



Asia New Zealand  
Foundation

# **PATHFINDER FOUNDATION - ASIA NEW ZEALAND FOUNDATION DIALOGUE**

**15TH AUGUST 2023**

**COLOMBO**

## Foreword

The term “Indo-Pacific” as a geo-political expression was first used by Karl Haushofer in the 1920s. Its modern usage stems from a reference made by former Prime Minister Shinzo Abe of Japan in an address to the Indian Parliament in 2007. In 2017, President Donald Trump of the United States and Prime Minister Abe discussed the ‘Indo-Pacific Strategy’, pledging to work together to promote peace and prosperity in the region by developing the Indo-Pacific as “free and open”. In March 2023, Prime Minister Fumio Kishida of Japan delivered a speech at the Indian Council of World Affairs (New Delhi) on “The Future of the Indo-Pacific – Japan’s New Plan for a Free and Open Indo-Pacific together with India as an indispensable partner”, setting the ground for trilateral cooperation involving the US, Japan, and India. In 2022, the Biden Administration published its latest version of “Indo-Pacific Strategy”. Several other countries, within and outside the region, have also articulated their policies on the subject.

The Indian and Pacific oceans, which are two geographically distinct bodies of water, have in recent times been subsumed into a seamless identity in both geo-strategic & geo-political senses, principally due to the greater attention given to these two oceans by the big powers, the United States and China.

Since Pearl Harbour and the end of World War II, the US has remained the pre-eminent power in the Pacific with military bases in Guam, Hawaii, Japan, South Korea and The Philippines, and defence agreements with many other countries in the region. Among the several bases in the Indian Ocean Region, Diego Garcia has been the most prominent US naval facility. The relatively new entry of China into the Pacific and Indian oceans with base facilities in Djibouti (2015) and a more recent defence pact with the Solomon Islands (2022) has propelled the United States to reassert its presence in both oceans, generating considerable foreign policy challenges for countries in the Indo-Pacific region.

What may be described as the Indo-Pacific wheel, in its most recent usage, has six spokes: the US and China; the US and India; the US, India and Japan; mini-laterals-AKUS, Quad and by implication, the ‘Five Eyes Alliance’ (US, UK, Canada, Australia & New Zealand). It has also spawned interest in South Korea, Australia, France, the United Kingdom and the European Union, whose strategic interests are impacted by what goes on in the Indo-Pacific. Even though not explicitly stated, the central commonality in all these groupings is how to deal with China as a rising economic and military power. China has described the Indo-Pacific concept as an attempt to contain it.

While the US deals with the growing Chinese influence in the Indian and Pacific oceans by leveraging the support of countries in the region and external groupings, China has launched initiatives, such as the Belt and Road Initiative (2013), which significantly has been incorporated into the Constitution of

the Chinese Communist Party as a means of developing its ties with countries in the region. Parallely, Beijing has engaged in unprecedented economic diplomacy, frequently referred to by its opponents as 'debt trap diplomacy'.

Significantly, the US-led initiatives comprise democratic states, while the Chinese-led strategy constitutes a mix of democratic and non-democratic states. Yet not all democratic states in the region are part of the US-led Indo-Pacific Strategy, including ASEAN states, despite geographically being in the centre of the Indo-Pacific.

On the other hand, the Belt and Road Initiative (BRI) has fallen short of China's original expectations for itself and in the recipient countries and in some instances caused domestic debate in them.

All such developments taking place simultaneously has placed a number of small states, many of whom are in a nascent and vulnerable stage of economic development, exposed to a number of challenges, many of which impinge on their sovereign rights as independent states. Economic assistance is increasingly being made conditional and contingent on these states supporting one major power or other in their respective policies. The fact that these small states have their major export markets in the West while depending on Chinese development assistance has compounded matters even more to the extent that neutrality or non-alignment have become unsustainable foreign policy options.

