

The Strategic Importance of Sri Lanka in Indian Ocean Region: Reference to String of Pearls Strategy

SAK Madanayaka (Deceased)

Department of Strategic Studies, Faculty of Defence and Strategic Studies, General Sir John Kotelawala Defence University, Ratmalana, Sri Lanka

madanayakas@kdu.ac.lk

Abstract - China's interest in maritime silk route and continues energy flow to the country has resulted as "String of Pearls" across the Indian Ocean Region (IOR). In the 21st century, China came into the scenario of balancing the power of South Asia which generates a rivalry among India and China in Indian Ocean. Sri Lanka sits at the heart of the Indian Ocean, and holds one of the pearls of that string of pearls. The study focused on 'to identify of the strategic importance of Sri Lanka within the Chinese String of Pearls Strategy in Indian Ocean Region'. The methodology that followed for this study is qualitative in nature by using only secondary data with descriptive analysis. The theoretical approach of the study is based on the small states theory and China's peaceful rise theory. As per the study, the findings are elaborated in the following sectors; 'String of Pearls' in Indian Ocean, Sri Lanka and the rivalry between the Elephant and the Dragon, Strategic importance of Sri Lanka 'the Diamond' and losing the pearl from our hands. In the conclusion of the study, it reveals that the strategic importance of Sri Lanka in Indian Ocean has attracted the world's big powers. The China's presence in Sri Lanka has been mutually benefited to Sri Lanka as well as China and the regime change of Sri Lanka has resulted in leasing the Hambantota port in order to meet the short term requirements of the country. Besides the political debates, Sri Lanka could use the pearl for the sustainability of the country and enhancing relations with the big powers of the world rather than accomplishing short term requirements.

Key words-Strategic Importance, Sri Lanka, String of Pearls, Indian Ocean Region

I. INTRODUCTION

Since the ancient time, Indian Ocean Region (IOR) has attracted the great powers attention due to the economic value rest on the Indian Ocean in context of East and West maritime trade. In the 21st century, the region had performed a tremendous role which has impacted on the international politics. The current importance of the IOR is subjected to prove the statement of Alfred Mahan which says that "Whoever controls the Indian Ocean dominates Asia. This ocean is the key to seven seas. In the twenty-first century, the destiny of the world will be decided on its

waters"(Ali, 2013). This statement speaks the volume of the importance of Indian Ocean in the world. Being part of

this strategic ocean mass, Sri Lanka has attracted the attention of the world's big powers due to its strategic location in the region.

Indian Ocean region comprises 38 littoral states, 24 ocean territories and 17 landlocked countries while Indian Ocean covers 20% of earth and it is ranked as the third largest water body of the world. However, US allies and key trading partners are highly dependents on the Indian Ocean for energy such as Japan receives 90% of oil via the Indian Ocean while 75% of China's oil imports and 85% of India's oil imports are transited through the Indian Ocean. When it comes to the economic importance of the Indian Ocean, approximately 30% of world trade is handled in the ports of the Indian Ocean along with the half of the world's container traffic passes through it. In addition, 40 out of 54 types of raw materials used by U.S. industries are supplied by the Indian Ocean. The economic value of the Indian Ocean has facilitated the other states in the region to uphold such importance for the big powers of the world.

Sri Lanka is one of the most strategically prominent states in the Indian Ocean region as a small state. As Sri Lanka lays a close proximity to the regional super power as well as to the main sea routes, it is observed that the two giants in the Asian region have made the presence in Sri Lanka by various means. With the China's Maritime Silk Road initiative, the strategic importance of Sri Lanka has been enhanced by being part of the 'String of Pearls' strategy over Indian Ocean. As a small state in the South Asia, Sri Lanka has tightened her knot with the Dragon as well as the Elephant in to sustain the country's development process.

II. METHODOLOGY

The methodology that has used for the study is qualitative in nature and descriptive analysis method has been followed to analyze the gathered data. For the study, only secondary have been used. The theoretical framework has been featured with the small state theory and the China's peaceful rise theory. Conceptual wise, the concepts of maritime security, balance of power, and regional cooperation have been applied for the study.

