indo-Pacific", especially in the "Indo-Pacific Region" to gain considerable influence rivaling the US and China. On the other hand, the core policy of the US, “America First”, requires its allies and partner countries to remain vigilant at all times. In the US alliance system, allies are assumed to be supporting and coordinated with the US diplomacy, which brought India a hefty price. Therefore, deep participation in the US-propagated "Indo-Pacific Strategy" will undermine India's strategic autonomy (Long 2019). To confront this international challenge, China adheres to the ideology of "dialogue without confrontation, companionship and non-alignment", which directs active contact and enhances relationship with the four countries from the Quadrilateral Security Dialogue (QUAD), comprising the US, India, Japan and Australia, especially the first two, as well as promotes dialogue and cooperation mechanisms averting confrontation (Huang 2019).

In spite of the bipolar rivalry, the amount and direction of change in the Indo-Pacific, will be shaped by local players. The South Asian nations begin strategizing costs and benefits of interacting with external powers, which, apart from China and the US, include Australia and Japan, and regional organizations, such as the European

Union and BRICS. As an important component of the identity of the region, assessing the role of smaller countries like Nepal and Bangladesh becomes an important step if complementarity between traditional and non-traditional can be forged.

During the Workshop at Heidelberg University, supported by Konrad Adenauer Stiftung, diplomats, civil servants, members of think tanks and academics based in several countries of South Asia and Germany engaged in a debate on the process of enhancing peace, stability and welfare in the region. To find a balance between liberal values and security, the South Asian nations should avoid getting stuck amid the deep polarization. Ranging from Sri Lanka, where an existential threat of the state became the most important concern of the citizens, to Myanmar, the newest country to talk about nuclearization, some solutions to what appears to be a peace dilemma were outlined. It was argued that national interests should be weighed against decision-making processes, instead of leaning on reactive policymaking. These stakeholders evaluated the concept of Indo-Pacific and its body, enunciating questions and scenarios for the near future, all of which emphasize on collaboration, rather than competition.

Foreign policy scholars are starting to use the Chinese rendering of “India too” or Yin Tai. To understand how Indo-centric the concept is, one should look at India’s game at pivoting. The weight of this regional player should not be underestimated: there is more in it than the first half of the name under scrutiny here. The attempt of India, at least at the discourse level, is to ensure that the South Asian countries “do not end up becoming a playground.”<sup>22</sup> New Delhi is hedging its bet between the US and China, while trying to find a balance between BRI and the Indo-Pacific Strategy in a win-win scenario. Meanwhile, national interests are at stake: ownership could potentially mean taking a bolder stance in Sino-Indian relations over Bhutan or Bangladesh, and preventing a deepening of foreign influence in New Delhi’s backyard (from Pakistan to Sri-Lanka),

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22 [http://www.cosatt.org/uploads/news/file/Final%20CACS%20Policy%20paper%202019\\_20190512010540.pdf](http://www.cosatt.org/uploads/news/file/Final%20CACS%20Policy%20paper%202019_20190512010540.pdf)

advancing the assumption that the disputes are bilateral and should not become multi-lateralized. Any prognosis of the shape of things to come in Asia will need to take into the triad - democracy, security and development - as these parameters get interwoven with the national interest of the states concerned.

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# Sri Lankan Perspectives on the Indo-Pacific

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The Indo-Pacific is now at the forefront of the global geopolitical discourse as an important regional strategy involving the Indian and Pacific Ocean Regions. The outer delimitation of the Indo-Pacific Region remains nebulous.<sup>2</sup> Yet, this concept has attracted global attention due to its significant geopolitical and geostrategic implications, vast natural resources and strategically vital Sea Lines of Communication. *A fortiori*, one can be certain that with the major global powers increasingly engaging within the Indo-Pacific Region, it is poised to become the centre of the global economic activity, geopolitics and security dynamics. Amongst these, maritime security remains a top priority for the construct of the Indo-Pacific. The protection of the Sea Lines of Communication and the chokepoints is an essential prerequisite to maintaining regional peace and stability.

Sri Lanka maintains close ties with all the major powers of the Indo-Pacific Region through cooperation in infrastructure development, trade, security and people-to-people contacts. While Sri Lanka cannot play a defining role in the overarching Indo-Pacific Strategy and may perhaps even not have a strategy of its own, the country sees it in its

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  - 2 Das, U. What is the Indo-Pacific? (2019). [online] The Diplomat. [Online]. Available at: <https://thediplomat.com/2019/07/what-is-the-indo-pacific/>

Figure 1 : The Indo-Pacific Region



best interest to engage with the Strategy, comprising the major powers, through continued cooperation in areas that could be beneficial for Sri Lanka. This is further supplemented by Sri Lanka's strategic location in the Indian Ocean Region and astride busy Sea Lines of Communication, coupled with its vision to become an international financial centre and a regional maritime hub.

## 1. The Multipolar Future of the Indo-Pacific Region

The importance of the Indian and Pacific Oceans was first reflected by Japan's Prime Minister, Shinzo Abe, in his 2007 speech, *Confluence of the Two Seas*, at the Indian Parliament. Through a reference to the title of a book authored by Mughal Prince Dara Shikoh in 1655, he reflected the importance of the confluence of the two seas and the deepening friendship of democratic nations located at opposite edges of the Indian and Pacific Oceans.<sup>3</sup> Since then, this concept has been actively advocated by global leaders, including both Indian Prime Minister Narendra Modi and US President Donald Trump.<sup>4</sup> This strategy was officially articulated in the 2013

3 MOFA: Speech by H.E. Mr. Shinzo Abe, Prime Minister of Japan, at the Parliament of the Republic of India "Confluence of the Two Seas" (August 22, 2007) [online] Available at: <https://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>

4 Ayres, A. The US Indo-Pacific Strategy Needs More Indian Ocean. (2019). Council on Foreign Relations [Online] Available at: <https://www.cfr.org/expert-brief/us-indo-pacific-strategy-needs-more-indian-ocean>

Australian Defense White Paper<sup>5</sup>, and addressed comprehensively in the recently released Indo-Pacific Strategy of the US Department of Defense.<sup>6</sup>

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

The Indo-Pacific, which, in the US conception, ranges from the western coast of India to the west coast of the US, differs from Japan's vision of the confluence of the two continents, Asia and Africa.<sup>7</sup> Prime Minister Modi's vision of the Indo-Pacific extending from Africa to the Americas<sup>8</sup> differs from the Australian definition, according to which, the Indo-Pacific Region includes the north-eastern quadrant of the Indian Ocean and the Pacific.<sup>9</sup>

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5 Department of Defence, Australia. The Defence White Paper 2013. [Online] Available at: [http://www.defence.gov.au/whitepaper/2013/docs/WP\\_2013\\_web.pdf](http://www.defence.gov.au/whitepaper/2013/docs/WP_2013_web.pdf)

6 The Department of Defence, United States. Indo-Pacific Strategy Report (June 2019). [Online] Available at: <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>

7 Walter C. Ladwig III, & Anit Mukherjee. (2019, June 20). The United States, India, and the Future of the Indo-Pacific Strategy. [Online] Available at: <https://www.nbr.org/publication/the-united-states-india-and-the-future-of-the-indo-pacific-strategy>

8 Indian armed forces building partnerships in Indo-Pacific: Modi. (2018, June 3). [Online] Available at: <https://economictimes.indiatimes.com/news/defence/indian-armed-forces-building-partnerships-in-indo-pacific-modi/articleshow/64436482.cms?from=md>

9 Government of Australia. The Foreign Policy White Paper 2017. [Online] Available at: <https://www.fpwwhitepaper.gov.au/>

This conceptualisation imparts a clear notion that India and Australia see the Indo-Pacific as a geostrategic construct that goes beyond a geographical demarcation.<sup>10</sup> Moreover, India sees the Indo-Pacific as a geostrategic construct, with the ASEAN countries as the central connection between the two oceans.<sup>11</sup> This perhaps reflects India's aspirations to play a leading strategic role throughout the Indian Ocean and to expand its strategic reach into the Pacific region.

Given the lack of an overarching long-term strategy, emerging powers have adopted their own approach to advance the Indo-Pacific vision. Indonesia, for example, shifted its maritime policy from the ASEAN-based regionalist focus towards a more nationalist vision in which the country's future is to be a Global Maritime Axis.<sup>12</sup> Indonesia has undertaken a series of actions to support this vision on a regional and global basis, through its membership of the United Nations Security Council. However, while all these states promote the need to achieve stability and prosperity through a Free and Open Indo-Pacific (FOIP), they have different conceptual and strategic approaches.

Inevitably, differing views of the Indo-Pacific have provided a backdrop for increasing geopolitics and geostrategic competition among the rising powers. At one end, states primarily support the current global governance status quo, while at the other end, some states wish to upend or at least refashion the US-led global governance structure.<sup>13</sup> As a result, in practice, the Indo-Pacific construct will

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- 10 Brewster, D. Australia's Second Sea: Facing Our Multipolar Future in the Indian Ocean. (Special Report) [Online] Available at: [https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2019-03/SR%2020134%20Australia's%20second%20sea.pdf?2WjcWmE\\_URM1nPZC06JA3pAm60XnoW8B](https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2019-03/SR%2020134%20Australia's%20second%20sea.pdf?2WjcWmE_URM1nPZC06JA3pAm60XnoW8B)
  - 11 Weatherbee, D. (2019) "Indonesia, ASEAN, and the Indo-Pacific Cooperation Concept", Yusof Ishak Institute. [Online]. Available at: [https://www.iseas.edu.sg/images/pdf/ISEAS\\_Perspective\\_2019\\_47.pdf](https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2019_47.pdf)
  - 12 Parameswaran, P. (2019). Indonesia's Indo-Pacific Approach: Between Promises and Perils. [Online] The Diplomat. Available at: <https://thediplomat.com/2019/03/indonesias-indo-pacific-approach-between-promises-and-perils/>
  - 13 Canon, B & Rossiter, A. (2018). The "Indo-Pacific": Regional Dynamics in the 21<sup>st</sup> Century's New Geopolitical Center of Gravity. Rising Powers Project Quarterly. 3(2):7-17. Available at: <http://risingpowersproject.com/issue/the-indo-pacific-regional-dynamics-in-the-21st-century-new-geopolitical-center-of-gravity/>

remain multipolar, at least for the moment. Nonetheless, the varying strategies of nascent states tethered into this concept indicate its powerful salience and promising future.

## 2. Sri Lanka at the Epicenter of a New Great Game

Since independence, Sri Lanka has followed a non-aligned foreign policy with a slight 'tilt' towards China during the latter part of the Rajapakse regime (2005-2015), which has since rebalanced. The present Sirisena-Wickremasinghe Administration shows a more Asia-oriented foreign policy, balancing the influence from India, China and the US. Sri Lanka has shown willingness to work proactively with the countries in the Indo-Pacific Region and has agreed to promote the vision for a FOIP.<sup>14</sup>

Given that the Indo-Pacific as a single regional construct still remains at its nascent stage, its implications for Sri Lanka are unclear. But Sri Lanka is engaging with the countries in the Indo-Pacific in significant bilateral cooperation in areas, such as trade, security, socio-cultural and infrastructure development. Sri Lanka has conducted joint military exercises with India, China and Australia, and military training programs with the US. Sri Lanka has shown willingness to continue to pursue a proactive multi-actor engagement in military, economic, judicial and academic areas. Sri Lanka has supported the idea of a FOIP region and emphasized that security and prosperity of the Indian Ocean region should be safeguarded through the promotion of a maritime order, which ensures that all the countries enjoy the global commons and respect international laws and norms.<sup>15</sup>

14 Smith, J. (2019). Sri Lanka: A Test Case for the Free and Open Indo-Pacific Strategy. [online] Available at: <https://www.heritage.org/asia/report/sri-lanka-test-case-the-free-and-open-indo-pacific-strategy>

15 Joint Statement on The Sri Lanka- United States Partnership Dialogue (Press Release), Ministry of Foreign Affairs, Sri Lanka (6 Nov 2017). [Online]. Available at: <https://www.mfa.gov.lk/joint-statement-on-the-sri-lanka-united-states-partnership-dialogue/>

As an advocate of normative regional values, Sri Lanka organised the Track 1.5 'Indian Ocean: Defining Our Future' Conference in Colombo in 2018.<sup>16</sup> This provided an international forum to discuss the implementation of the United Nations Convention on the Law of the Sea (UNCLOS) and clarify any misunderstandings on key principles, such as freedom of navigation and maritime crime.

### 2.1 Maritime Security

The Indian Ocean's stability is threatened by a number of emerging maritime security issues. The region includes a number of hotspots for piracy and armed robberies at seas, and terrorist organizations have targeted maritime assets and used the ocean for covert travel. At the same time, organized crime exploits the limited maritime domain awareness to trafficking humans, drugs, weapons and wildlife, while other forces engage in the unlawful exploitation of maritime resources, including illegal, unreported and unregulated (IUU) fishing.<sup>17</sup>

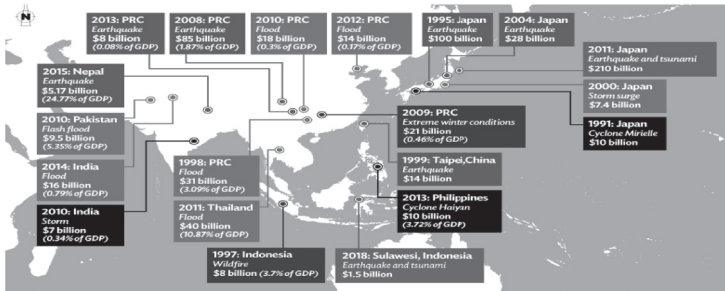
The expected acceleration of climate change in the coming years is poised to exert additional pressure on the region's stability. The vulnerability of regional states to extreme weather and natural disasters is already well recognized. As these environment-related problems intensify, the risk of transmigration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

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16 The Lakshman Kadirgamar Institute. (2019). Navigating Challenges and Prospects in the Indian Ocean: Towards a Shared Understanding. [online] Available at: <https://www.lki.lk/wp-content/uploads/2019/05/Navigating-Challenges-and-Prospects-in-the-Indian-Ocean-Towards-a-shared-understanding.pdf>

17 Sri Lanka led IORA Maritime Safety and Security Working Group Finalizes Work Plan (Press Release), Ministry of Foreign Affairs, Sri Lanka (18 Aug 2019). [Online]. Available at: [https://www.mfa.gov.lk/iora\\_wg-eng/](https://www.mfa.gov.lk/iora_wg-eng/)

Figure 2: Significant Disasters in the region with estimated damage as % of the GDP



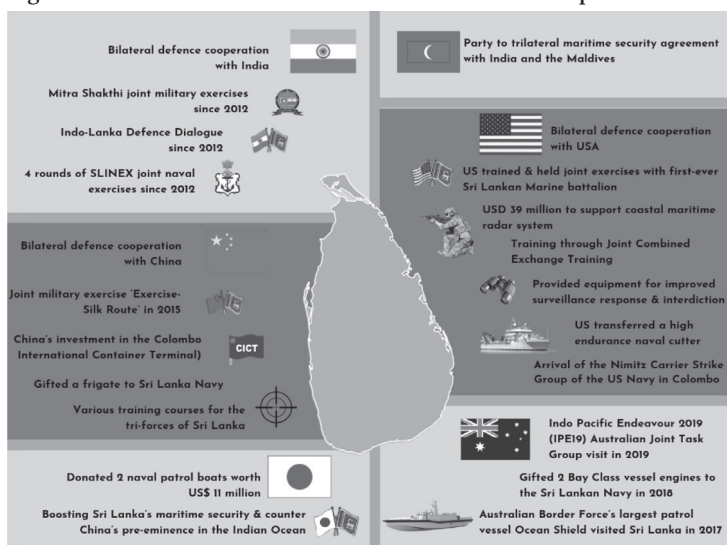
Source: Asian Development Bank

As an island nation, Sri Lanka has for long recognized the importance of a conducive maritime environment for achieving greater prosperity. This is demonstrated by Sri Lanka's Chairmanship of UNCLOS in 1973, which led to the adoption of the Third UN Convention on the Law of the Sea. Driven by its aspirations to become a key trading hub in the region, Sri Lanka is pursuing a number of other initiatives towards this end.

