

Conference Report

Security and Economic Challenges in the Indo-Pacific

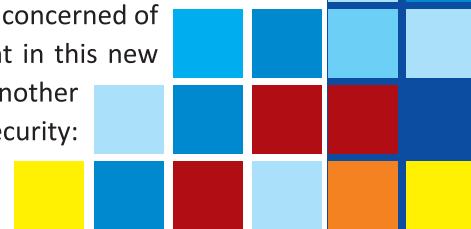


The Consortium of South Asian Think Tanks (COSATT) in cooperation with the Political Dialogue Asia Programme of the Konrad Adenauer Stiftung (KAS), organized a two-day regional conference on the above theme on March 12-13, 2019 in Kathmandu. Heads of some of the prominent think-tanks of the Indo-Pacific region, academics, foreign policy practitioners and media-persons actively participated and shed light to the various contours of this new terminology of the 'Indo-Pacific' and its ramifications for South Asia and beyond. Minister of Foreign Affairs of Nepal Honourable Pradip Kumar Gyawali attended the welcome dinner held on March 11 along with ambassadors of various countries to Nepal.

Dr. Seshadri Chari

I am very happy to be in Kathmandu at the foothills of the Himalayas. It is from here that the Ocean can be seen way below from a height. It is from here that the Indian Ocean needs to be gauged. There are challenges in the areas of two oceans - Pacific and the Indian Ocean. This is the Importance of Nepal. Changes always begin from the mountains. In fact, change has ecologically always begun from the mountains. This is why shifting dynamics in Indo-Pacific needs to be gauged very carefully. Relationships between countries is changing fast. It is becoming like human relationships of the 21st century. A friend today is an adversary tomorrow. However, Indo-pacific is not a country specific subject. India is opposed to making it anti-any country. India does not want to tie up in these types of alliances. At the same time, trade war between China and the US presents us with

many dilemmas. India itself is facing tariffs to its products in the U.S. market. But our trade basket is not as huge as the Chinese one. There are opportunities and the concerns for us but we have an independent foreign policy. India is very much aware of the serious fact that military modernization is also taking place in the Indo-pacific region and this is an area where there is serious concern. Maritime Challenges are also there. Myanmar is also thinking of nuclear doctrine. It is the newest country to talk about nuclearization which has surprised us. We are concerned of the Chinese footprint in this new phenomenon. Another aspect is of energy security: 70 percent trade from China passes through Indo-Pacific region and there are 13 choke points in the region and the Chinese very well know where



they lie. This is why the PLA Navy is expanding its presence to cover all these 13 points. Chinese navy is not so powerful in the Indian Ocean rather India is more powerful. Therefore, China and India should cooperate. Chinese Navy is only beginning to be present in this area whereas we have been here for a long time.



Amb. Sujan R. Chinoy
Director General, IDSA, New Delhi

Himalayas also rose from the oceans. We need to be aware of this geographical reality. I am happy and proud that Nepal is being placed as a nation where top scholars of the region can come easily and share ideas. This is the value of Nepal. Foremost, we need to recall that China's entry into the WTO was a landmark development that altered the course of global economy and the rest now is only history. Change in China's power is inevitable, it is rising and historically there has always been rivalry between a power that has already risen and the one that is rising. But my request to South Asian friends is that please do not discount the U.S. It may be falling but it is still a very powerful economy and a strong military. U.S. has entrenched interests all over the world. It is an old player whereas China is new in this business. Indo-Pacific faces major changes and we need to embrace this as we are in a region that has competing interests of major powers. We must ensure that we do not end up becoming a playground. I feel that Asia-Pacific ran into course just like the idea of 'Asia Pivot' under the Obama administration. We are not sure what will happen in the U.S. Presidential elections in 2020. Therefore, India is watching all these new nomenclatures carefully.

There is no doubt that historical terms set-up after World War II has changed. Major multi-lateral institutions have run their meanings. U.S. has itself tried to minimize the importance of many of these institutions that it itself created. There is also changing balance of power in ASEAN. It is an important institution much effective than SAARC but we are seeing that ASEAN itself is struggling at the moment.