III.FINDINGS

A. *String of Pearls' in Indian Ocean*

The initiative of the 'String of Pearls' strategy can be described as manifestation of China's soft power through economic assistance towards the littoral states of Indian Ocean Region to develop their ports. The concept of string of pearls strategy became popular in the beginning of the 21st century which includes and maintains by the use of economic, diplomatic, political and military means. The concept of 'peaceful co-existence' which China has strategically used in their conduct of foreign policy with the small states of South Asian countries has facilitated China a clear entrance into their territories for economic means. The expected objective of initiating this strategy of China is the strategic placement of these 'pearls' with one another in order to make a chain of hubs that can serve as both economic as well as military and intelligence cores in Indian Ocean region. In elaborating this study, it is essential to understand the 'Maritime Silk Road' and 'String of Pearls' strategies of China. The Maritime Silk Road concept was emerged during the Chinese President Xi Jinping's visit to Southeast Asia. This strategy is somewhat parallel to the land base Silk Road which runs between China and the Central Asian states. Zhou Bo (2014), a fellow with China's Academy of Military Science, wrote a piece for China-US Focus specifically debunking the idea of the "string of pearls." Zhou rejected the notion that China was establishing military bases throughout the Indian Ocean. He writes, "China has only two purposes in the Indian Ocean: economic gains and the security of Sea lines of Communication (SLOC) (Marantidou, 2014).

In implementing the string of pearls strategy, China has currently succeeded in asserting their presence in the countries of Pakistan, Sri Lanka, Bangladesh, and Myanmar in South Asia by financial assistance to develop their ports. Meanwhile, China has established the following in order to achieve her objectives:

- A container ship facility in Chittagong, Bangladesh
- Started the construction of deep water port in Sittwe and Kyaukpyu in Myanmar
- A navy base in Gwada, Pakistan has been constructed which the Beijing has funded.
- A pipeline through the Islamabad and over Karakoram highway to Kashgar in Xinjiang Province in China
- Intelligence gathering facilities on islands in the Bay of Bengal near Malacca Strait
- Hambantota port in Sri Lanka (Ali, 2013).

Even though, the string of pearls strategy is purely on economic means in nature, indirectly the strategy serves the military requirements. As China is nowadays highly depending on the energy sources, many scholars have

stated that the main objective of the string of pearls strategy is to ensure the steady flow of energy resources to China from the Arabic countries to their main land. Apparently, the Malacca Strait is a hub of U.S.A., China wanted to avoid the threat of US and maintain their dominance over the sea route. In addition to the sea routes, China has been initiated the land routes of railway and pipelines across Pakistan, Myanmar to China's main land. This strategy of China has encircled the India who is the big brother of South Asia. It is interesting to note that China is never admitted the concept of 'String of Pearls', while the strategy of maritime Silk Road is been clearly specified with the expected goals in an official manner. Among the pearls of the string that China holds in the Indian Ocean, Sri Lanka would be the diamond which is strategically enriched as the center point of Indian Ocean.