Sri Lanka has well established bilateral and multilateral security cooperation with the major powers of the Indo-Pacific Region and is willing to engage in deeper cooperation for further regional integration. Sri Lanka has conducted joint military exercises with India, China and Australia, and has an exchange military training program with the US. In the recent years, Sri Lanka has begun playing a more active role in discussion on the Asian geopolitics. The annual International Maritime Conference, "Galle Dialogue", and the Conference, 'Indian Ocean: Defining Our Future', held in Colombo established Sri Lanka as a leading proponent of enhanced rule of law on the waters of the Indo-Pacific. Sri Lanka has also been engaging with other regional groups, such as the Indian Ocean Rim Association (IORA) as the lead Coordinator of its Working Group on Maritime Safety and Security, and as a dialogue partner

of the Shanghai Cooperation Organization (SCO). Sri Lanka is also the current Chair of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

Figure 3: Sri Lanka's Bilateral and Multilateral defense cooperation



Source: LKI

As the lead coordinator of the Indian Ocean Rim Association (IORA) Working Group on Maritime Security, Sri Lanka chaired the First Meeting of the Working Group held in Colombo and finalized the Work Plan for an initial period of two years, based on three overarching objectives: building the foundation for a collaborative IORA Maritime Safety and Security Framework; establishing an integrated policy approach on Maritime Safety and Security (MSS); and establishing a Coordinated Regional Vision for Maritime Safety and Security in IORA to address existing and emerging issues.<sup>18</sup>

In this capacity, Sri Lanka would be leading an exercise to assess progress in the implementation of the Maritime Safety and Security

<sup>18</sup> Sri Lanka led IORA Maritime Safety and Security Working Group Finalizes Work Plan (Press Release), Ministry of Foreign Affairs, Sri Lanka (18 Aug 2019). [Online]. Available at: [https://www.mfa.gov.lk/iora\\_wg-\\_eng/](https://www.mfa.gov.lk/iora_wg-_eng/)



Blue Print and the activities agreed upon under the Maritime Safety and Security Work Plan. Sri Lanka has also offered to support the member states in capacity building in anti-piracy and Search and Rescue activities; engage itself in research related to specific MSS challenges; and assist in the setting up of a Regional Maritime Information Fusion Centre in the southern Sri Lanka to complement similar centres in Madagascar and Singapore.<sup>19</sup>

The Quadrilateral Security Dialogue (Quad) involving the US, Japan, Australia and India has been consistent in discussing the security objectives it seeks to achieve through consultations.<sup>20</sup> Whilst the US seems content with Quad's unified resolve against China's growing assertiveness in the Indo-Pacific without directly antagonising Beijing, uncertainty remains over the kind of cooperative relations the countries can establish for peace and stability of the region and what practical activities they can conduct. While both Quad and China have established similar maritime security policies, demonstrating an intention to exercise influence in the region, there is still room for both coordination of interest as well as conflict of interest.

Sri Lanka has had cordial diplomatic relations with all the Quad states for around seven decades.<sup>21</sup> These states also see great strategic and geographical importance of Sri Lanka in the context of the Indo-Pacific Region, given its commercially vital sea-lanes.

## 2.2 Trade

Historical trading routes through the Indian Ocean were seen as the lifeblood of the global economy and have connected its littoral states for centuries. Today, the economic rise of Asia has transformed

19 Sri Lanka led IORA Maritime Safety and Security Working Group Finalizes Work Plan (Press Release), Ministry of Foreign Affairs, Sri Lanka (18 Aug 2019). [Online]. Available at: [https://www.mfa.gov.lk/iora\\_wg\\_eng/](https://www.mfa.gov.lk/iora_wg_eng/)

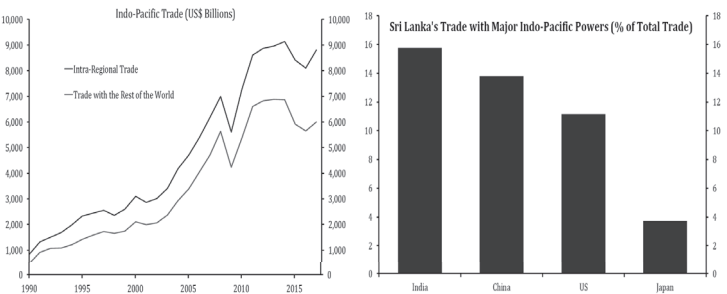
20 Grossman, D. Quad supports US goal to preserve rules-based order. The Australian Strategic Policy Institute – The Strategist (February 2019). [Online]. Available at: <https://www.aspistrategist.org.au/quad-supports-us-goal-to-preserve-rules-based-order/>

21 Sri Lanka established Diplomatic relations with India in 1948, US in 1948, Australia in 1949 and Japan in 1952.

the Indian Ocean into one of the world’s busiest East-West trade corridors, carrying two thirds of the global oil shipments and a third of the cargo. Moreover, over 80% of internet traffic is transferred using undersea cables, including those in the Indian Ocean, serving as a driving force of the emerging digital economy.

As the Indian Ocean becomes an important center of the global economy in its own right, its littoral states are home to 35% of the world’s population and accounted for almost a fifth of the global GDP in 2017 (at PPP exchange rates), as well as over 13% of the world goods trade. By 2025, it is estimated that the region would be the source of a quarter of the world’s economic output and around 15% of its trade.<sup>22</sup> This prosperous future will be inextricably linked to the ocean, through its importance to many industries, such as tourism, fishing and other forms of resource extraction as well as its crucial role as the carrier of trade and ideas. The very survival of all of which would depend upon regional stability.

Figure 4: Indo-Pacific Trade (US\$ Billions) Figure 5: Sri Lanka’s Trade with Major Indo-Pacific Powers (% of Total Trade)



Source: Data from World Bank, Calculations by LKI

22 Wignaraja, G., Collins, A. & Kannangara, P. Is the Indian Ocean Economy a New Global Growth Pole?. [Online]. Available at: [https://www.lki.lk/wp-content/uploads/2018/10/LKI\\_Working\\_Papers\\_Is\\_the\\_Indian\\_Ocean\\_Economy\\_a\\_New\\_Global\\_Growth\\_Pole\\_Ganeshan\\_Wignaraja\\_Adam\\_Collins\\_and\\_Pabasara\\_Kannangara-4.pdf](https://www.lki.lk/wp-content/uploads/2018/10/LKI_Working_Papers_Is_the_Indian_Ocean_Economy_a_New_Global_Growth_Pole_Ganeshan_Wignaraja_Adam_Collins_and_Pabasara_Kannangara-4.pdf)

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

Furthermore, Sri Lanka sees the multi-layered approach to regionalism as an opportunity to position itself as a trade and maritime hub of the Indian Ocean.<sup>23</sup> With nearly 60% of its total trade occurring with the major powers of the Indo-Pacific, Sri Lanka is expanding its trade links with these nations. The recently concluded Free Trade Agreement (FTA) with Singapore is one such example that may provide an opportunity to establish cooperation with other important regional for a, such as ASEAN and the Regional Comprehensive Economic Partnership (RCEP). Sri Lanka is currently negotiating FTAs with other major regional economies, including China and Thailand, and hopes to expand the current FTA with India to cover services and conclude BIMSTEC FTA to further integrate regional trade.

### 2.3 Infrastructure Development

The speed and scope of urbanization in Asia and the Pacific is unprecedented. Between 1980 and 2010, the number of inhabitants in the region's cities grew by around one billion. The United Nations' projections show that they will add another one billion by 2040.<sup>24</sup> The Asia-Pacific region is home to 17 megacities, three of them are

23 Wickremesinghe, R. (2018). Speech delivered at the 3<sup>rd</sup> Indian Ocean Conference. Delivered at Hanoi, Vietnam on 27 August 2018.

24 Asia Pacific Region Quick Facts [Online]. Available at: <http://habitat3.org/wp-content/uploads/Asia-Pacific-Region-Quick-Facts.pdf>

the world's largest – Tokyo, Delhi and Shanghai. It is projected that by 2030, the region will have no less than 22 megacities.<sup>25</sup> Yet, the disparities in development have created vulnerable populations that may have a destabilizing effect on the region.

China's Belt and Road Initiative (BRI) and the recently enacted Better Utilization of Investments Leading to Development (BUILD) Act of the US are two major development schemes in the region. BUILD Act establishes a new US International Development Finance Corporation (USDFC) that doubles its development finance capacity to US\$ 60 billion. The Infrastructure Transaction and Assistance Network (ITAN) enhances the US government's efforts to advance sustainable infrastructure in the Indo-Pacific Region. The US Overseas Private Investment Corporation (OPIC), Japan Bank for International Cooperation (JBIC), Australia's Department of Foreign Affairs and Trade (DFAT) and Export Finance and Insurance Corporation (EFIC) have signed a Memorandum of Understanding to advance cooperation in mobilizing private investment in the Indo-Pacific.<sup>26</sup>

**Figure 6: China's Belt and Road Initiative**



*Source: Geopolitical Intelligence Services*

25 Asia Pacific Region Quick Facts [Online]. Available at: <http://habitat3.org/wp-content/uploads/Asia-Pacific-Region-Quick-Facts.pdf>

26 Joint Statement of the Governments of Australia, Japan, and the United States of America on the Trilateral Partnership or infrastructure investment in the Indo-Pacific (Media Release 17 Nov 2018), Office of the Prime Minister, Government of Australia. [Online]. Available at: <https://www.pm.gov.au/media/joint-statement-governments-australia-japan-and-united-states>

The US approach, like that of China, will be to deal bilaterally with individual countries, while also engaging with regional bloc, such as ASEAN. The US government has for long been constrained from financing large-scale 'hard' (physical) infrastructure projects, but the US companies and individual experts are well qualified to supply 'soft' infrastructure in the form of services. The US strengths include building and equipping service industries and training people to use them (abbreviated as 'build, equip, train' or BET).<sup>27</sup> The US companies are well equipped to venture into fields of digital connectivity, logistic management, energy and project design. This could allow the US and its partners transform these projects into dynamic economic communities facilitating greater trade and development.

As Sri Lanka grapples with the tepid economic development that has resulted from a three-decade civil conflict and the effects of a more recent terrorist attack, the domestic expectations are high. With further engagement, Sri Lanka stands to benefit from regional schemes, such as China's BRI and the US-sponsored ITAN and BUILD Act. The Act also includes assistance for a number of development schemes involving digital connectivity and expanding opportunities for the US technology exports through the Digital Connectivity and Cybersecurity Partnership (DCCP). The Sri Lankan government has shown keen interest in developing Sri Lanka as a trade and maritime hub of the Indian Ocean region.<sup>28</sup> To achieve this, there is a substantial requirement to expand and upgrade its infrastructure. In keeping with Sri Lanka's smaller-state strategy of engaging multiple actors, it has embedded itself in BRI and other related institutions, such as the Asian Infrastructure Investment Bank (AIIB), to help finance its large-scale infrastructure projects.

27 Frost, E. (2019). How to restore maritime connectivity in the Bay of Bengal region and how the US can help. [online] Available at: <https://www.lki.lk/blog/how-to-restore-maritime-connectivity-in-the-bay-of-bengal-region-and-how-the-us-can-help/>

28 Is Sri Lanka sitting on the bench of Asia's booming digital economy? (2018, May 11). [Online]. Available at: <http://www.ft.lk/opinion/Is-Sri-Lanka-sitting-on-the-bench--of-Asia-s-booming-digital-economy-/14-654815>

Sri Lanka will also benefit from the US\$ 480 million grant by the US Millennium Challenge Corporation (MCC) to spur its economic growth and investment by the private sector.