Amb. Dr. Shambhu Ram Simkhada
Nepal

Deficient of Ideas is what makes South Asians suffer. All new ideas come from outside our region. And we become the recipients. "Stone age" mind-set of humans, but 18th century institutions and 21st century technology, this is where is a big miss-match and confusion. We say that China is a communist state but under this regime, China has achieved economic development. EU is wholly democratic but there are lots of problems. Do we want a strict government but undemocratic or a free government and then face problems? The current time is therefore full of dilemma and contradictions. South Asia too is grappling with this dilemma just as the rest of the world. Centrality of India is the reality of our region. BIMSTEC gives us access to the sea. India has to make its mind as regards to its position in East Asia and South Asia. Right now, it seems that it is hedging its bet between China and the U.S. If a major power like India is doing this, then naturally it is natural for the South Asian countries to try and strike a balance between the Indo-Pacific concept and the Belt and Road Initiative.

Prof. Gamini Keerawella
Executive Director, RCSS, Colombo

Historically, we have seen that Indo-Pacific has several choke points:- Cape Town- South Africa, Muscat-Oman, Goa-India, Colombo-Sri Lanka, and the Malacca Straits. These choke points need some sort of presence of the military because if these points are blocked, it can create disturbance. More actors in the region want sea-land resources. It is we the small island states that will have to manage the big-power interests and rivalry. Indo-Pacific and Asia-Pacific are

fundamentally different. Indo-Pacific term has raised the antenna of smaller South Asian countries because India is a dominant power in the region and India will again use this to establish itself as the dominant force in the region. On the other hand, Asia Pacific was more of an economic cooperation endeavor rather than a security notion. But we are now unsure what this new terminology entails ?



Maj. Gen. AKM Abdur Rahman
ndc, psc, Director General, BIIS, Dhaka

As we talk about the Asian Century, we must also not overlook the fact that whoever controls the economy controls Asia. There are numerous studies and projections that 21st century will be the century of the Asians. But 80 percent of the global trade is via the sea which makes maritime security pivotal to any discussion on the future of the Indo-Pacific. Right now, China and India are the rising powers of this vast continent. Why should they want to tie up in alliances to disturb the other when they know that the 3rd party could be unreliable ? We also need to answer, especially as we are in Kathmandu for this event on why landlocked countries don't have right to sea access ? Nepal has had to face trouble time and again because of their border being blocked. Why Indo-Pacific cannot guarantee the rights of land-locked countries like Nepal, Bhutan and Afghanistan? With the resurgence of China, the United States has been focusing its strategy in Asia. However, it failed to deliver on its promises to Asia during the Obama administration and now it is coming with the Indo-Pacific concept while renaming the erstwhile Asia Pacific concept. The geopolitical rivalry between the United States and China may destabilize peace and stability in smaller countries like Bangladesh and Nepal. Hence, there is a need for cooperation among the South

Asian countries to overcome these security and economic challenges brought by the Indo-Pacific concept launched by the United States and China's Belt and Road Initiative.

Prof. Swaran Singh

JNU, New Delhi

India is in a bicycle. It is not that we are not moving. We are indeed moving quite fast. But when we see China in a motorbike, then we see that India is very slow. This is the problem of comparison. A Stone-age mind, medieval institutions and 21st century technology is the problem of the contemporary world. Our main challenge is this dilemma. Shall we balance or toe the US line? Indian foreign policy also hinges on this dilemma. If we are to move close to the U.S. what shall we do with our relations with Russian Federation ? The same is true with regards to our relations with China. Balance or engage China ? This is another dilemma particularly faced by the current Modi government. There is a great deal of confusion that India has not signed the BRI. This is true but there are several mega projects that India has agreed to. India is under BRI Projects. It adds on to the problem because some projects and sub-regional cooperation initiatives have been taken under the BRI basket by the Chinese whereas these sub-regional initiatives were started much before BRI was mooted. Chinese bureaucrats have to impress the leadership so every project is being taken under the BRI. We must also remember that India's trade with China is more than the rest of South Asia. India is the most important member state of SAARC for China. But President Trump's foreign policy approach is uncertain. Even among the global leading players there is confusion. US wants the US Pacific command in the Indo-Pacific. India cannot be under any command and we have made this abundantly clear. US has 7 military alliances in the region. It itself is unclear about all these alliances. It stresses on certain aspects and negates on others according to its own priorities. These priorities change over time

and here lies the challenge for us. Another aspect we need to analyze is that President Xi wants to start afresh with Japan and India. Maybe because he too is frustrated and upset with President Trump's policies. This will be a new beginning for an Asian century. But for this, China will need to devote itself more to South Asia. Right now, it is not doing this.

Prof. Suba Chandran,

National Institute of Advanced Studies, Bangalore.