B. *Sri Lanka and Rivalry between the Elephant and the Dragon*

Currently, the balance of power in South Asia fluctuates between India and China. Both giants are powerful actors who have rapidly growing economies and both countries have their own trade relations besides the rivalry. China's main interest in South Asia is to expand its power over the Indian Ocean which is concerned as most significant maritime trade hub. China's two way trade seemed at around \$3.5 trillion (2011 estimate). The combined value of India's merchandise exports and imports was around \$750 billion in 2011. Most of this trade is seaborne. The protection of the sea lines of communication became an important commercial concern as well as the principal justification of naval bureaucracies in both India and China (Mohan, 2012). Since 77% of China's oil comes from the Middle East and Africa, Beijing has increased its activities in the Indian Ocean region by investing in littoral states' economies, building ports and infrastructure, providing weaponry, and acquiring energy resources. China has followed two effective strategies to approach the other countries in South Asia that it can invest in those countries for future benefits. Those are the China's string of pearls strategy and Beijing's "hexiao gongda" policy in South Asia: "uniting with the small"- Pakistan, Bangladesh, Nepal, Burma, and Sri Lanka "to counter the big"- India. According to the John Garver, he argues that there are two ways the conflict might play itself out: "China could agree that South Asia is India's security zone and sphere of influence and [thus] desist from actions there which are objectionable to New Delhi," or "India could accommodate itself to a seemingly inexorable growth of China's political-military role in South Asia" (Garver, 2001). Even though China is becoming more powerful in South Asia, India is still the historic major player in South Asia. With the new leadership of Prime Minister Narendra Modi, Indian is now in a strategy to regain their hegemonic power across the region.

In the context of balance of power in South Asia, countries like Sri Lanka have to have the ultimate benefit of both giants in the scenario. Such small and developing countries do not have to fully depend on one country or two. They need to have cooperation with all giants in the region to sustain their development. Especially, Sri Lanka as a country that recently defeated terrorism, need much financial and political support from the regional heads to ensure its stability. In the meantime Sri Lanka has strong economic ties with India as well as China. However, the volume of Sri Lanka's exports to China does not yet seem comparable to that vis-à-vis India. However, the trade balance has remained constantly in favor of China. India has become one of the top five countries investing in Sri Lanka mostly in the services sector like health, education, fuel distribution, hotel industry, tourism, IT training, computer software, and airlines industry. China is now poised to overtake India as Sri Lanka's biggest trading partner despite Sri Lanka benefitting from the Free Trade Agreement (FTA) with India which has helped India-Sri Lanka trade to grow to \$ 5 billion by 2011. But even without the FTA, China's bilateral trade figures reached nearly 50 per cent of the Indian figure (Hariharan, 2014). Even though, China tend to be more favorable for Sri Lanka, as a small country in South Asia the situation need to be handled carefully. In this situation Sri Lanka need to maintain a neutral position in between these two countries. How Sri Lanka navigates through this geo-strategic line of India and China in the Indian Ocean would test its diplomatic skills. Sri Lanka's relations with China are likely to be smooth for the foreseeable future because by policy China does not interfere in the internal affairs of country and its strategic interests are covered by the 1963 agreement.

C. Strategic Importance of Sri Lanka 'the Diamond'

The strategic location of Sri Lanka in Indian Ocean has been emphasized by the leaders of the World wars, as the Grand Admiral Raeder, the German C-in-C had amply highlighted the Ceylon in a report to Hitler on 13th February 1942 "*Once the Japanese battleships, aircraft-carriers and submarines and the Japanese Air Force are based on Ceylon, Britain will be forced to resort to heavily escorted convoys if she desires to maintain communications with India and the Near East. Plans to strike westwards into Indian Ocean and seize Ceylon had been prepared by the staff of Japanese Combined Fleet...*". Such significance of Sri Lanka has attracted China to make her a one of pearls of Chinese maritime chain of ports in Indian Ocean. Due to the location of Sri Lanka in Indian Ocean despite of its size, the role Sri Lanka in terms of ensuring the maritime security of Indian Ocean is significantly vital. According to Robert D. Kaplan, in book of "Monsoon", he has identified few countries as 'Monsoon Asia' which includes India, Pakistan, China, Indonesia, Myanmar, Oman, Sri Lanka,

Bangladesh and Tanzania while explaining how these countries are import to American power. Further, he states that these areas will be either the winning or losing grounds of democracy, energy independence and religious freedom (Brewster,2015).