The Chinese investments in BRI projects have increased with geopolitical implications for Sri Lanka. Given its strategic location, along the maritime Silk Route and the Chinese influence during the latter part of the previous regime, Sri Lanka is more entrenched in China's BRI with at least 6 major projects in Sri Lanka. Among them are the Colombo Port City with an initial investment of US\$ 1.4 billion and a projected total investment of US\$ 15 billion<sup>29</sup>, and the Hambantota Port and industrial zone, with an initial investment of US\$ 1.1 billion.<sup>30</sup> Sri Lanka is also considering to partner with other regional powers in developing its infrastructure. To this end, the Cabinet approval was granted to pursue further action in implementing the proposals for the development of operational activities of the Mattala Rajapaksa International Airport.<sup>31</sup> Japan has been one of Sri Lanka's largest bilateral donors and, therefore, one of its main development partners. The volume of bilateral trade between the two countries reached US\$ 971.6 million in 2016.<sup>32</sup> In April 2017, Japan announced its decision to invest US\$ 9.46 million to improve the Trincomalee port<sup>33</sup>, and any further development could

29 The Port City Project: Where Things Stand Now. (2017, December 12). Retrieved from <http://www.portcitycolombo.lk/press/2017/12/12/the-port-city-project-where-things-stand-now.html>

30 Sri Lanka's port development and the role of the BRI. (2019, May 27). Retrieved from <http://www.ft.lk/shippingaviation/Sri-Lanka-s-port-development-and-the-role-of-the-BRI/21-678877>

31 Press briefing of Cabinet Decision taken on 2019-03-06, Implementation of the Proposals for the Development of the operational activities of the Mattala Rajapaksa International Airport (MRIA). [Online]. Available at: [http://www.cabinetoffice.gov.lk/cab/index.php?option=com\\_content&view=article&id=16&Itemid=49&lang=en&cdID=9560](http://www.cabinetoffice.gov.lk/cab/index.php?option=com_content&view=article&id=16&Itemid=49&lang=en&cdID=9560)

32 Japan's Indo-Pacific strategy: the importance of Sri Lanka. (2018, May 14). [Online]. Available at: <https://blogs.lse.ac.uk/southasia/2018/05/14/japans-indo-pacific-strategy-the-importance-of-sri-lanka/>

33 Trincomalee Port Set To Double Its Capacity With Night Navigation And 24-Hour Operations. (n.d.). [Online]. Available at: <https://lmd.lk/trincomalee-port-set-to-double>

potentially be funded by the Japan's US\$ 110 billion Partnership for Quality Infrastructure Programme.<sup>34</sup>

### 3. The Way Forward

While Sri Lanka may be poised to benefit from these initiatives, due to its strategic location, Sri Lanka has become a terrain for strategic competitions between BRI and FOIP. The present Sirisena-Wickremasinghe Administration shows a more Asia-oriented foreign policy, within its non-aligned framework, balancing the influence from India, China and the US. Considering the global geostrategic nature of the Indo-Pacific, Sri Lanka is unlikely to play a leading role in formulating an Indo-Pacific strategy. Yet, Sri Lanka's close ties with the major players of the Indo-Pacific will provide an opportunity to the country to derive benefit in areas, such as infrastructure development, trade, security and people-to-people contacts.

Dynamics in the region's power balance are rapidly transforming the Indian Ocean Region into an arena of reoriented strategic disposition for traditional as well as emerging powers. As Sri Lanka charts a new course for itself in the region through a more proactive role in regional geopolitics, it is imperative for Sri Lanka to formulate an Indo-Pacific approach, while balancing other regional and global powers. Sri Lanka cannot progress in isolation. If it attempts to do so, it will continue to confine itself within the South Asian region, missing out the opportunities of linking with others.

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34 Waidyatilake, B. (2019). A New Role for Sri Lanka in Asia's Changing Geopolitics? [online] Available at: <https://www.lki.lk/publication/a-new-role-for-sri-lanka-in-asias-changing-geopolitics/>

# **The Indo-Pacific Strategy: Leveraging the Economic Potential for Bangladesh**

**Abdullah Ar Rafee<sup>1</sup>**

The Indo-Pacific Strategy Report (IPSR) published by the United States (US) Department of Defense (DOD) has created considerable resonance around the globe in recent times. Widely touted as a counterbalance to China's Belt and Road Initiative (BRI), IPSR laid considerable emphasis on a Free and Open Indo-Pacific (FOIP) concept in terms of trade, security and strategic partnerships. Regardless of contrasting opinions, as the Report outlines 'Free, fair, and reciprocal trade based on open investment, transparent agreements, and Connectivity' as one of its core objectives, many developing countries in the Indo-Pacific Region consider this as an opportunity to rejuvenate their strategic and economic partnership with the US.

## **Bangladesh-US Relationship**

Historically, the US and Bangladesh have enjoyed fruitful relationship in multifarious areas, which include, among others, trade and investment, security and defense cooperation, education and people-to-people contacts. One of the fastest growing economies in the world, Bangladesh has leveraged its population dividend to excel in manufacturing sectors, particularly, the garments and textile industry, to catalyze its growth. In 2018, Bangladesh was the second largest apparel exporter in the world, exporting garments worth

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US\$ 29 billion, capturing 6.4% share of the global market, second only to China (WTO, 2019). The US is one of the largest recipients of these exports. Bangladesh exported US\$ 5.5 billion worth of goods to the US in 2018, while importing US\$ 2.1 billion worth of products (WTO, 2019). On the other hand, the US companies are some of the largest foreign investors in Bangladesh with investments worth US\$ 3.4 billion in 2018 in key industries such as oil and gas, power generations, and banking and insurance. (U.S. Relations With Bangladesh, 2019). While FDI inflows from China have been increasing in recent years, the US continues to be the top contributor to Bangladesh's FDI, accounting for 20% of the country's total FDI stock (UNCTAD, 2018).

On the defense and security front, Bangladesh-US partnership can be deemed as nascent, compared to that of many of the neighboring countries in the region. Cooperation in this area includes maritime security and domain awareness, counterterrorism, Humanitarian Assistance/Disaster Recovery (HA/DR), peacekeeping and border security. Defense and security cooperation between the two nations received great impetus during the Gulf War when Bangladesh supplied 2,300 members of its army to the American Coalition to liberate Kuwait from Iraq. In recent years, the US has been proactive in supporting counter terrorism initiatives in the country. The US has provided more than US\$ 41 million in terms of civilian security assistance to counter security and terrorism threats in the country (US Embassy, 2019). In addition, the two nations have regularly organized joint military exercises, with the 24<sup>th</sup> edition of the Cooperation Afloat Readiness and Training (CARAT) taking place in 2018. The US military troops have been providing assistance in disaster-stricken areas of Bangladesh, which often faces devastating floods and cyclones. Likewise, Bangladesh is one of the largest contributors to the UN peacekeeping missions, stationing over 7000 troops across 10 missions globally (UN Peacekeeping, 2019).

It is thus clear that Bangladesh and the US have deepened their long-standing cooperation in the economic, defense and security

spheres, which has immensely contributed to the development of both the nations. For the US, Bangladesh remains to be a key strategic partner in South Asia, given its proximity to regional powers such as China and India as well as its geographic position bordering the Indian Ocean (Nahreen, 2017). A stable governance and economic climate in Bangladesh is thus imperative for the US to avoid any political chaos which may play into the hands of Bangladesh's neighbors, China and Russia, with which the US has historically been engaged in a contest for establishing hegemony in the region.

## **The Indo-Pacific Strategy and Bangladesh**

As such, the Indo-Pacific Strategy seems to have stemmed from regional aspirations, particularly against the backdrop of China aggressively expanding its influence in the region through BRI. The US DOD released its Indo-Pacific Strategy Report on 1 June 2019, broadly outlining its strategic aspirations in the Indo-Pacific Belt, with the help of its partners in the Quadrilateral Security Dialogue (Quad), namely, Japan, India and Australia (The Department of Defense, USA, 2019). The Report was followed up by the US Department of State's implementation update on its Indo-Pacific Strategy (IPS), published on 4 November 2019 (US Department of State, 2019). While the US has repeatedly publicized the Strategy to be one that stands on its own and not as a response to China's excursions in the region through BRI, it contrarily sets the stage for its regional aspirations by terming China as a "Revisionist Power" in the region, and a key challenge for the country. (US Department of Defense, 2019). Like many other countries in the Indo-Pacific Region, Bangladesh too has found itself at the intersection of this strategic contest.

While both the Reports detail the US activities in the region, they do little to provide a strategic direction on how the country plans to ensure the creation of a FOIP that respects sovereignty and

independence of all nations and adheres to international rules and norms. From evidence so far, the US seems to have incorporated many commitments it has made to its regional partners during state-level visits over the last one and a half years into IPS, which, among others, includes security enhancement and geopolitical consolidation as key components. However, for most countries in the region, their inclination towards providing support to IPS will largely depend on the economic commitments from the US. According to the US Agency for International Development (USAID) Deputy Administrator, Bonnie Glick, between the 2018 Indo-Pacific Business Forum on 30 July and the 2019 Indo-Pacific Business Forum on 4 November, USAID has dedicated an additional US\$ 441 million to the Indo-Pacific Region on energy, infrastructure, digital connectivity, trade and other economic activities (USAID Office of Press Relations, 2019). For Bangladesh, the US has made commitments of US\$ 40 million on maritime security, humanitarian assistance and disaster response, peacekeeping capabilities and countering transnational crime (US Embassy in Bangladesh, 2019). While these initial commitments are primarily geared towards enhancing security, Bangladesh would possibly be more interested in harnessing the Indo-Pacific Strategy for its economic development.

## China's Growing Influence

Through economic consolidation, China has significantly strengthened its bilateral cooperation with Bangladesh in recent years. The bilateral trade between Bangladesh and China, which amounted to US\$ 12.4 billion in 2017-2018, is expected to reach US\$ 18 billion by 2021 (Taseer, 2019). China is now the largest source of import for Bangladesh, making the country China's third largest export destination in South Asia. China surpasses other nations in terms of Foreign Direct Investment (FDI) in Bangladesh. Since its incorporation into BRI in 2016, Bangladesh has received commitments of over US\$ 38 billion in investments, aid

and loans (Dhaka Tribune, 2018). China's commitment to support Bangladesh's growth is probably best underscored by its pledge to provide US\$ 3.14 billion for the construction of the Padma bridge (Byron, 2018). The World Bank initially agreed to fund the project, before pulling out from it over allegations of corruption, which were ultimately proven false. In the defense area, and potentially a more sensitive front for the US, Bangladesh purchases most of its military equipment from China – Bangladesh is the world's second largest importer of the Chinese military equipment, second only to Pakistan (Wezeman, 2019). Such a growing influence of China has naturally raised concerns among the US community over its strategic military foothold in Bangladesh. However, China's superiority in providing cheap military equipment means that the US has failed to make expected progress.

While Bangladesh and China have enjoyed increased cooperation on many fronts, multiple issues have dented the camaraderie between the two nations in recent times, which incidentally coincide with the US's call for "Adherence to international rules and norms" and "Respect for sovereignty and independence of all nations" under the Indo-Pacific Strategy. Bangladesh has not received support from China over the Rohingya crisis, with China boycotting talks at the United Nations Security Council (UNSC) (Nichols, 2018). In addition, the Chinese firms and Bangladesh locals have clashed over working conditions in some of the Chinese-funded project sites, which have resulted in casualties in both the sides (BBC, 2019). In addition, only one-fourth of the funding promised during President Xi Jinping's 2016 visit to Bangladesh has been disbursed so far in three years; the slow pace of disbursement of these funds mostly owes to red tape on the Chinese end (Byron & Chakma, 2019).

## **Balancing the Superpowers**

Bangladesh is one of the top five fastest growing economies in the world at present, which makes it an attractive destination for

global superpowers to invest both in economic and strategic terms. To attain its developmental aspirations, Bangladesh requires an investment of US\$ 24 billion in the coming years, and so far it has been receptive to all kinds of funding, paying due attention to their economic and strategic merits. (Asian Infrastructure Development Bank (AIIB), 2019)

Beyond the US and China, India has been a key partner of Bangladesh. India pledged US\$ 5 billion in loans for infrastructure and power sector projects during Bangladeshi Prime Minister Sheikh Hasina's visit to India in 2017 (Jacob, 2017), which was supplemented by an additional investment deal of US\$ 10 billion and agreements among business entities (Dhaka Tribune, 2017). Japan has been Bangladesh's single biggest bilateral development partner, and in 2019, the country extended loans worth US\$ 1.2 billion to Bangladesh under its Official Development Assistance (ODA) in port, infrastructure and energy sectors. (JICA, 2019)

In some cases, Bangladesh has been able to refuse funding, which lacked economic or strategic merit. For instance, Bangladesh turned down the offer from a Chinese firm to construct a highway over allegations of corruption. Bangladesh would now finance this construction from its own coffers to the tune of US\$ 1.5 billion, which was initially quoted at US\$ 2 billion by the Chinese firm (Lahiri, 2018).

Port construction has been a sensitive issue for Bangladesh given its geographic and strategic importance for national security. While Bangladesh is looking forward to increase and expand its ports to catalyze economic development through maritime routes in the Bay of Bengal, the country has struggled to attract foreign investments without irking the superpowers. Bangladesh cancelled plans for Sonadia deep sea-port in 2016, which was supposed to be constructed through the Chinese assistance. For the ongoing construction of the Payra port, Bangladesh divided it into 19 components (Japan International Cooperation Agency, 2018), each awarded separately

under various kinds of agreements ranging from government to government cooperation to public-private partnership, and also distributed among several partners, including India, Japan, China, Belgium and Netherlands, among others.

In case of China, the “debt-trap diplomacy” has been a widely debated topic in recent times, with the US voicing vehement concerns about this issue in its Indo-Pacific Report. As it mentioned, “The United States has serious concerns with China’s potential to convert unsustainable debt burdens of recipient countries or sub-national groups into strategic and military access, including by taking possession of sovereign assets as collateral” (US Department of Defense, 2019). Bangladesh, however, has in many cases shown restraint to such loans, as mentioned in the previous paragraph. Bangladesh’s external debt in FY 2017 stood at 14.3% of its national GDP, far below the international norm of 40%, which is considered to be a cause for concern (Economics Research Division, 2019). In fact, of the total external debt of Bangladesh, loans from the World Bank (IDA) and Asian Development Bank (ADB) alone account for 61% (IMF, 2018).

## Exploring Opportunities beyond the Security Realm

Beyond the defense and security issues, trade and economy has been a key component in the strategy of the current US administration. In its 2017 National Security Strategy, it stated “economic security is the U.S. national security”. In this regard, the US is promoting “free, fair, and reciprocal” trade practices through the Indo-Pacific Strategy, primarily aimed at reducing its own trade deficits in the Indo-Pacific Region.

Bangladesh, being on the verge of graduation from its Least Developed Country (LDC) status, it is essential for the economy to be able to sustain its ‘Big Push’ in terms of development financing. Given the development aspirations of the economy and its contrasting feeble capacity to mobilize domestic resources, financing from its

development partners is essential. As far as financing is concerned, Bangladesh can see the Indo-Pacific Strategy, particularly its “free” and “open” concept, as an opportunity to explore the options of an alternative viable financing source for materializing its needs-based development aspirations.

A good number of sectors are still nascent in Bangladesh, which require considerable financial and technical support, where the US has good opportunities to capitalize on. Information and Communications Technology (ICT) is a burgeoning sector, growing at a rate of 40% annually since 2010 (UNCTAD, 2019). More than 120 companies already export ICT-related products worth US\$ 1 billion annually, which is expected to grow to US\$ 5 billion by 2021 (Palak, 2019). The growth of this sector opens opportunities for technologically superior countries such as the US to invest in services, such as training, software and hardware exports, and outsourcing. (LightCastle Partners, 2016). While a large number of workers enter into the IT workforce every year, Bangladesh significantly lags behind in terms of relevant expertise, experience and opportunities to properly leverage these incumbents. Financing has been another issue as despite a strong infrastructural set-up, SMEs and startups have been reluctant to begin operations. In addition, as larger economies such as India and China move up the ICT value chain into robotics and automation-oriented products, Bangladesh can use the US technology and support to train the workforce, arrange financing, and develop its IT and Information Technology Enabled Services (ITES) sector, which is a US\$ 1 trillion market in the US alone (LightCastle Partners, 2016).