There are a few questions that we need to answer:- Foremost on the nomenclature, from South Asians, are we going to now call ourselves Indo-Pacificians? Secondly, is this Cold war 2.0 ? Thirdly, there has been a call for a 'Free and open Indo-Pacific'- free from whom? Open from whom? We know that it actually means 'Free from China and Open from Chinese influence'. Let us be clear on this. Are we ready to become anti-China? What are the opportunities and what are the risks ? Is the U.S. in a position to save us from the Chinese wrath ? In addition, what is the true meaning of 'free and open'?- does it means it's not free and open now? This is a misnomer. Another question in my mind is that, Is US now calling this region, 'Indo-Pacific' because it couldn't sustain 'Asia-Pacific'? If yes, why couldn't it sustain the Asia Pacific? What conditions have changed? If American influence and prowess is the same, then the Indo-Pacific too will be a failure.



Mr. Shafqat Munir,

Research Associate, BIPSS, Dhaka

The Indo-Pacific strategy is not entirely new. The US has been a dominant maritime power



in Asia for decades. In recent years, it started to refer to the larger Asian region from the Pacific to some part of Indian Ocean as the 'Asia-Pacific Region'. And now with India's increasing regional role and ambition, and deepening US-India defense partnership, the Trump administration recognized the importance of India's role and in its national security strategy for the first time used the term "Indo-Pacific." The Indo-Pacific has two parts: one is security side, and the other is the economic side. While the security side is still unclear and there are several disagreements on this among major countries that support Indo-Pacific; there is a possibility of a quasi-military alliance such as QUAD, or a quadrilateral grouping that includes US, India, Japan and Australia, but no significant progress is taking place in its negotiations. At present, there is a lot of uncertainty and unpredictability in Washington itself. But on the economic side these countries converge and have already introduced several economic initiatives in a single, bilateral and tri-lateral format. With the rise of China, there has been a change in the world order and that has triggered the restructuring of the US global command to readjust its military focus back to the Asia-Pacific region. This change has led Washington to subscribe the latest geopolitical construction of 'Indo-Pacific' in exchange of 'Asia-Pacific'. This new construction has also brought a new US grand strategy which is Free and Open Indo-Pacific (FOIP) in competition with Belt and Road Initiative (BRI). Potential great power rivalry in this region will not only put Beijing and Washington on a collision course, such strategic competition will hinder the developmental progression of Asia as a region and destabilize its geo-strategic environment. As the South Asian nations are in dire need

for financial support to build infrastructure and energy capability, an intensified strategic competition between the FOIP Strategy and BRI will put these nations in a difficult place to take a position in this great power rivalry.

Mr. Nilupul Gunawardena,

Research Fellow, LKI, Colombo

The Indo-Pacific region has potential as a regional conglomeration of states. However, compared with other regional groups the Indo-Pacific group is less entrenched and lacks a clear definition or strategy, thus giving it a degree of fluidity that may perhaps impede it achieving its full potential. The overarching concept and the action plan of the larger Indo-Pacific region still remains unclear in Sri Lanka, but we are engaging with major Indo-Pacific powers through trade, security, socio-cultural and infrastructure development and has shown willingness to work further to strengthen its ties within its non-aligned framework.

As the Indo-Pacific becomes the center of global economic activities, geopolitics, and security dynamics, the region needs a comprehensive strategy to address growing divergence of strategy and action plan to balance the power dynamic. The strategic plans for the Indo-Pacific region should therefore aim to foster stronger regional integration. The concept of a free and open Indo-Pacific was mentioned by Prime Minister Abe in 2007 and was later advocated by both President Trump and Prime Minister Modi. Since then big powers have shown great enthusiasm in nurturing the Indo-Pacific concept. However, there are still divergent views and ambiguity surrounding it. This divergence in strategic mapping perhaps signals a struggle for regional domination and remains a concern for the region. What remains of great interest to Sri Lanka is its strategic location, in proximity to the nucleus of the Indo-Pacific region along the major sea lines of communication. This provides Sri Lanka with the opportunity to pursue a proactive role in economic diplomacy and to seek to claim the role of a regional normative leader. As

an advocate of normative regional values, Sri Lanka organized the Track 1.5 'Indian Ocean: Defining Our Future' conference in Colombo last year. This provided an international forum to address the need for a rules-based order and to discuss strengthening the implementation of UNCLOS and clarify any misunderstandings on key principles such as freedom of navigation and maritime crime. Sri Lanka's engagement with the Indo-Pacific



states can be broadly identified as involving maritime security, trade, assistance in infrastructure development and people to people contact. Sri Lanka sees the multi-layered regionalism approach in Asia as an opportunity to position itself as a trade and maritime hub of the Indian Ocean and Sri Lanka's FTA with Singapore could perhaps be seen as a possible entry into the larger ASEAN market.