Another factor in terms of strategic value of Sri Lanka is that as the Indian Ocean is rapidly becoming one of the most important ocean mass in global maritime trade, most of the maritime trade sea routes are around Sri Lanka. In the shipping traffic destiny maps it can be clearly identify that the key arteries of the maritime shipping trade which run South of Sri Lanka. A slightest disturbance to any of the ships which transit in Southern tip of Sri Lanka can cause huge impact on the international maritime trade. Moreover, in term of protection to these routes, Sri Lanka is directly linked to the security of Sea Lines of Communication (SLOC) which is a primary objective of China to establish their roots in Indian Ocean Region.

In terms of surveillance of maritime space, Sri Lanka has an important role to play due to its strategic location in Indian Ocean. Even though, the size of the territory of Sri Lanka is comparatively smaller than most of other states in South Asian Region, Sri Lanka forwarded the submission to extend the Exclusive Economic Zone in 2009. The expected territorial sea after the delimitation will be closer to 75000 square kilo meters. If Sri Lanka would archive this, in 2025, the country will take over under its control of an area of sea which will be 24 times large as the country's land area (Brewster,2015). At this point, Sri Lanka will be the key player in ensuring the maritime security in the region. To accomplish such goals, Sri Lanka need to well equip with naval platforms, sensors, long range maritime patrol craft and other tools to monitor the smallest fishing vessel to the biggest merchant ships sailing in Sri Lanka maritime jurisdiction.

The close proximity to the regional giant, India is one of the most significant strategic values of Sri Lanka in the region. Due to the less territorial distances between Sri Lanka and India, close relations of the two countries always ensure the mutual security requirements. In the recent times, the relations between Sri Lanka and India have been disturbed due China's presence in Sri Lanka. As the Dragon and the Elephant is in long term conflict, India's perspective is that China's presence in Sri Lanka would be a threat to the security of the country. The suspicious is that China might use Sri Lanka as the back yard to attack India. In the meantime, the to ensure the territorial integrity and the security, the strategic location of Sri Lanka has always compel to conduct cordial relation India as well as China for the sustainability of the country.

D. Losing the Pearl from Our Hands

The Chinese funded project of Hambantota port is located within 10 nautical miles of the world's busiest shipping lane, and it is ideally directed at the inter section of major international sea trading routes. This port has been destined to become the prime port of Sri Lanka, surpassing the Colombo harbor. Apparently, it is the world's first in built harbor which was carved out of land. The most strategic features of the Hambantota port can be figured as follows:

- The natural depth along the coastline can be developed into a deep water port.
- It is well positioned to act as a transshipment center rather than any Indian port due to the strategically situated maritime gateway to India (for transshipment container cargo).
- In view of the deeper berths and location, the port will be able to attract the most port related industries as cement, fertilizers, automobile etc.
- The port basin could be used for the services of vessels of bunkering facility and for the larger fishing vessels.
- Due to the major shipping route is much closer by shore off, this port could undertake the services such as ship channeling, supply of water, fuel, crew changes etc. In addition, supplies of coal generation and transshipment of vehicles also can be undertaken by the port (Ali, 2013).

Such strategic value is worth enough to be a pearl in the maritime port chain of China in Indian Ocean. Mutual benefit of the commercial relations is relayed on the functioning of Hambantota port, It has tightened the Relations with China and weaken the relation with India. Due to the regime change of Sri Lanka, criticisms were raised claiming that the Hambantota port is a failure. Even though those criticisms are on political debates, the actual value of the Hambantota port is already recognized by the both countries.

Nowadays, the government of Sri Lanka is in position to return the pearl to the dragon in a way of leasing the port for 99 years (80%) to a Chinese company that can be extended to another 99 years. Two Chinese companies had tendered proposal, which have been considered without defining the criteria for selection. The first proposal was a one-time payment of U.S. \$ 1080 million for a 99 years and the second proposal was an initial payment of approximately U.S. \$ 730 million for a 50 years period (Ranasinghe, 2016). However, the first proposal was accepted by the Sri Lanka Ports Authority (SLPA) and the main objective of leasing the Hambantota port is the need of immediate funds for the Country. On the other hand, the current government has voted in preventing the country from becoming a Chinese colony. When it comes to the annual income that have earned from this port in