According to the US estimates, the Defense and Security Equipment Services is a potential industry, with Cybersecurity being a fast-growing area. For 2019-20, Bangladesh government allocated a budget of around US\$ 3.80 billion towards defense and security related expenditures (Alif, 2019), most of which is usually procured from foreign vendors. Defense purchases from the US have steadily grown in recent times, rising to around US\$ 110 million since 2010,

albeit far below from the US\$ 1.92 billion of equipment purchased from China in the same period (The Daily Star, 2019). Further, Bangladesh is in negotiation with the US to purchase advanced military arms such as Apaches and missiles. For the US, higher price of these equipment has been an impediment to sell them, which has prompted Bangladesh to look towards China and Russia for the bulk of its imports. To assuage such concerns, the US has already financed the purchase and delivery of five coastal patrol boats in Bangladesh worth US\$ 5.3 million, and provided US\$ 3.3 million to train 233 Bangladeshi military members in the US and Indo-Pacific Region (Anas, 2019). The Indo-Pacific Strategy unfolds tremendous scope for the US to further explore the Bangladesh defense industry, while providing quality equipment at competitive prices.

The Healthcare and Pharmaceuticals sector has been performing well in Bangladesh, posting high growth rates in recent years. The country spends 3.7% of its GDP on healthcare (Hassan, Fahim, Zafr, Islam, & Alam, 2016), much lower than that of many developing and developed nations. The government has encouraged local companies to partner with foreign companies to develop this sector, which has contributed to US\$ 3.45 billion in GDP in 2017 (export.gov, 2018). In addition to pharmaceutical and medicine development, the inadequate healthcare infrastructure of the country calls for high-end medical equipment, surgical instruments, diagnostic equipment and services. However, the recent exodus of GlaxoSmithKline and upcoming departure of Sanofi cast concern over the business climate in Bangladesh, which may discourage FDI in this sector.

In Power and Energy, according to The Bangladesh Power System Master Plan 2016, the demand for power is expected to grow to 51 GW by 2041, compared to the current installed capacity of 20 GW. To achieve this, investments worth US\$ 35 billion would be required in the next 15 years (PWC, 2018). The US-based companies already have a 55% share of the total import of natural gas into the country, besides their supply to a large number of power sector projects (Export.gov, 2018). Bangladesh relies on natural gas as its primary



source of fuel, which is depleting at alarming rates. As an alternative, the government is exploring coal, imported Liquefied Natural Gas (LNG) and renewable sources of energy, such as solar and wind. One area that is largely untapped is the country's resources in the Bay of Bengal. Since settling its maritime dispute with Myanmar in 2012 and India in 2014, Bangladesh, through support from various multinational companies, has started exploring natural resources in its 26 blocks in the Bay. While the efforts have faced many obstacles, possibilities of identifying commercially viable reserves are enormous, particularly given the fact that both India and Myanmar have identified gas reserves in the adjacent areas (Moazzem & Ali, 2019). The US's existing deep entrenchment in the power and energy sector provides Bangladesh with the leverage and know-how to tap into the opportunities offered by this sector in the country.

Beyond these, the Infrastructure Development and Engineering Services is another high-growth sector relevant to Bangladesh's projected development aspirations. The country estimates a requirement of around US\$ 320 billion in the infrastructure sector (Islam, 2018), on its way to becoming the world's 26<sup>th</sup> largest economy by 2030 (Henry & Pomeroy, 2018). On the other hand, the Readymade Garments (RMG) industry in Bangladesh is expected to grow despite recent setbacks, including factory safety issues, global competition and infrastructure deficiency. As China moves up the value chain in the RMG sector, Bangladesh has opportunity to seize the gap. While the US has suffered from trade deficit with Bangladesh, largely owing to the RMG sector, there lies opportunities for Research and Development (R&D) as the country moves towards a more automated system of production.

## Conclusion

For a country like Bangladesh, the Indo-Pacific Strategy opens up additional opportunities to buttress its growth. However, it must be able to efficiently navigate the murky waters of the geopolitical

tug of war between the global superpowers vying to establish regional hegemony. The disquieting geopolitical landscape and presence of economic arrangements like BRI demand that Bangladesh must maintain a delicate balance in leveraging the initiative and must not follow a silo approach while assessing its prospects.

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# The Conundrum of Nepal Regarding Indo-Pacific amidst Great Power Rivalry

Rupak Sapkota<sup>1</sup>

## Introduction

The world politics is undergoing a subtle change. The deep-seated concern is that competition between the United States and China is intensifying. The United States believes that the decades long stability and prosperity of the Indo-Pacific has been seriously undermined due to rising political and economic influence of China with the countries in the region.<sup>2</sup> In the background of an ascendant China, the US leadership geopolitical construct, Indo-Pacific Strategy (IPS) is mainly focused to re-strengthen its partners and allies in the region.

Since the official visit of Nepal's Foreign Minister Pradip Gyawali to Washington D.C., the US has consistently been urging 'Nepal's central role in a free, open, and prosperous Indo-Pacific'. After returning back to Nepal, Gyawali, on December 24, 2018 rejected reports about Nepal's inclusion in and support for the Indo-Pacific Strategy. He further stated that 'Nepal and the United States have agreed to widen and deepen their seven-decade-long partnership and take their relationship to the next level'. But despite Nepal's reluctance, in a June 1, 2019 IPS Report, Sri Lanka and Nepal are given the status of potential partners in the Indo-Pacific Strategy

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1 Author is currently Deputy Executive Director of Institute of Foreign Affairs (IFA). Views expressed are his own.

2 Report on 'A Free and Open Indo-Pacific: Advancing a Shared Vision', Department of State, United States of America, Nov 04, 2019

and pledge to hold a joint military exercise with Nepal for disaster management and humanitarian assistance.<sup>3</sup> This poses a distinctly new and complex diplomatic conundrum for Nepal.

This paper seeks to analyze the small states' conundrum on Indo-Pacific drawing a case study of Nepal. It examines whether the US is genuinely willing to extend Nepal's role in Indo-Pacific, or simply looking for an opportunity to contain China via Nepal. This will be followed by an analysis of Nepal's strategic importance in the American initiative. The Tibetan issue holds similar significance for the US to approach Nepal as a part of the Indo-Pacific Strategy.<sup>4</sup>

## Small States in the Indo-Pacific

The strategy vows to promote a rules-based security and economic order in Asia, while also encouraging closer cooperation among regional US partners. While explaining the Indo-Pacific Strategy at the Shangri-la Dialogue, Singapore in June 2018, US Defense Secretary Jim Mattis crafted the IPS mainly through the security aspects. In his opinion, the Indo-Pacific is critical for America's continued stability, security, and prosperity.

In the meantime, the US and its allies are anxious about China taking on a stronger security role in all these territorial and maritime security spaces, as is already happening in Djibouti, The Maldives and Myanmar, and by becoming a resident military power in the Indian Ocean Region (IOR). The emergence of the Indo-Pacific concept is perceived and seen as a clear response to this evolving situation.

At a first glance, China treats the Indo-Pacific strategy with certain coldness and suspicion. There are very few open assessments made by high ranking Chinese officials on the Indo-Pacific strategy. Commenting on the US-Japan-India-Australia quadrilateral security dialogue (QUAD), China's Foreign Minister Wang Yi touched upon

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3 Report on 'Indo-Pacific Strategy: Preparedness, Partnership, and Promoting A Networked Region,' The Department of Defense, US, June 1, 2019

4 Adjoining with the Tibet Autonomous Region of China, Nepal provides shelter for Tibetan refugees from the past 6 decades.

the topic of Indo-Pacific strategy once in March 2019. He stated that 'in today's world many new concepts disappear so quickly just as they appear.' He expressed his hope that the four states could be trustful in keeping their words that the QUAD format is not oriented against China. He further cautioned that 'confrontation policy leads only to a dead end'.

Small states throughout the Indo-Pacific are confronted by a growing dilemma over how to balance their traditional security ties with the US and rapidly growing economic engagements with China. Traditional U.S. partners like Singapore have already expressed fears for smaller countries caught up in the intensifying great-power regional rivalry.<sup>5</sup> Most of the partners and allies of the US are so deeply enmeshed with the Chinese that forcing them to disentangle from Beijing would be a very challenging strategic stance to take.<sup>6</sup> Since small states in Asia-Pacific region simply cannot shun either the proposal of Indo-Pacific or the BRI, this gives Washington and Beijing potential leverage over small states to hedge and seek maximum returns with one another. It is natural that both the U.S. and China will vie for power and influence in all possible theatres. Small States naturally have less room to maneuver. So it is essential for smaller states to exploit their transactional value in the marketplace of international relations.<sup>7</sup>

## South Asia in Indo-Pacific

India is an integral part of Indo-Pacific construct. The distinctive feature of India's external relations at present is the pronounced tilt towards the United States. Indo-US relations evolved as a 'strategic convergence' based upon the conception that the world's two largest democracies are 'natural allies'. The United States had taken major

5 Singaporean PM Lee Hsien Loong's keynote speech at Shangri-La Dialogue, 31 May 2019.

6 <https://www.washingtonpost.com/world/2019/09/27/us-cant-treat-china-same-way-it-treated-soviet-union-warns-asian-leader/>

7 Singaporean PM Lee Hsien Loong keynote speech at Shangri-La Dialogue, 31 May 2019.



steps towards enlisting India in countering the rapid rise of China as a strategic competitor and eventually forming an alliance.<sup>8</sup> This was seen in 2008 with the civil nuclear cooperation deal with the US and, during Modi's first term, in India signing two "foundational accords" proposed by Washington – the 'Logistics Exchange Memorandum of Agreement' (LEMOA) and the 'Communications Compatibility and Security Agreement' (COMCASA).

To some extent, South Asia increasingly gives the feeling of a sub-region where the US and India defense partnership is rubbing up against China in unpredictable ways. India's readiness to cooperate with several 'like-minded' countries to offer an alternative source of infrastructure development and connectivity initiatives to counter China's expansionism in South Asia, has opened a window of opportunity for the US to cooperate with India in the region.<sup>9</sup> From being a bilateral relationship that was largely focused on economic cooperation, US-India relations today cover an entire gamut of issues, with the United States becoming an increasingly influential player in the US-China-India regional dynamic.

However, New Delhi seems to remain firm to its traditional positions of strategic autonomy and non-alignment and is also working with Russia, China, and other powers. Despite its closer defense relationship with the US, India wants to cooperate with China when it plays by regional rules and norms. While talking about China's rise as a one of disruptions for the world, incumbent external affairs minister Dr. S. Jaishankar stated that such a disruption was positive in many ways. He further added, "China has in a way opened up the international order, which allowed India to make its presence felt."<sup>10</sup>

India's leadership in South Asia has been challenged by the rise of China as well as the extended engagements of the US with the

8 Robert D. Kaplan, "How we would fight China", *Atlantic Monthly*, June 2005.

9 Constantino Xavier, *Converting Convergence into Cooperation: The United States and India in South Asia*, Asia Policy 14.1, Jan 2019.

10 S. Jaishankar at Raisina Dialogue, Jan 18, 2018, New Delhi, <https://www.youtube.com/watch?v=i-MXiCK5Agk>

South Asian countries. India might not be prepared for any 'regional architecture' that thwarts the Indian dominance in South Asia. However, India is gradually ceding its strategic space to China. In the backdrop of 'Doklam Standoff' in 2018, President Xi Jinping and Prime Minister Narendra Modi had an 'informal meeting' in Wuhan and discussed the wide range of bilateral issues, which initiated two gigantic Asian powers' exchange of views on regional architecture. The 'China-India Plus' cooperation policy is considered as a result of the 'Wuhan Spirit', which has been further elaborated by President Xi at the 'Chennai Connect' – the means whereby 'gradually expand the "China-India Plus" cooperation to South Asia, Southeast Asia and Africa, to create a more smooth regional interconnection network, and to reach upon a “Regional Comprehensive Economic Partnership Agreement” at the earliest.’<sup>11</sup>

## The Strategic Importance of Nepal

Despite being a small landlocked state, Nepal has assumed a pivotal position in the South Asian geo-strategic environment as it borders two of the gigantic states in Asia, 1415 kilometers with China and 1758 kilometers with India respectively.

With the emerging great powers rivalry, Nepal's geo-political centrality has once again been gaining international attention. For the US, Nepal's strategic significance lies, first and foremost, in its geographical proximity to China and India.

## US Strategies in Nepal

The United States established diplomatic relations with Nepal in 1947 and opened its embassy in 1959. During the Cold War, the principal aim of the US policy was to keep away the communists—especially China backed communist party factions from gaining

11 习近平同印度总理莫迪在金奈继续举行会晤, Oct 12, 2019, [https://www.fmprc.gov.cn/web/ziliao\\_674904/zt\\_674979/dnzt\\_674981/xzxzt/xzxzt\\_698554/zxxxylmngfg\\_698556/t1707413.shtml](https://www.fmprc.gov.cn/web/ziliao_674904/zt_674979/dnzt_674981/xzxzt/xzxzt_698554/zxxxylmngfg_698556/t1707413.shtml)

influence in Nepal.<sup>12</sup> The instrument of this policy was largely determined by their aid program. Economic cooperation between Nepal and the US started with US's 'Point Four Program' that was initiated by President Truman. Between 1951 and 1961, the United States assisted Nepal with a total of US\$45.5 million, or about US\$ 4 million a year.

During the Cold War, the US policy toward Nepal got subordinated to the global strategy of ideological confrontation with the Soviet Union. In the post Cold War period however, Nepal's position and importance in the US South Asia strategy has been significantly reduced and the US aid to Nepal has also been reduced subsequently.<sup>13</sup>

Given India's immense leverage inside Nepal, analysts have argued that the United States aligned its Nepal policy also with that of India's. In early 2000s, the rise of the Maoist movement in Nepal initially made the US uneasy. Especially after September 11, 2001, New Delhi was also supportive of an increased American profile and presence in South Asia, as well as Washington's military and economic aid to Nepal in order to counter the Maoist rise. India believed that this will go a long way in not only stabilizing Nepal, but also curtailing Chinese influence in the region.<sup>14</sup> Equally, it is also perceived that the US accommodated itself into the Indian line while dealing with Nepal's peace process and subsequent joining of the mainstream by the Nepali Maoists.

