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ABSTRACT

The study focuses on Chinese strategic approach to Indian Ocean and its economic impact on Sri Lanka. Indian Ocean is key factor for global trade in 21 st century. World's most powerful countries by economy, politically and military in a competition for power balance of Indian Ocean such as USA, India and China. The high growing rate of Chinese economy create this issue complex. Now China is the second largest economy in the world. China needs to maintain and develop it further. Chinese economy highly depends on Middle East energy resources and trade with Europe, Asia and Africa by using Indian Ocean SLOCs. By knowing importance of Indian Ocean China strategically approach to Indian Ocean and expands their soft power along IOR countries. However, this scenario has been created great maritime economic opportunities for IOR countries. Being in the center of Indian Ocean, much close to the world Maritime Silk Road, as one of the pearls of China's String of Pearls strategy and partner of China's One Belt One Road concept Sri Lanka has greater economic opportunities than any other country of IOR to absorb large number of economic advantages. Within last few years China became as leading investor in Sri Lanka. However the strong relationship of China and Sri Lanka is not good for interest of India and USA along the Indian Ocean. To get maximum economic advantages from Chinese strategic approach to Indian Ocean, it is much required to maintain good relationship with USA and India. This research is mainly based on the secondary data but primary data was obtained through economic experts to test the research questions. Hence, this research takes a qualitative approach.