such period was as; in 2011-Rs. 11 million, in 2012 – Rs. 135 million, in 2013 – Rs. 565 million, in 2014 – Rs. 1,277 million and in 2015 – Rs. 2, 145 million (Ranasinghe, 2016). In the meantime, the government wanted to have short term commercial benefits by entering into private-public partnership of Hambantota port rather than developing a strategic plan to increase the flow of annual income into the homeland. Moreover, the government is also offering a stretch of lands amounting of 20,000 acres to the Chinese company including the port area which can be highly industrialized zone in future. It will benefit to the local civilians in terms of employment opportunities.

IV.DISCUSSION

The world's rapidly growing economic giant, the Dragon has made Sri Lanka one of the pearls which is the most strategically significant for U.S.A. as well as India. China has invested in Sri Lanka in various sectors including the Hambantota port and the Colombo port city project which are more important to Sri Lanka. Strategically, China considers ties with Sri Lanka as key to the success of its Indian Ocean policy. It realizes that Sri Lanka is the gateway to resource rich regions of Middle East and Central Asia, especially Iran, a vital exporter of oil to China (Rajan, 2015). For China, Hambantota will not only be an important transit for general cargo and oil but a presence in Hambantota also enhances China's monitoring and intelligence gathering capabilities vis-à-vis India. According to Garver's argument, China as a super power in South Asia would be more advantages to Sri Lanka as per the present situation.

China is the nation who helps Sri Lanka as an all-rounder. Indian has expressed its displeasure about growing Chinese involvement in Sri Lanka on a number of occasions. In 2007, India's then-national security advisor had openly criticized Sri Lanka for attempting to purchase a Chinese-built radar system on the grounds that it would "overreach" into the Indian air space (Courtesy, 2012). In between the rivalry among the giants, Sri Lanka needed to maintain its relations with both countries respectively. The strategic location of Sri Lanka is important to India in the context of its national security. The most important factor is that the initially, the government of Sri Lanka invited India to undertake and fund the project of Hambantota port. After the refusal of India, Sri Lanka turned into the side of China for partnership in constructing the port of Hambantota.

China has become an all-weather friend to Sri Lanka who has not interfered into the internal political issues and a supportive character in international politics. The theory of peaceful rise is successfully adopted by China in enhancing the relations with states of South Asia while using their soft power over these countries. In addition, in the recent history Sri Lanka and China has experienced a balanced relationship rather than Sri Lanka and India. In

the string of pearls strategy in Indian Ocean, Sri Lanka, Pakistan, Bangladesh and Myanmar are the countries that hold the ports in this chain. The regional cooperation among these small states can be witnessed in a positive manner.

As Sri Lanka is situated at the center of Indian Ocean, the strategic value is immense in international maritime trade sector. Moreover, the most important maritime shipping routes are drawn in south of Sri Lanka which the traffic flow across the choke point. Ensuring the security of this choke point is directly related with the protection of the vital Sea Lines of the Communications (SLCO). To achieve the primary goal of China in South Asia, presence in Sri Lanka is significant to China to maintain uninterrupted flow of energy to the country. Since energy is critical in influencing the geopolitical strategies of a nation, any disturbance to its supply has serious security consequences. Oil and gas-laden ships travel from the Persian Gulf, transit via the Strait of Hormuz, around Sri Lanka through the Malacca Straits into the waters of the South China Sea. Subsequently, the Colombo South Harbor is another strategic point which Sri Lanka holds in terms of trade and commercial purposes with the world. It is important as a transshipment harbor while handling more than 70% of containers bound to the neighboring countries. As Sri Lanka has entirely eliminated terrorism from its territory, it resulted in encouraging the regional giants to invest in Sri Lanka. The strategic location of Sri Lanka can also play a vital role ensuring the maritime security of the region in collaboration with the regional powers.