However, recent US approach vis-a-vis Nepal in the form of the IPS possibly indicates renewed US interest and its policies towards the latter could now be independent of India's influence. In a major

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12 Khadka, N. (2000). U.S. Aid to Nepal in the Cold War Period: Lessons for the Future. *Pacific Affairs*, 73(1), 77-95. doi:10.2307/2672285

13 王艳芬, 汪诗明 : “冷战以来美国与尼泊尔的关系”, 《南亚研究》, 2009 年第 1 期。(Wang Yanfen & Wang Shiming, US-Nepal Relations since the Cold War, *South Asia Studies*, Vol. 01, 2009 )

14 Manish Dabhade & Harsh V. Pant (2004), Coping with challenges to sovereignty: Sino-Indian rivalry and Nepal's foreign policy, *Contemporary South Asia*, 13:2, 157-169.

attempt to re-boost its position, US signed the Millennium Challenge Corporation (MCC) compact in order to strengthen Nepal's energy sector, improve regional energy connectivity, and reduce transport costs to boost growth and private investment.<sup>15</sup>

The MCC compact has been termed as a part of Indo-Pacific Strategy.<sup>16</sup> Since Nepal is yet to agree to the IPS proposal, the ratification of MCC Nepal compact by the Nepali parliament has been fraught with debates, public discussions and counter-arguments.

### **The nuances of Tibet issue**

Tibet Autonomous Region (TAR) is a delicate issue between the United States and China. After the Chinese takeover of the region in the 50s, the United States covertly sponsored various forms of anti-Chinese resistance to further their opposition to the Communist regime. Since the inclusion of Tibet into China, US took advantage of its relations with the Tibetans and the Dalai Lama to use it as a leverage against Communist China.<sup>17</sup> Beginning in the 50s, the US started "covert support for a Tibetan guerrilla force...[and] also provided funds and other forms of non-military support for the Dalai Lama".<sup>18</sup> By the mid-1960s, the CIA had set up an army of 2 thousand across the northern border in Mustang.

The US continued this clandestine support until the normalization of Sino-American relations in 1972. But until the early 70's Nepal too embraced an aggressive US as well as China subsequently the Khampa rebellion and their camps inside Nepal were completely

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15 The Agreement aims to enhance Nepal's energy connectivity and minimize transportation cost for economic growth and prosperity through construction of about 300 km of electricity transmission lines and support for maintenance of 300 km of roads within 5 years of the project's period. The MCC projects are jointly funded by the USA and Nepal government as the latter puts in 130 million dollars in it..

16 Read: <https://thehimalayantimes.com/nepal/millennium-challenge-corporation-compact-programme-important-initiative-under-indo-pacific-strategy/>

17 Bekemeyer, Aaron, The Nuances of the US-Tibet Relationship,

18 Goldstein, Melvyn C. "The United States, Tibet, and the Cold War." *Journal of Cold War Studies* 8.3 (2006): 145-64.

destroyed by (Royal) Nepal Army. After the Sino-US rapprochement in 1972, Tibet's utility as an American foreign policy tool rapidly dissipated.

The US has once again shown a greater interest to support the Tibetan community in Nepal. In 2017, despite the Trump Administration's move to slash aid to Tibetans, a key congressional committee proposed US\$ 6 million for fiscal year 2018 to continue to support the exiled community in India and Nepal.

Moreover, Tibet has indeed been a persistent point of discussion during visits by various American officials to Nepal. Moreover, officials often accuse that Nepal has failed to honor a 'gentleman's agreement'<sup>19</sup> which guarantees to provide safe transit to Tibetans on their way to Dharmashala, India.<sup>20</sup>

### **Coping with great power rivalry: Nepal's foreign policy response**

International politics is the realm where great powers constantly seek opportunities to expand their hegemonic role. In this realm, small states on the periphery of great powers face intense pressures, leading to limits on their sovereignty. Nepal, a landlocked country between China and India, is a classic case of a small state striving to preserve its sovereignty.

Traditionally, China and India have competed to increase their influence over Nepal. Various regimes and governments in Kathmandu have attempted to attain maximum leverage over two giant neighbors. One can safely bet that Sino-Indian security

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19 "The 'gentleman's agreement' allowed for the de facto refugee status for Tibetans fleeing the TAR. Per the agreement, Tibetans who make it across the border are supposed to be escorted by Nepalese police to Kathmandu, turned over to the Department of Immigration, passed on to the Tibetan Refugee Reception Center in Kathmandu, processed by the UN High Commissioner for Human Rights (UNHCR), and dispatched to India on a one-way transit visa." by Peter Lee, China tests Nepal's loyalty over Tibet, Asia Times Online, April 2, 2011.

20 Utpal Parashar, "India Losing Little Gate Game", Hindustan Times, New Delhi, September 05, 2010.

competition over the expansion of their power and influence in South Asia has been the major determining factor for the evolution of Nepalese foreign policy.<sup>21</sup>

Notwithstanding, Nepal shored up regional cooperation initiatives, which are open and inclusive platforms for countries to cooperate constructively and deepen regional integration. The initiatives consist of economic aspects and connectivity and are fundamentally in favor of Nepal's interest, hence, Nepal is having an enthusiastic approach to collaborate with them. Therefore, Nepal's enthusiasm on joining the BRI is sorely driven by Nepal's national economic imperatives. Furthermore, not only the BRI, Nepal remains a major stakeholder in other regional and sub-regional initiatives, such as BIMSTEC and BBIN in which India as a regional power has a larger role.

Nepal should be constantly engaging the US, China and India to balance, and pursue a steadfast diplomacy to maximize its benefits amidst this flux. With its engagement to great powers, Nepal should increase its efforts to address its desperate need for economic development and infrastructure spending.

## Conclusion

Nepal's geostrategic location provides it a space to manoeuvre as a potential strategic partner for great powers. But the imminent risks are sometimes overlooked. There are legitimate concerns that Nepal is abided by the principle of non-alignment and due to its geopolitical sensitivity, Nepal cannot afford a proposal that bears strategic implications for its adjoining neighbors, China and India.

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21 Manish Dabhade & Harsh V. Pant (2004), Coping with challenges to sovereignty: Sino-Indian rivalry and Nepal's foreign policy, *Contemporary South Asia*, 13:2, 157-169.

# Indo-Pacific Strategy from Nepali and South Asian Regional Cooperation Perspectives

Ram Babu Dhakal<sup>1</sup>

## 1. Understanding of the IPS

The Indo-Pacific has become the subject matter of an expressed interest across Asia and Pacific region in recent years. The understanding of the subject and its implications on the current state of relations and cooperation have one way or other become part of agenda of both governmental and non-governmental levels. It is said that “the Indo-Pacific is not a new idea, nor is it originally an American one. It arises from the natural sciences, referring to a large bio-geographic region of warm water in the Indian and Pacific Oceans. Its evolution as a strategic concept is a more recent development.”<sup>2</sup> With a view to promoting “the full and proper use of living aquatic resources in the region from the Indian Ocean to the Pacific Ocean”, the term “Asia-Pacific” had appeared under the Fisheries Commission established in 1948 by the Food and Agricultural Organization (FAO).<sup>3</sup>

The notion of the Indo-Pacific strategy has evolved in successive stages of developments taking place in the Asia and Pacific region. With the rise of economic powers in the region and their crucial role in shaping of the international order, Asia commanded much

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2 [www.ispionline.it/en/pubblicazione/indo-pacific-can-ideashape-geopolitics-20712](http://www.ispionline.it/en/pubblicazione/indo-pacific-can-ideashape-geopolitics-20712) (17.3.2020)

3 <http://www.fao.org/asiapacific/apfic/en/> (1.3.2020)

attention of the world as narrated with the Twenty-first century to be the 'Asian century'.

The region's identity, values and culture termed as "Asian Culture" (the East) as categorically recognized by the West in the colonial past is once again at the center of global political and economic gravity. Thus, as said by Edward W. Said, Asia (the East) "has a history and a tradition of thought, imagery, and vocabulary that have given it reality and presence in and for the West. The two geographical entities thus support and to an extent reflect each other."<sup>4</sup>

During the nineteenth century, the Western powers such as the Britain and France dominated Asia whereas since the World War II, the United States of America occupied the prominent leading role in the region under the rules made by her. Her strong interest in the region has helped South East Asian nations to develop their economy.

The United States pursued its policy of "engaging China" during the Cold War period (1972-1990s). During the period of engagement, the United States, while maintaining 'One China' policy, continued its diplomatic relations with Taiwan and extended military cooperation to the latter. Unlike the pre-World War II, the United States made its stronghold in the Asia and Pacific region by significantly expanding its economic relations and strengthening security and strategic cooperation during the last seven decades. She also established military alliance with Australia, New Zealand (ANZUS), Japan and the Republic of Korea being economic powers of Asia.

China made economic progress rapidly securing the place of the world's second largest economy. Economic power of the People's Republic of China has taken more assertive role in Asia and the global level. The United States regards China's rise as her competitor and a rival in the position she has held over a half century.

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4 Said, Edward W., *Orientalism*, (London: Routledge & Kegan Paul Ltd, 1978), P.11 [https://www.rarebooksocietyofindia.org/book\\_archive/196174216674\\_10154888789381675.pdf](https://www.rarebooksocietyofindia.org/book_archive/196174216674_10154888789381675.pdf) (17.3.2020)



In view of a shift in power configuration in Asia; Japan, United States, Australia and India, although ambivalent at the initial phase, decided to reactivate the four-party security and strategic cooperation known as Quad. Japanese Prime Minister Shinzo Abe while addressing the Indian Parliament in 2007 highlighted the "dynamic coupling" of the Indian and Pacific oceans as the "confluence of the two seas."<sup>5</sup>

President Barack Obama framed a national strategy entitled "Rebalancing Asia." "With nearly half of the earth's population, one-third of global GDP, and some of the world's most capable militaries, Asia and the Pacific is increasingly the world's political and economic center of gravity. The region's dynamism, expanding trade and investment, growing ranks of capable powers, and increasing people-to-people ties with the United States present extraordinary opportunities that this Administration is leveraging."<sup>6</sup> The US attaches importance of Asia and Pacific region to the global trade and commerce as well.

C Raja Mohan, in his book *Samudra Manthan* (2012), describes "the seas of the western Pacific and the Indian Ocean as a single integrated geopolitical theater, the 'Indo-Pacific'."<sup>7</sup> Currently, the idea of Indo-Pacific needs to be made as operational cooperation among the leading countries such as Australia, India, Japan and the United States. These countries have already included the idea as part of their foreign policy.<sup>8</sup>

President Trump used the term "Indo-Pacific" during his trip to Asia in November 2017. The importance attached to the idea

<sup>5</sup> Supra Note i.

<sup>6</sup> <https://obamawhitehouse.archives.gov/the-press-office/2015/11/16/fact-sheet-advancing-rebalance-asia-and-pacific> (29.2.2020)

<sup>7</sup> Supra Note i

<sup>8</sup> The 2013 Australian Defense White Paper; the Indian Prime Minister Manmohan Singh's speech off May 2013, the Vision paper for a "Free and Open Indo-Pacific"; the 2017 Foreign Policy White Paper of Australia; the Indian Prime Minister Narendra Modi's speech at the Raisina Dialogue; the US 2017 National Security Strategy. See detail at [www.ispionline.it/en/pubblicazione/indo-paci\\_c-can-ideashape-geopolitics-20712](http://www.ispionline.it/en/pubblicazione/indo-paci_c-can-ideashape-geopolitics-20712) (17.3.2020)

of Indo-Pacific in place of 'Asia Pacific' is described as the new emphasis on India's role in shaping the regional order in view of China's rise and Beijing's growing interests in the Indian Ocean and Delhi's expanding footprint in the Pacific Ocean. According to Gen. H.R. McMaster, the term, Indo-Pacific 'captures the importance of India's rise'. India and the United States will work to secure peace and prosperity in the region."<sup>9</sup>

### 1.1 The U.S. Vision for Asia and the Pacific

"The United States seeks to preserve and enhance a stable and diversified security order in which countries pursue their national objectives peacefully and in accordance with international law and shared norms and principles, including: the peaceful resolution of disputes; an open economic order that promotes strong, sustainable, balanced and inclusive growth through a level, competitive playing field; and a liberal political order that promotes peace and human dignity, based on human rights and the rule of law."<sup>10</sup>

"Japan has a Free and Open Indo-Pacific vision, Washington has an Indo-Pacific strategy, Canberra has developed an Indo-Pacific concept and ASEAN has the Indo-Pacific outlook."<sup>11</sup> They are all complementary to each other's ideas aiming at establishing a rules-based world order.

"China is an outlier, preferring to use the traditional term "Asia-Pacific" or "Asia-Indo-Pacific" to ensure that China remains at the core of any new geopolitical construction. It is also in a conundrum in that its signature and unilateral Belt and Road initiative (BRI) is juxtaposed in direct opposition to the multilateral Indo-Pacific visions being promoted."<sup>12</sup>

9 [http://www.india-seminar.com/2018/701/701\\_c\\_raja\\_mohan.htm](http://www.india-seminar.com/2018/701/701_c_raja_mohan.htm) (1.3.2020)

10 <https://obamawhitehouse.archives.gov/the-press-office/2015/11/16/fact-sheet-advancing-rebalance-asia-and-pacific> (29.2.2020)

11 <https://www.japantimes.co.jp/opinion/2019/12/12/commentary/japan-commentary/shifting-era-indo-pacific/#.Xlqr1agzY2w> (29.2.2020)

12 Ibid.

## 1.2 Building a new equilibrium

The imperative in the Indo-Pacific Region is to build a new strategic equilibrium pivoted on a stable balance of power. A constellation of likeminded states linked by interlocking strategic cooperation has become critical to help build such equilibrium. But Japan faces important strategic challenges. To secure itself against dangers that did not exist when its current national-security policies and laws were framed, Japan must bolster its security or risk coming under siege. US security interests will be better served by a more confident and secure Japan that assumes greater responsibility for its own defense and for regional security. The US must encourage Japan, which has not fired a single shot against an outside party since World War II, to undertake greater national-security reforms. Peace in Asia demands a proactive Japan.”<sup>13</sup>

Is it an initiative to counter China’s rise?<sup>14</sup> As the U.S. has pushed “Indo-Pacific” through its diplomatic dealings, the quadrilateral security dialogue consisting of the U.S., Japan, Australia and India has reportedly been on its recent reactivation.<sup>15</sup> Beijing views it as a check on China’s increasing influence in the region.