Mr. A.S.M. Tarek Hassan Semul

Research Fellow, BIIS, Dhaka

The re-emergence of China as a great power and the adoption of the rebalancing strategy by the Obama administration in 2011 has shifted the global geo-strategic focus back on Asia, specifically the latest geopolitical construction known as the Indo-Pacific. Plethora of academic as well as policy oriented work has been done to understand this geopolitical construction. However, there is a need to see the Indo-Pacific region from a civilization discourse. As a civilizational discourse, the rising predominance of the Indo-Pacific region is inevitable as Asia

was the centre of the global economy until the 16th century. The industrial revolution and colonialism has helped Europe to rise on the back of Asia. Leading economic historians like Immanuel Wallerstein, Andre Gunder Frank and Samir Amin explained Europe's rise as a mere blip in the world history and the reemergence of Asia an inevitable reality. In this backdrop, it has to be questioned whether there was any preexistence of any Pan-Indo-Pacific identity like the Pan-European one. Hence, Indo-Pacific is not an organic identity rather this regional identity construction has been built to face the changed strategic reality which is the relative decline of the US and the rise of China. The budding great power rivalry may lead this region towards intensified conflict and the US-China strategic competition will lead towards the securitization of any infrastructure projects offered by Free and Open Indo-Pacific (FOIP) or Belt and Road Initiative (BRI).

Mr. Abdullah Ar Rafee

Research Fellow, Institute for Policy Advocacy and Governance, Dhaka

The US-led Free and Open Indo-Pacific Strategy (FOIP) has been much talked about in recent months as a potential counterpoise to China's assertiveness in the region, particularly through the BRI. However, objectives, purpose, and details of this ambitious strategy is still very vague with small countries such as Bangladesh very much tentative on its role in furthering economic development for the region. Although we don't have a concrete strategy yet, the US has made multiple commitments to other nations in the region during state visits over last one and half years, citing many of them as part of FOIP. Security enhancements

and geopolitical consolidation have been a key objective of these commitments. However, for most countries in the region, self-interest towards providing support for this strategy will hinge on financial commitments. In terms of economic development, the focus so far has been towards bolstering private sector investment in the region, improving digital connectivity and cyber security, infrastructure development, and increasing access to sustainable sources of energy. The US has so far earmarked \$113.5mn on private sector investment on strategic initiatives in these sectors. For Bangladesh, the US has so far made commitments of \$40 million dollars last year on maritime security, humanitarian assistance and disaster response, peacekeeping capabilities, and countering transnational crime. This commitment



is part of a broader 300 million security commitment of US under the Bay of Bengal Initiative that would enable countries in the South & South East Asian countries to share shipping information, detect maritime threats and tackle them. While the nature of these initial commitments is on the security front, Bangladesh's interest in harnessing the FOIP would be through the development of its Blue Economy, a largely underdeveloped area with immense potentials. The FOIP can be the harbinger of sustainable economic development in the Indo-Pacific region with countries like Bangladesh standing to benefit immensely. However, a consolidated strategy with properly identified objectives is a precursor for countries to get behind. In addition, while it is impossible to leave out the military and security element out of the FOIP, countries in the region would more likely rally under this strategy if focus is put more on enhancing economic development of the region.

Ms. Natasha Fernando

Research Assistant, Institute of National Security Studies of Sri Lanka, Colombo

Maritime Security is a vital component of Sri Lanka's defense. Maritime Security issues fall under the broader category of non-traditional security threats. These include those arising from non-military sources such as: Maritime piracy, maritime terrorism, human, drug and arms trafficking, trafficking of illegal contraband, irregular migration, marine pollution and also climate change. Sri Lanka is an island nation which is strategically located among important sea lanes of communication with the potential to posit itself as a maritime hub in the future. Sri Lanka is part of the ambitious One Belt One Road Initiative (OBOR) with Chinese funded critical maritime infrastructure. The Colombo Port City and Hambantota Port are such Chinese funded large scale infrastructure projects which have garnered international attention. The geopolitical ramifications of this are serious with India and Japan, USA and Australia increasing their diplomatic footprint to balance the influence of China in Sri Lanka. The Indo-Pacific as a construct gained momentum when it was debated and discussed in international and regional forums among academia, defense and foreign policy experts. The Indo-Pacific is not so much a region, as the Indian Ocean Region, South Asia or South East Asia with an identity attached to it; but rather a concept. Defining or theorizing this concept is a difficult task given the various connotations and ambiguities it is attached with; such as the one which is military in nature. To explain this is to utilize the example of the Quadrilateral Security Dialogue as a strategic bulwark against Chinese naval ambitions. The aim of the QUAD is to promote freedom of navigation and to advocate for a free and open Indo-Pacific. This is against the backdrop of competition in the Indian Ocean. For a small state such as Sri Lanka, it is important that we navigate intrusive foreign policies of regional and extra-regional powers