In the meantime, the high peaked relations with China have disturbed the relations with India. Yet again, Sri Lanka needs to have a strategically neutral approach in dealing with the Indian Ocean strategic competition and should especially take the Indo-Lanka relations very seriously as a recent poll by the Lowy Institute in Australia suggested that "more than 80% of Indians view China as a security threat, even though China has become India's largest trading partner" (Dodamgoda, 2013). Sri Lanka has experienced several negative outcomes by India for having close relations with China in the regional and international platforms. In the meantime, China has been one of the strongest supporting giant in international politics. Even though, China is commercial more benefited to the country, in the regional context, the traditional hegemonic power over small state by India is unavoidable. Apparently, for a small state, having balanced relations with the big powers is effective to foster the development goals of the countries. Same for Sri Lanka, it need to have strong commitment to the immediate neighbor rather than being more close to the non-South Asian regional power. Apart from the strategic partnership between Sri

Lanka and China, for the future prosperity of the country, Sri Lanka should build up a neutral position in conducting its foreign policy with the big powers in the South Asian region.

V.CONCLUSION

The strategy of string of pearls of China and India's Indian Ocean Strategy are competing together on the notion of balance of power in the South Asia, while the small countries like Sri Lanka are struggling to make their dreams successful to sustain the country. Being able to obtain ultimate advantage of its strategic priorities in the Indian Ocean, Sri Lanka has become the Diamond among the pearls of that string. The roles that Sri Lanka should play in ensuring the maritime security and overcoming the security challenges in Indian Ocean Region are vital in nature. All of these will be only possible to achieve for Sri Lanka, when Sri Lanka could maintain a neutral and balanced relations with India and China. The strategic importance of Sri Lanka in Indian Ocean is vastly admired and identified by the international actors. As a developing nation, Sri Lanka need to obtain the expected development goals by using its strategic values rather than losing them to accomplish short term necessities.

E. Reference

- Ali, M. I. (2013). The implications of China's 'String of Pearls Strategy' on relations with Indian Ocean nations (UG dissertation, Lingnan University, Hong Kong). Retrieved from http://commons.ln.edu.hk/socsci_fyp/3
- Brewster. D., (2015) An Indian Ocean dilemma: Sino-Indian rivalry and China's strategic vulnerability in the Indian Ocean, *Journal of the Indian Ocean Region*, Volume 11, Retrieved from: <http://www.tandfonline.com/doi/abs/10.1080/19480881.2014.994822>
- Courtesy, N.L.(2012) US-India-China and the Indian ocean: impact on Sri Lanka, *The Island*.
- Dodamgoda. D.D., (2013) Is Sri Lanka Becoming A Key Player In China's String Of Pearls?, *The Sunday Leader*, Retrieved from: <http://www.thesundayleader.lk/2013/06/09/is-sri-lanka-becoming-a-key-player-in-chinas-string-of-pearls/>
- Garver, John (2001) *Protracted Contest. Sino-Indian rivalry in the Twentieth Century*, Seattle and London, University of Washington Press.
- Hariharan, C.R. (2014) India, China and Sri Lanka: the uneasy triangle, *South Asian Analysis Group*, available at; <http://www.southasiaanalysis.org/>
- Marantidou. V, (2014) Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and their Security Implications, *Issues & Insights*, Vol. 14-No. 7,

Retrieved from: <https://www.csis.org/analysis/issues-insights-vol-14-no-7-revisiting-chinas-string-pearls-strategy>

Mohan, C. R. (2012) *Samudra Manthan: Sino-Indian Rivalry in the Indo-Pacific*, Washington.

Rajan, D. S. (2015) *Indian Ocean: China-India-US Jostling for Power; cases of Sri Lanka and Maldives*, South Asian Analysis Group, available at; <http://www.southasiaanalysis.org/node/1718>

Ranasinghe. S., (2016) *Leasing Hambantota Port to China Selling our soul*, Lankaweb, Retrieved from: <http://www.lankaweb.com/news/items/2016/12/19/leasing-hambantota-port-to-china-selling-our-soul/>