The competition between U.S. and China in the South East Asia region is recognized as mentioned by the Prime Minister of Malaysia: “I hope the US and China will soon see enough sense to replace conflict with cooperation. Everyone will stand to gain much more when we collaborate with each other, but healthy competition should also be acceptable.”<sup>16</sup>

13 Brahma Chellaney (2018) Japan’s Pivotal Role in the Emerging Indo-Pacific Order, *Asia-Pacific Review*, 25:1, 38-51, DOI: 10.1080/13439006.2018.1475714 <https://www.tandfonline.com/doi/full/10.1080/13439006.2018.1475714?scroll=top&needAccess=true> (29.2.2020)

14 <https://www.scmp.com/news/asia/diplomacy/article/3015892/whats-difference-between-indo-pacific-and-asia-pacific-regional> ( Visited 29 Feb 2020)

15 <https://www.scmp.com/news/asia/diplomacy/article/3015892/whats-difference-between-indo-pacific-and-asia-pacific-regional> (29.2.2020)

16 [https://www.isis.org.my/wp-content/uploads/2019/06/Keynote\\_Address\\_by\\_YAB\\_PM\\_33rd\\_APR\\_250619.pdf](https://www.isis.org.my/wp-content/uploads/2019/06/Keynote_Address_by_YAB_PM_33rd_APR_250619.pdf) (29.2.2020). Prime Minister Mahathir’s keynote address delivered at the 33<sup>rd</sup> Asia Pacific Roundtable on 25 June 2019 in Kuala Lumpur. The Roundtable began in 1987 and it was held annually since then.

"The U.S. has long history of engagement in the Indo-Pacific Region and relationships are growing."<sup>17</sup> Many countries of Asia and Pacific would prefer harmonized and cooperative relations between the U.S. and China so that they wouldn't need take side of one. Rather, it would serve global peace and order. However, with the aim of establishing "Open, stable, secure and prosperous Indo-Pacific Region"<sup>18</sup> the Asia Reassurance Initiative Act of 2018, a law was made by the U.S. The law "establishes a multifaceted U.S. strategy to increase U.S. security, economic interests and values in the Indo-Pacific Region."<sup>19</sup> The law emphasizes, "Preparedness, partnerships and promoting a networked region"<sup>20</sup> and recognizes "Rivalry and cooperation between the big powers in the Indo-Pacific Region."

## 2. Nepali Perspective

Both China and India are Nepal's immediate neighbours. About 80 percent foreign trade of Nepal are with them. The United States is the second country with which Nepal established diplomatic relations in 1947, after the UK.

Nepal's international relations are based on the principles enshrined in the Charter of the United Nations, international law, principles of peaceful co-existence and 'Panchsheel', equidistance and balanced relations with both immediate neighbours. Nepal's relations with one neighbor is not at the cost of the other neighbor. With other major countries, Nepal maintains development partnerships to complement national efforts towards socio-economic development.

Nepal has already joined the BRI and Nepal and China have already signed several bilateral cooperation projects covering diverse

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17 Statement of Act. Secretary of Defense Patrick M. Shanahan at the Shangri-La Dialogue, 1 June 2019 [www.defense.gov](http://www.defense.gov)

18 Modi's speech delivered at the Shangri-La Dialogue, 1 June 2018 in Singapore. The speech outlines India's perspective on the Indo-Pacific Region.

19 <https://www.whitehouse.gov/briefings-statements/bill-announcement-12/> The law authorizes \$ 1.5 billion for the U.S. administration to develop diplomatic strategy and a range of programs for South and Southeast Asia region.

20 The Indo-Pacific Strategy Report, [www.news.usni.org/2019](http://www.news.usni.org/2019) dated 1 June 2019.

areas such as trade, infrastructure development, health, education, cross-border crime control, investment, people-to-people contact, mutual legal cooperation, etc. The Government of Nepal considers the BRI to be additional source of funding to meet the deficit in her socio-economic efforts. Increased investment from China would accelerate economic growth and help reduction of poverty in the country. Nepal is among the group of countries which strongly supports BRI, regardless of its criticism.

## 2.1 Nepal-USA Relations and Cooperation

Nepal-U.S. diplomatic relations characterize as partnership for development. Since early 1960s, USAID has extended its cooperation in socio-economic development efforts of Nepal. Exchange of high-level visits and regular interaction of the two governments have enhanced goodwill, trust and cooperation. The United States played a significant role in transition of Nepal emerging from conflict to peace under the auspices of the United Nations. Nepal's Foreign Minister Pradip K. Gyawali visited USA in December 2018 and held bilateral talks on the matters including "regional and global affairs."<sup>21</sup> They also discussed "strengthening the capacity of Birendra Peace Operations Training Centre (BPOTC) and capacity building of Nepal Army Personnel."

## 2.2 MCC Compact

The Millennium Challenge Corporation (MCC) Compact is at present a very important instrument of bilateral cooperation between Nepal and the United States. After a series of meetings and discussion, Nepal joined the MCC in 2010.<sup>22</sup> Nepal and USA signed the MCC Compact in Dec. 2017.<sup>23</sup> During the Foreign Minister's visit (Dec. 2018), both sides stressed the need "to take steps to get

21 MOFA/GoN Press Release issued on 18 December 2018

22 Nepal was considered to be eligible for "Threshold Program" of MCC.

23 The agreement worth US\$ 630 million aims to enhance Nepal's energy connectivity and minimize transportation costs for economic growth and prosperity through construction of about 300 Kms of electricity transmission lines and support for maintenance of 300 Kms of roads within five years of the project's period.

the Compact enter into force within the stipulated timeframe” and “concurred that completion of projects under the Compact will bring important economic benefits to Nepal.”<sup>24</sup>

The U.S. side has considered that the MCC Compact signed with Nepal remains within the framework of the Indo-Pacific Strategy. There appeared a recent controversy<sup>25</sup> regarding the implementation agreement of the MCC which is under consideration by the Nepal’s Parliament. In view of significant amount of \$500 million as grant from the U.S. government, the government of Nepal considers it to be beneficial for the country.

### 2.3 Interpretation of implications of IPS

“The debate on the problems and prospects for the new geopolitical construct gathered much intellectual steam in the second decade of the 21<sup>st</sup> century. While there was support, there was also much criticism especially from Beijing. The argument was that the Indo-Pacific was an ‘artificial super-region’ being constructed to isolate China.”<sup>26</sup>

## 3. Regional Perspectives from South Asia and South-East Asia

From South Asian regional perspective, the Indo-Pacific strategy should be considered under the regional cooperation framework. The idea of regional cooperation in water resources development had been floated by Nepal’s then King Birendra who had stressed the utilization of water resources for the benefit of the people of

24 MoFA, Kathmandu Press Release issued on 18 December 2018

25 Section 7.1 of Article 7 states that “The Parties understand that this Compact, upon entry into force, will prevail over the domestic laws of Nepal.” Such provision has reportedly been thought by some members of the Nepal Communist Party as violation of Constitution of Nepal, and thus requires amendment to the agreement.

26 [http://www.india-seminar.com/2018/701/701\\_c\\_raja\\_mohan.htm](http://www.india-seminar.com/2018/701/701_c_raja_mohan.htm) (1.3.2020)

South Asia region.<sup>27</sup> Later, SAARC emerged as a single platform for dialogue for socio-economic cooperation.<sup>28</sup>

Another regional grouping combining members of both SAARC and ASEAN<sup>29</sup> is BIMSTEC<sup>30</sup> which came into being in 1997. BIMSTEC focuses the areas of connectivity (sea, air and land) and embraced a new concept of mountain and blue economies.<sup>31</sup> Security cooperation is included to control international terrorism and transnational organized crimes. Under BIMSTEC, common threats to the region include terrorism, regional peace, security and stability. Despite the undue delay for holding the 19<sup>th</sup> SAARC Summit in Pakistan which was to be organized in 2015, the recent threat caused by the COVID-19 pandemic pushed SAARC countries to hold a virtual (video) conference to address the emerging situation in the region. Keeping SAARC active would also help develop the regional response to the Indo-Pacific Strategy as in the case of ASEAN.

The ASEAN's Outlook adopted in June 2019 describes that "Southeast Asia lies in the center of these dynamic regions and is a very important conduit and portal to the same. Therefore, it is in the interest of ASEAN to lead the shaping of their economic and security architecture and ensure that such dynamics will continue to

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27 At the Colombo Plan Consultative Committee's meeting held in Kathmandu in 1977. After the King's statement, the then President of Bangladesh visited Nepal and held talks on the matter.

28 The regional cooperation organization was formally established on 8 December 1985, after its first Summit meeting held in Dhaka.

29 The Association of South-East Asian Nations (ASEAN) established in 1967 has adopted its regional "ASEAN Outlook on the Indo-Pacific" on 22 June 2019. [https://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](https://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)

30 The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) established in June 1997 has its secretariat now set up in Dhaka since 2014.

31 The Kathmandu Declaration of the Fourth BIMSTEC Summit held in August 2018 highlighted the concept of Mountain Economy and Blue Economy and agreed to work on it. Paragraphs 28 and 29 of the Declaration. <https://drive.google.com/file/d/0Bw5iVdDDVNCRTko2ek02Y1F0T3hQemM1NTdjUy1icGZUOGMw/view>

bring about peace, security, stability and prosperity for the peoples in the Southeast Asia as well as in the wider Asia-Pacific and Indian Ocean regions or the Indo-Pacific.”<sup>32</sup>

### 3.1 Security and Economic Challenges

SAARC countries have faced common problems of security challenges in terms of terrorism, extremism and poverty and social backwardness. Competition and confrontational relations of major powers such as the U.S. and China pose a great challenge. In view of regional proximity and border relations with China, SAARC countries could immensely benefit from the BRI. China’s investment of capital and market for exports of SAARC countries would play a very important role. Both China and India could provide great opportunity for their small neighbouring countries to accelerate their economic progress.

India’s Act East Policy extends its strategic cooperation from the Indian Ocean to the Pacific Ocean linking Africa as well. India has already established and shares different forums with ASEAN countries including the East Asia Summit. China’s actions on the South China Sea has been taken as a threat to regional security. Both the Indo-Pacific strategy and Belt and Road Initiative should play a complementary role in developing mutual trust, cooperation and develop an understanding to address the common threats of global peace, security and development.

### 3.2 Japan: Partnership for Quality Infrastructure

In August 2016, Prime Minister Abe announced his vision for “Free and Open Indo-Pacific” in his keynote address at TICAD VI held in Kenya. Three pillars of Japan’s efforts to realize a free and open Indo-Pacific include (i) Promotion and establishment of the rule of law, freedom of navigation, free trade, etc; (ii) the pursuit of economic prosperity through enhancing connectivity;

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<sup>32</sup> Supra Note 28.



and (iii) Commitment for peace and stability.<sup>33</sup> “The Partnership on Sustainable Connectivity and Quality Infrastructure between the European Union and Japan and the Australia-Japan-United States Trilateral Infrastructure Partnership exemplify these principles.”<sup>34</sup>

### 3.3 Way forward for SAARC countries

SAARC countries should utilize SAARC and BIMSTEC for regional cooperation perspective to address the misunderstanding likely to be created through the Indo-Pacific strategy and the Belt and Road Initiative. To make SAARC an active and result-oriented regional organization, there is a need for amendment of the SAARC Charter regarding rule on unanimity and bilateral contentious issues. They also need to make it an effective instrument for regional cooperation by holding the group's meetings at all levels in a planned manner. SAARC and BIMSTEC have a huge potential to complement each other, rather than making one's rival to the other. SAARC Secretariat's institutional capacity should be strengthened by providing adequate financial and technical resources to it.

SAARC platform must be taken advantage of discussing issues of regional peace, security and stability together with socio-economic development as in the case of ASEAN. SAARC countries should reaffirm their commitment made decades ago to the vision for South Asian Economic Union for better integration of regional economies. A collective response to the BRI and the Indo-Pacific Strategy by SAARC countries as a group would serve their interest better than dealing it individually. In view of its size of economy, geography and influence in creating synergy of the South Asia region, India should play an active role in leading the region for a larger interest of regional peace, security and stability.

33 <https://www.mofa.go.jp/files/000407643.pdf> “Towards Free and Open Indo-Pacific”, November 2019

34 <https://www.japantimes.co.jp/opinion/2019/12/12/commentary/japan-commentary/shifting-era-indo-pacific/#.Xlqr1agzY2w> (29.2.2020)

## Conclusion

The Indo-Pacific strategy developed by the United States has received support and cooperation from Australia, Japan, India and many member states of ASEAN. SAARC countries have not developed their regional outlook rather they have viewed it individually. The US Congress has already passed a law entitled the 'Asia Reassurance Initiative Act' (ARIA) with appropriation of budgets that will be used to advance its vital security and trade interests in the region. The United States under the strategy seeks to engage like-minded nations in security, economic, governance and development partnerships to establish a rules-based regional and global order in countering China's influence and power. India and Japan have also developed their bilateral cooperation strategy in this direction. Australia and ASEAN nations have adopted their strategy in strengthening their security and economic cooperation with the United States. However, few ASEAN nations such as Philippines and Cambodia are sympathetic and extended support to the Belt and Road Initiative (BRI) of China.

# Maritime Security of ASEAN States in the Indo-Pacific: Engagement with the Extra-Regional Powers

Hernaikh Singh and Ankush Ajay Wagle<sup>1</sup>

## Introduction

The eminent naval scholar Alfred Thayer Mahan, in his influential volume, *The Influence of Sea Power Upon History*, wrote that a sea is akin to a 'great highway' or a 'wide common', allowing movement in a multitude of directions. Transposing Mahan's analogy to the present global maritime order, the 'Indo-Pacific' could well be considered the greatest of these connecting highways. Building on (or alternately replacing) earlier notions of the 'Asia-Pacific', the Indo-Pacific construct, envisioned as an interconnected maritime space stretching across the Indian and Pacific oceans, appears to be a current geopolitical cause célèbre. The salience of the concept is grounded in the incredible scope of the region to which it applies. The vast oceanic expanse and the embedded landmass cover close to two-thirds of the globe. The countries therein cover a relatively equivalent percentage of the world's population and trade.

By dint of its name, the Indo-Pacific is an inherently maritime concept. It follows then that much of the scrutiny it attracts relates to maritime security. And being the geographical nucleus of the Indo-Pacific, Southeast Asia and its constituent nation-states (collectively the Association of Southeast Asian Nations [ASEAN]) are at the

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heart of any such security considerations. Yet, ASEAN only of late codified its Indo-Pacific perspective through the 'ASEAN Outlook on the Indo-Pacific', revealed at the 34<sup>th</sup> ASEAN Summit in Bangkok in June 2019. The Outlook emphasises that with Southeast Asia being the epicentre of the Indian Ocean and Asia-Pacific regions, it is 'in the interest of ASEAN to lead the shaping of their economic and security architecture' (ASEAN, 2019). To that end, it further states that ASEAN 'needs to consistently come up with its collective leadership in forging and shaping the vision for closer cooperation in the Indo-Pacific' (ASEAN, 2019). The text notes broad principles for the region (including good governance, respect for international law, and rules-based framework), along with already enshrined principles such as peaceful dispute settlement. It also identifies four areas of cooperation: economic, maritime, connectivity and the United Nations (UN) sustainable development goals.