through a delicate balancing act. This in itself is tiresome given domestic pressures and lobby groups that work towards divergent agendas. It is also unwise to associate the Indo-Pacific with 'security' rhetoric. The Indo-Pacific partnerships could be immensely beneficial to developing nations such as Sri Lanka which is in vital need of trade and foreign direct investments. Therefore the Indo-Pacific construct offers promise; if the right diplomatic channels are exploited.

Mr. Ram Babu Dhakal

fmr. Under-Secretary,
Ministry of Foreign Affairs, Kathmandu

Nepal has been playing an active role in the peace, development and prosperity of Asia Pacific region through regional and sub-regional organizations like South Asian Association of Regional Cooperation (SAARC) and Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC) without being part of any strategic alliances. Nepal could neither afford nor would it be principled for it to join multi-lateral alliances or strategies which could be interpreted as collaboration with one power alliance against another. For the countries of the region, the Indo-Pacific Strategy and BRI appear to be in competition with one another, as both are pushing



connectivity and development infrastructure initiatives. China has already invested in smaller countries like Nepal, The Maldives, Sri Lanka, Bangladesh and other countries, while the United States and

its regional partners are pushing development and connectivity projects to these same countries. In Nepal, the Indo-Pacific and BRI are often projected as opposing mutually exclusive concepts, but that is not how Nepal should approach this issue. Going forward, the country should focus on securing connectivity and other infrastructure projects from both the Indo-Pacific strategy and the BRI in order to extract the maximum benefits from them. As a developing nation, Nepal can accept any proposal or project that may be helpful in unleashing its economic potentials. But when they come with political strings attached, we can be assured that there is always something more in these proposals than merely economic development. Nepal's foreign policy in the last seven decades shows that Nepal can move ahead with balancing major powers, and now Nepal has a strong government with a strong mandate in parliament that can withstand any undue pressures. It should keep national interest in the top priority and avoid tilting to any particular countries.

Dr. Rupak Sapkota,

Columnist and Strategic Affairs Expert, Kathmandu

United States, a major and longstanding development partner of Nepal, has showed renewed interest in Nepal, increasing both its engagement with and investment as part of its new Asia strategy. Nepal, however, cannot afford to take sides between the competing visions of the Indo-Pacific Strategy and Belt and Road Initiative. The government of Nepal should act in a manner that keeps its national interest at the center of its interactions with those countries. The Indo-Pacific Strategy has been conceived as a countervailing move against Belt and Road Initiative (BRI) of which Nepal is a signatory. Nepal's participation in BRI, however, is a bilateral collaboration with China with the expectation of facilitating infrastructure development of this country struggling to break free from poverty and backwardness. BRI is not a strategic alliance nor is there any likelihood of it emerging as an alliance.

Nepal has already joined BRI and every government in Kathmandu has shown its commitment to it. Some of the projects have been finalized and negotiations are underway to finalize the investment modalities of BRI projects, therefore there is no need to shy away from this engagement. At the same, the United States, Japan, Australia and India are Nepal's old friends and development partners; our government currently under the Nepal Communist Party has to further enhance relationship with those countries.



Mr. Christian Echle

Director

Regional Programme Political Dialogue Asia,
Konrad Adenauer Stiftung, Singapore

The world is currently undergoing major geopolitical shifts that will significantly change the current world order, and the Indo-Pacific region is at the center of this dynamic. An assertive China, a rising India, and a gradual decline in US engagement will lead to a shift of power in the region if it has not already. India, as one of the leading regional and global powers, it is responsible for providing security in the Indo-Pacific region and beyond to ensure peace and stability.

Since 2011, the term 'Indo-Pacific' is being used increasingly in the global strategic/geopolitical discourse. Germany and the entire Europe is interested to work with Japan, India, and Australia under the Indo-Pacific concept. We are not competing with China's BRI at all. So far, the EU's goal has not been to contain China's regional role nor its rise. The European countries support the idea of freedom of navigation and maritime security in the Indo-Pacific region. The EU's core interests in the region is stability, peace, development, and the safety of investments.