With all these parallel developments, do small states in the Indo-Pacific have any space to influence developments that are taking place around them due to big power rivalry? Is there a sufficient knowledge base in these countries to study and analyze such developments and their implications? How do such vulnerable states singularly or collectively deal with the big powers? What are the domestic implications for small democratic states? How do they respond to the changing regional dynamics by adjusting their foreign policies? These are some key questions that have arisen in response to the Indo-Pacific strategies of major powers. Despite its importance, significantly few such states have practically addressed the situation. For instance, besides regional power India, Bangladesh is the only South Asian state to release a foreign policy document on the issue.

Of the four themes dealt with at the Dialogue, three are directly relevant to the Indo-Pacific, while the fourth has relevance to it by implication. The intrinsic idea for the Pathfinder Foundation in hosting the event was to spur discussion and debate and create awareness on this critically important and rapidly evolving issue for Sri Lanka that would also create awareness among foreign policymakers in other small Asia-Pacific states in the foreseeable future.

## **SESSION 1:**

### **Indo-Pacific Strategic Security Dynamics: space for middle and small sized states to shape regional order.**

In recent times, the strategic security discourse in the Indo- Pacific has been dominated by the big powers, leaving especially the smaller states in the region unrepresented and unprepared in dealing effectively with the rapidly changing situation. This in turn has led to internal ramifications in such small states, especially, small democratic states. The question is, do small states have the ability to influence the changes that are taking place in their backyard in a manner favourable to them?

## **SESSION 2:**

### **Domestic policy reform and regionalism for prosperity and integration.**

Domestic Policy Reform and Regionalism: Prosperity and Integration. The Government of Sri Lanka (GOSL) has embarked on a comprehensive economic reforms agenda to revive the struggling domestic economy. These envisioned economic reforms are considered vital to build a foundation to create a more competitive domestic economy and successfully integrate into global markets for achieving sustained long-term growth and prosperity. Yet the implementation of much needed reforms, both at the border and behind the border, either unilaterally or as part of commitments under regional trade agreements, remains a challenging task due to capacity constraints and a variety of political-economy reasons. This session will reflect on what reforms are needed to strengthen the trade sector, challenges ahead in implementing them and policies needed to overcome the obstacles, while sharing country experiences.

### **SESSION 3:**

#### **New Zealand - Sri Lanka regional foreign policies.**

New Zealand and Sri Lanka have their own foreign policy challenges and priorities in dealing with their respective geographic regions. They also have to deal with regional powers-Australia for New Zealand, India for Sri Lanka. At a time when the bi-lateral relations of the regional powers with the big powers have undergone a sea change, what are the consequent ramifications for both countries.

### **SESSION 4:**

#### **Managing bi-lateral ties with the US & China in the 21<sup>st</sup> Century – approaches by New Zealand and Sri Lanka.**

The increasing footprint of China and the United States in the Indo-Pacific region has dramatically transformed the substance of bi-lateral relations for countries in the region, including New Zealand and Sri Lanka, with these two global powers, in different and substantial ways. An examination of the different consequences of this development may enable both countries to adjust their bi-lateral relations with both powers in a more pragmatic manner.

## **List of Participants**

Amb. Bernard Goonetilleke, Chairman, Pathfinder Foundation.

Amb. Ahmed Jawad, Director – Centre for Indo-Lanka Initiatives.

Dr. Dayaratna Silva, Executive Director, Pathfinder Foundation.

Ms. Gayathri De Soya, Manager, Programmes, Pathfinder Foundation.

Ms. Sarah Hettiaratchi, Research Associate, Pathfinder Foundation.

Ms. Suzannah Jessep, Director, Engagement & Research, Asia New Zealand Foundation.

Dr. David Capie, Associate Professor, Political Science and International Relations, Victoria University of Wellington.

Dr. Manjeet Pardesi, Associate Professor, Victoria University of Wellington.

Ms Tracey Epps, independent law and trade specialist.

Dr. Bhagya Senaratne, Department of Strategic Studies, General Sir John Kotelawala Defence University.

Dr. (Mrs.) Pavithra Jayawardena, University of Colombo.

Ms. Subashini Abeysinghe, Research Director, Verité Research.