Despite its lofty sentiments, pragmatically speaking, the ASEAN Outlook is more of a loose guiding framework rather than an action plan and is likely intended as such. It provides no directives on how the areas of cooperation are to be acted upon. In fact, the document serves more to simply recognise the Indo-Pacific as a geopolitical construct within which the bloc plays a 'central and strategic role' (ASEAN, 2019). It provides a 'common script' (Tay and Wau, 2019) on which to rely, amongst the many varied narratives on the Indo-Pacific. Given that it is much more normative in nature, it will likely do little if anything at all, to shape the practical approaches of individual Southeast Asian states towards the region's rapidly evolving dynamics. The diversity of economic resources, security challenges, national interests, and even geographic parameters among the ASEAN-member states ensures that each will have to play the Indo-Pacific to the best of their respective abilities, especially vis-à-vis maritime security. However, most of them lack explicit oceanic policies (except for Indonesia), let alone Indo-Pacific ones. Therefore, in order to parse ASEAN's maritime security calculus in the Indo-Pacific, an additional point of reference is required.

One such possible evaluative prism is the security interplay of ASEAN-member states with extra-regional powers. The logic of such analysis is underpinned by history. Southeast Asia has traditionally been a field for oceanic power-plays by external powers. Long before initiatives like the Free and Open Indo-Pacific (FOIP) and the Maritime Silk Road, strategic and economic prospects in the region invited the attention of colonial powers. From the 15<sup>th</sup> century onwards, the British, Dutch, Portuguese and French each occupied varying swathes of Southeast Asian territories, including strategic ports such as Singapore, Penang and Malacca. The tides of extra-regional maritime involvement continued in the 20th century with the Japanese imperialist campaign for a 'Greater East Asia Co-prosperity Sphere', World War II and the Vietnam War. The sum effect of this history is an enduring maritime link between the ASEAN-member states and the respective major powers involved.

Against the backdrop of such legacies, extra-regional powers have since sought to co-opt ASEAN-member states into contemporary Indo-Pacific maritime strategies. This is a case of mutual need. The external powers require the ASEAN-member states to support their respective regional objectives. It is hardly surprising then that most so-called Indo-Pacific 'visions' and 'grand strategies' (such as the FOIP) emphasise the tenet of 'ASEAN centrality'. On the other hand, the ASEAN-members in turn seek to draw upon the capabilities of the large powers to bolster their own security interests. Southeast Asia faces a conspicuous deficit in maritime security capabilities, with land-based forces long prioritised over naval power (Raymond, 2016). External powers thereby provide a way for them to shore up these capabilities by aligning common security interests.

In tangible terms, this mutual need has translated into various ASEAN-focused multilateral exercises over the last two decades. For example, the American-led 'Southeast Asia Cooperation and Training exercise, which began in the early 2000s, promotes 'shared commitments to maritime partnerships, security and stability'

(Veloicaza, 2019). Several new exercises have proliferated more recently. ASEAN and China conducted the first joint Maritime Field Training Exercise in 2018, followed immediately by the first ASEAN-United States (US) Maritime Exercise in 2019. These exercises, involving all 10 ASEAN-member states underscore the impetus for major powers to engage ASEAN on 'shared maritime security priorities' (Lim, 2019). Australia's Indo-Pacific Endeavour, an annual large-scale naval deployment of Australian defence forces, visited several ASEAN-member countries (Indonesia, Malaysia, Singapore, Thailand and Vietnam) in 2019. Likewise, the Indo-Southeast Asia Deployment, a naval deployment initiated by the Japanese Self Defense Forces included port calls to Brunei, Malaysia, Philippines, Singapore and Vietnam in 2019.

The factors expounded upon above present a reasonable case for extra-regional engagement to be used as a lens to understand facets of ASEAN-member states' maritime security in the Indo-Pacific context. To that end, this chapter serves two purposes. Firstly, it presents a bird's eye view of select contemporary maritime security interactions<sup>2</sup> (in the last two decades or so) of five ASEAN-member states (Indonesia, Singapore, Thailand, the Philippines and Vietnam) with extra-regional powers in the Indo-Pacific. The focus on these particular states is due to their status as active naval 'engagers' of major extra-regional powers (either in cooperation or counteraction) as well as their relative maritime security capacities. The pertinent extra-regional powers are the US, China, India, Japan and Australia.<sup>3</sup> The selection of these powers reflects their engagement with ASEAN-member states in maritime security as well their own articulated Indo-Pacific outlooks/strategies/visions. Brief, relevant historical

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2 Note: The chapter attempts to present a range of maritime security developments that has transpired, including policies, partnerships, security exercises and port visits, and naval force build-up. The list of developments is not exhaustive and should not be considered as such.

3 Note: The choice of the chosen five ASEAN states and five extra-regional powers has been based simply on their relevant interactions with one another and the constraints relating to the length of the chapter. Thailand and the Philippines are analysed collectively for brevity.

context is also provided along with the developments for a better-rounded picture. Secondly, based upon the described interactions and their context, the chapter aims to draw some pointers concerning ASEAN- member states' maritime security in the Indo-Pacific, specifically relating to three interconnected themes: geography, mechanisms, and strategy.

## Indonesia

With an archipelagic topography comprising over 10,000 islands, the seas are an intrinsic component of Indonesia's strategic culture and identity, steeped in its ancient and contemporary history. Centuries ago, the ancient Srivijaya and Majapahit empires both expanded their territorial reach by annexing island territories through naval incursions driven by seafaring strategy. In the immediate post-colonial period, Dutch colonists attempted to 'reconquer' Indonesia by 'exploiting its defenceless waters' (Arif and Kurniawan, 2017). The landmark Djuanda Declaration of 1957 by the Indonesian government established the noted *Wawasan Nusantara* ('Archipelagic Vision') which cemented the country's 'archipelagic identity' (Arif and Kurniawan, 2017) and asserted control over all waters surrounding its islands.

Indonesia's rich maritime legacy has naturally shaped its present maritime outlook. It is all but accepted that Indonesia is the strongest proponent of the Indo-Pacific within ASEAN. In 2013, Indonesian Foreign Minister Marty Natalegawa, in a speech at the Washington-based Centre for Strategic and International Studies, noted that the Indo-Pacific is of 'profound interest' (Natalegawa, 2013) to Indonesia given its location as the geographic centre of the zone. Notably, Natalegawa advocated an Indo-Pacific 'treaty of friendship and cooperation' (Natalegawa, 2013) for countries within the region. Although Indonesian President Susilo Bambang Yudhoyono put forth the treaty at the East Asia Summit (EAS) meeting later in 2013, it did not gain traction due to a lack of interest from other parties.

The election of President Joko Widodo in 2014 put new vigour into Indonesia's maritime ambition and outlook. A few short months after his election, President Jokowi laid out Jakarta's maritime policy called 'Poros Maritim Dunia' (Global Maritime Fulcrum or GMF) at the November 2014 meeting of the EAS in Naypyidaw, Myanmar. In his remarks, the President noted that Indonesia is the 'fulcrum between two oceans [the Indian and the Pacific]' (Neary, 2014). He further laid out five 'pillars' of the policy: rebuilding maritime culture, protecting and managing marine resources, developing maritime connectivity and infrastructure, maritime diplomacy, and building maritime defence forces. The government took concurrent steps to underscore the maritime focus, especially in security. For example, the president issued a regulation creating an 'Indonesian Maritime Security Agency' (BAKAMLA) in December 2014.

Jakarta's propagation of the GMF policy has been accompanied with relevant partnerships in the Indo-Pacific. The latest and most notable of these has been its new maritime partnership with India. Indian Prime Minister Narendra Modi visited Jakarta for the first time in May 2018. During the visit, the two sides released a 'Shared Vision for Maritime Cooperation in the Indo-Pacific' (Ministry of External Affairs, India, 2018). The Shared Vision document clearly denotes the promotion of maritime safety and security as one of six primary areas of cooperation between the two sides. Specific areas of security cooperation mentioned include strengthening existing naval exercises (including bilateral co-ordinated patrols or CORPATs), information sharing, capacity-building, coast-guard cooperation, hydrography and marine cartography. Prime Minister Modi also stated during his visit that India's own 'Security and Growth for All' or SAGAR ('Ocean') maritime policy coincides with the GMF.

In the wake of Modi's visit, the two sides appear to be walking the talk. In November 2018, they conducted the inaugural bilateral exercise Samudra Shakti (Sea Power) involving land and sea-based operations, which gave 'momentum' (Chaudhury, 2018) to the



partnership. A key aspect of the partnership going forward is the focus on areas of mutual security interest. In particular, the Andaman Sea, strategically located off Sumatra Island, appears to have come into play as an area of focus for Delhi and Jakarta. Since Modi's visit, two Indian coast guard vessels visited the port of Sabang, near the Andaman Sea in July 2018 and March 2019 respectively.

## Singapore

Being a port-city in the Malaysian Peninsula, the Indo-Pacific played a foundational role in Singapore's history much before the term even came into parlance. The flow of trade by way of the seas from both sides was essential to Singapore's development as an entrepôt nation. Singapore's littoral location between the two oceans also drew colonial powers to its shores. These forces were integral in shaping the maritime narrative of Singapore. Singaporean historian Emrys Chew notes that, in its passage from a colony to independent nation-state, Singapore was 'often caught up in a tricky balancing act on a choppy sea of competing nationalisms between the Indian and Pacific Oceans' (Chew, 2013).

Today, Singapore's *modus operandi* towards the Indo-Pacific remains grounded in its pragmatic foreign policy outlook which emphasises the rule of law, neutrality and cooperation (as far as possible) with all available partners. Singapore is distinctly clear-eyed in its view of the regional maritime environment, namely apropos the external powers. As noted by Singapore's Minister for Foreign Affairs, Vivian Balakrishnan, ASEAN's Outlook does not preclude 'strategic forces from pulling individual ASEAN Member states in different directions' (Ministry of Foreign Affairs, Singapore, 2019). Yet, Singapore has been cautious in its view of grander Indo-Pacific groupings led by those forces, such as the 'Quad', comprising the US, India, Japan and Australia (Yong, 2018).

Singapore's approach appears to be one which prioritises engagement over rhetoric. Notwithstanding its minuscule size, it has

been perhaps the most active ASEAN-member state in engaging extra-regional major powers, both bilaterally and in groupings. In 2015, the Republic of Singapore Navy (RSN) began the 'Exercise Bilateral Cooperation' with the Chinese People's Liberation Army Navy (PLAN) and another edition is planned for 2020. Towards the end of October 2019, Singapore also signed an 'enhanced' Agreement on Defence Exchanges and Security Cooperation with Beijing, thereby updating an earlier version of the agreement signed in 2008. In the maritime domain, the agreement facilitates port-calls between the two sides and possible bilateral exercises. In 2019, the RSN also signed a 'white shipping' (pertaining to civilian vessels) MoU with Australia's Maritime Border Command (Australian Border Force, 2019). At the multilateral level, Singapore has previously participated in Exercise Malabar, a trilateral operation of the Indian, American, and Japanese navies. In 2019, Singapore initiated a new trilateral exercise (SITMEX) in the Andaman Sea, along with Thailand and India.

Bilaterally, the US has a long-standing naval partner of Singapore. In 1990, Singapore's Prime Minister Lee Kuan Yew and US Vice-President Dan Quayle signed an MoU allowing the US the use of Singapore's naval and air facilities, including bases. Under the agreement, US navy vessels visit Singapore on 'rotational deployments', with over 100 ships visiting every year. The landmark agreement has been the bedrock of US-Singapore naval cooperation for three decades and was renewed by Prime Minister Lee Hsien Loong and President Donald Trump for another 15 years (until in 2035) in 2019.

Singapore's security relations with India also date back a quarter of a century to the early 1990s when New Delhi's 'Act East' policy led to maritime initiatives such as the Singapore-India Maritime Bilateral Exercise (SIMBEX). SIMBEX has been the cornerstone of bilateral maritime engagement between the two sides. The 25<sup>th</sup> edition of SIMBEX, held in 2018, was a large-scale operation involving live

weapons firing, and simulated operations. In 2017, Singapore and India signed a Navy Bilateral Cooperation Agreement, completing a trifecta of service agreements between the three branches of the armed forces.

## Vietnam

With a curving coastal flank stretching over 3,000 kilometres along the South China Sea, from the Gulf of Tonkin to the southern tip of the Mekong Delta, Vietnam is an integral component of Southeast Asia's historical maritime chronology. Its history has been indelibly shaped by its maritime character. The Franco-Spanish 'Cochinchina' naval expedition in the mid-19<sup>th</sup> century was the beginning of the colonial French Indochina era which in turn would decisively shape the trajectory of the involved nations, Vietnam especially so.

The importance of the seas as a force majeure for Vietnam has transcended colonial history. Since independence, the intractable issue of the South China Sea (or 'East Sea' in Vietnamese) has been the unequivocal maritime challenge for Hanoi. As one of the ASEAN claimants in the South China Sea dispute, Vietnam has engaged China for decades over the latter's contested claims and occupation of islands in the sea. In 1974, the South Vietnamese and Chinese navies engaged in a small naval battle at the Paracel Islands which led to the defeat of the Vietnamese side and China claiming control of the entire island group. Almost a decade and a half later, the two sides again had a maritime skirmish in the Spratly Islands which likewise concluded with Chinese occupation of some of the islands.

More recently in 2014, the movement of a Chinese oil rig into an area on Vietnam's continental shelf led to a revival of tensions, characterised by a naval jostling of sorts by ships from both sides. In 2019, a Chinese oil vessel and accompanying ships again entered Vietnamese waters and notably stayed put for a few months. These incidents have led to Hanoi's concerns that China is 'deliberately

attempting to turn ‘undisputed waters’ into ‘disputed spaces’ (Hai, 2019).

In the face of this ever-uncertain tug-of-war with China, Vietnam has beefed up its naval engagement with the US. In 2018, an American aircraft carrier visited the eastern port of Da Nang, the first such visit in four decades. The US has also provided support to the Vietnamese navy through the transfer of naval vessels. In 2017, the US Coast Guard provided the Vietnamese navy with a Hamilton-class ‘Cutter’ vessel and, in 2019, it announced the transfer of another such ship.

Simultaneously, Hanoi has strengthened maritime security ties with India. In 2014, India gave Vietnam US\$100 million of ‘defence credit’ to purchase patrol boats. In 2016, Prime Minister Modi visited Hanoi and announced a further US\$500 million in credit from India. Although not specified, it is highly likely that a sizeable portion of those funds would be directed towards a naval build-up. Following Indian President Ram Nath Kovind’s visit to Vietnam in late 2018, Delhi and Hanoi agreed to begin a new bilateral maritime security dialogue in 2019 (Press Information Bureau, India, 2018), although this did not eventually take place.

## **Thailand and the Philippines**

Historically, Thailand and the Philippines have been the two bulwarks of American engagement in Southeast Asia. Both countries share ties with the US that extend back to the 19<sup>th</sup> century. Thailand’s alliance with the US, one of America’s oldest, began in 1818. Eight decades later, American took control of the erstwhile Spanish colony of the Philippines after the Spanish-American War. Defence and security cooperation has always been a cornerstone of the alliances, highlighted by key agreements signed in the 20<sup>th</sup> century such as the 1954 Manila Pact, which created the ill-fated South East Asia Treaty Organisation. The organisation, of which Thailand and the Philippines were the only Southeast Asian members, bound them

and other signatories including the US to 'act to meet the common danger' (Dalpino, 2012). Other agreements further codified the respective bilateral relationships. After the American recognition of the Philippines' sovereignty in 1946, the two sides signed a landmark Military Bases Agreement (MBA) in 1947, allowing the US armed forces to use Philippines military bases for 99 years. A subsequent Mutual Defence Treaty signed in 1951 stipulated that each side aid the other in case of an attack. Similarly, a 1962 communiqué signed by Thai Foreign Minister Thanat Khoman and US Secretary of State Dean Rusk, deepened the US-Thai security alliance by obligating the US to aid Thailand in the event of hostile overtures from third parties.

These agreements naturally laid the foundations for future maritime security ties too. Under the terms of the MBA, the US took charge of the Subic Bay and Clark bases which played a pivotal role as 'strategic enclaves' (McCoy, 2016) for security. For example, Subic Bay, one of the world's largest bases at the time, became a linchpin for the US Seventh Fleet during the Vietnam War. However, after contentious negotiations, in 1991, the Philippines government decided not to renew the agreement and the US vacated both the Subic and Clark bases.

Since the turn of the 21<sup>st</sup> century, Washington has further highlighted the importance of the 'Yankee' connection for its two partners. In 2003, it denoted both Thailand and the Philippines as 'major non-North Atlantic Treaty Organization allies', the only two Southeast Asian countries to be so classified. The Indo-Pacific context has also precipitated developments in both policy and action. The 2019 American Secretary of Defence Mark Esper and Thai Prime Minister Prayut Chan-o-cha unveiled a 'Joint Vision Statement 2020 for the US-Thai Defense Alliance' at the November 2019 ASEAN Defence Ministers' Meeting Plus (ADMM+) in Bangkok. Emphasising security aspects such as regional architecture, sustainability and an 'enduring presence' (US Embassy and Consulate in Thailand, 2019), the 2020 vision notably replaces the 'Asia-Pacific' terminology of the

earlier 2012 statement with that of the 'Indo-Pacific'. On the other hand, Manila has been a primary beneficiary of American security investment in the region, particularly in the maritime domain. In 2015, the US Secretary of Defense Ash Carter announced the 'Southeast Asia Maritime Security Initiative' (US Department of Defense, 2015) which would inject over US\$400 million into upgrading maritime capacities of the region over five years. The Philippines received over 80% of the funding allocated for 2016 (Cronin, 2016).

If America is one naval security pole for the Philippines and Thailand, China is without question the other. The Philippines, as a claimant in the South China Sea, has had an especially fractious relationship with China. In 2012, the two sides had a significantly tense naval standoff at Scarborough Shoal, an outcrop of rocks located off the Philippines' north western coast. In 2013, the Philippines brought a notable arbitration case against China to the Permanent Court of Arbitration (PCA) contesting China's claims over the South China Sea. In 2016, the PCA in a noteworthy judgement, ruled in the Philippines' favour. The same year, Rodrigo Duterte took office as the President of the Philippines. He has taken a pronounced turn towards Beijing, thereby instigating a perceptive change in Sino-Philippines relations. This has extended to the maritime security ties. In May 2017, three ships of the Chinese PLAN visited the port of Davao. At the time, President Duterte expressed support for the idea of possible joint naval exercises in the Sulu Sea (Javier, 2017). Likewise, Thailand under current Prime Minister Prayuth Chan-o-cha has also appeared more receptive to Chinese security ties, as is evident through the purchase of arms, including maritime assets such as three (potential) submarines (Macan-Markar, 2017). The naval forces of both countries have also conducted bilateral exercises such as 'Blue Strike', the 2019 edition of which involved ships from both sides (Storey, 2019). In a nutshell, driven by the inescapability of Chinese maritime involvement in the region and the complex economic and political links to Beijing, Manila and Bangkok appear to have calibrated their responses.

Beyond bilateral ties with China and the US, another commonality of interest between Thailand's and the Philippines' maritime engagement is that of 'minilateral' exercises, involving one or more regional and extra-regional powers. A pertinent example is the Maritime Training Activity 'Sama' (Together), which began as a bilateral exercise between the Philippines and the US in 2017. In 2019, the two partners extended it to include Japan as an active participant. Earlier in May 2019, another quadrilateral naval exercise involving the Philippines, the US, India and Japan took place. For its part, Thailand, as noted earlier, partnered Singapore and India for the SITMEX exercise in 2019.

#### Maritime Security Engagement of ASEAN and Extra-Regional Powers: An Analysis

Having observed several different maritime security interactions between ASEAN and extra-regional major powers, what lessons can be drawn? Here, we present some lessons/projections pertaining to three different aspects of maritime security: geography, mechanisms, and strategy.

First, relates to how the geographical imperative guides Indo-Pacific maritime security. Herein lies the question of how the Indo-Pacific expanse is visualised (the 'mental maps' described by scholars such as Rory Medcalf) and how those maps are subsequently securitised. The US, Japan, India and Australia have each undergone a 'geographical adjustment process' (Haruko, 2020) vis-à-vis the Indo-Pacific, thereby denoting their respective geographic optics by way of policies such as the FOIP. In practice, these policies need to have a workable apparatus in terms of actionable spaces. Again, geography is often the decisive factor in determining these spaces. It was the geographical lens (that is, being the routes of transit between the landmass) that led to areas such as the South China Sea and the Malacca Straits becoming some of the most contested/securitised waters in the world. Those areas will continue to be focal points. However, that lens now compels the involved countries to

securitise other specific, pertinent and important sub-zones of the Indo-Pacific. The ‘geographical density’ (Haruko, 2020) of the extra-regional powers’ outlooks will guide the security dynamics of these sub-zones in terms of involvement. This explains why the Andaman Sea, erstwhile considered peripheral, has come into focus for new maritime security endeavours, as recognised by the Indonesia-India partnership and operationalised by the SITMEX exercise. The unique geographical features of each Southeast Asian country further shape their policy perspective and strategic importance to the external powers. Indonesia, as the only Southeast Asian country to straddle both the Indian and Pacific oceans, therefore, has a much broader geographic outlook, espoused as the GMF. Thailand is a ‘double littoral’ as parts of its two coasts are bounded by different water bodies (the Andaman Sea on the east and the Gulf of Thailand in the west). Therefore, it gains strategic salience in the Andaman Sea to add to that of its eastern ports such as Sattahip (which hosted the Sino-Thai Exercise Blue-Strike in 2016).

Linked to the geographical element, a second projection relates to the mechanisms of maritime security in the Indo-Pacific. There already exists the proverbial ‘alphabet soup’ of institutional mechanisms in the region, ranging from the EAS, the ADMM+ and the Indian Ocean Rim Association. For ASEAN’s part, the ADMM+ (set up as an extension of the ADMM in 2010), involving all ASEAN-member states and eight ‘counterparts’ (including all the extra-regional powers discussed here along with New Zealand, Russia and South Korea) remains the pre-eminent umbrella organisation to drive regional cooperation. However, it is evident that the ADMM+ faces complex challenges in its role as an overarching organisation. Scholars have noted that it is ‘not ready to be a forum for strategic issues’ (Tan, 2016) and is largely considered as a platform for non-traditional security matters. It is also ‘ill-equipped to undertake the role as a provider of regional security’ (Tang, 2016). Furthermore, ‘ASEAN centrality’, a core principle of the bloc, has also ironically proved to be a sticking point due to the presence of the extra-



regional powers. At the 3<sup>rd</sup> ADMM+ in Kuala Lumpur, Malaysia, all 10 ASEAN-member states, including the participants of the dispute, agreed to not include the South China Sea issue in the joint declaration. However, the extra-regional counterparts disagreed and the joint declaration did not come to pass. This implies that an excessive focus of the ASEAN centrality tenet could also detract the extra-regional powers in future ADMM+ engagement.

Despite its limitations, the ADMM+ nonetheless remains the most important overarching supra-institution for maritime security in ASEAN's Indo-Pacific context. However, the ADMM+'s position does not automatically preclude more 'compartmentalised' cooperation mechanisms between the involved states. Given the difficulty of across-the-board type cooperation in the geographic sub-zones identified earlier, more focused, bilateral or plurilateral security mechanisms could be the new normal. These mechanisms could take the form of either sub-zone-specific maritime security operations including one or more extra-regional powers; and with a focus on securitising particular areas; or at a deeper level, developed partnerships focusing on maritime affairs. They could also either be generated anew or evolve from existing ones. The Indonesia-India maritime partnership is an example of the former while the inclusion of Japan into the US-Philippines Exercise Sama Sama is a case of the latter. These mechanisms serve both practical and strategic purposes. Practically, exercises enhance 'interoperability' (Ministry of Defence, Singapore, 2019) between the participating countries, as noted by the Joint Statement released after SITMEX. At a strategic level, they act as confidence-building measures to better manage the security environment. Further, they act as 'building blocks' (Anwar, 2020) for Indo-Pacific cooperation.

The third analytical point concerns the strategic approaches of the ASEAN-member countries towards the Indo-Pacific. For several decades, common tropes associated with ASEAN's extra-regional security engagement strategies were steeped in the traditional, theoretical notions of 'balancing' or 'bandwagoning' as expounded

upon by scholars such as Kenneth Waltz. Much of that post-World War II and the Cold War literature focused on evaluating ASEAN-member states' ability to either seek some sort of security equilibrium between both Washington and Beijing, or 'aligning' themselves with one or the other. Yet, the increasingly complex nature of the geopolitical and geo economic interconnections in the Indo-Pacific has produced a much more nuanced mix of strategies, especially in naval maritime strategies.

'Hedging' strategies, involving ways and means of simultaneously pursuing the objectives of 'returns-maximising' and 'risk-contingency' (Kuik, 2016), have increasingly become mainstays of the region's security lexicon. Again, the maritime security interactions noted above provide some examples of different strategies with shades of hedging. For example, Thailand's purchase of submarines from China could be considered an example of maximising returns from its advantage of being a regional player which is not a claimant to the South China Sea. Strategically speaking, Singapore has arguably been the most successful (partly due to its international standing, deft diplomacy, and non-threatening posture). The city-state's 'omni-engagement' of partners across the board as well as its active participation in regional security initiatives (including fostering new initiatives) with extra-regional powers, while remaining non-committal to any grand strategy is perhaps the most apt example of successful (or relatively successful) mode of 'hedging'. Yet, it should be noted that Singapore is an outlier in that it has no territorial maritime claims with an extra-regional power.

Countries for which such claims are matters of national interests would be keen to pursue strategies that allow for more 'strategic space', through different means. This could imply a shift in policy alignments. A relevant example is the Philippines' government's pursuit of more cordial relations with China. As described by one scholar, Manila has changed its China approach from a 'balancing policy' under the administration of President Benigno Aquino to an 'appeasement policy' (De Castro, 2018) under current President

Rodrigo Duterte. Other countries such as Vietnam could seek further engagement with extra-regional partners both near and far, such as the US and India, for both 'indirect' and 'direct' means of support. For example, both the US and India have made overtures for assisting (financially or in-kind) in Vietnam's naval build-up. Simultaneously, the US, which conducts naval operations in the South China Sea, can more directly project a measure of naval support by way of regularised actions like the port visits of aircraft carriers.

On a final point of note, the maritime interactions we have analysed are themselves subject to larger global developments which are unforeseen and potentially extreme. At the time of this writing, one such development, the COVID-19 pandemic, has caused global disruption on a scale unseen since World War II. In the face of intense social and economic turmoil, the pandemic has precipitated more nationalist sentiments across the world and sharpened existing ideological/strategic cleavages. In particular, the already-acrimonious relations between the two major powers – the US and China – seem to have further deteriorated to a new low. While the pandemic situation will come to pass, it will undeniably have long-term ramifications by way of important implications for all aspects of geopolitics, including the maritime security engagement of ASEAN-member states and major extra-regional powers in the Indo-Pacific.

Scholars are speculating that the pandemic has already impacted American and Chinese 'operational readiness' in the Indo-Pacific as well as the perceptions of the Southeast Asian partners towards the two mega-powers (Cook and Storey, 2020).

## Conclusion

This chapter began with words from one eminent historian. It seems appropriate to conclude with words from another. The Indian statesman-scholar K M Panikkar, in his treatise, *The Future of Southeast Asia* (published at the height of World War II in the 1940s), wrote that the millennia of history had shown the

endogenous defence of Southeast Asia to be ‘utterly impracticable’ (Panikkar, 1943). Panikkar’s view, while perhaps objectionable to some, turned out to be prescient. In the decades since the war, the inescapable reality of the region’s security has been the enduring presence of outside powers, especially so in the seas. ASEAN’s maritime engagement with the extra-regional powers has become all the more striking in the face of a simultaneously connected and competitive Indo-Pacific. The plethora of interactions discussed in this chapter is testament to that. Taken together, these interactions help to discern some aspects of regional maritime security such as geography, mechanisms, and strategy.

On a final note, given that an ‘Indo-Pacific era’ appears to be on the horizon, engagements similar to those discussed above are likely to proliferate in the region, therefore requiring further evaluation in the future. As such, rather than a standalone work, this chapter could serve well as part of continuing thematic analysis on the topic of contemporary maritime security engagement between ASEAN and the extra-regional powers in the Indo-Pacific. We hope to be able to continue contributing towards that scholarship.

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