

## **Emerging Power Rivalry in the Indian Ocean Region: Geopolitical Implications for Sri Lanka**

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### **Abstract**

Sri Lanka is an island nation strategically located in the Indian Ocean Region. The global superpower United States, the rising global power China and the regional power India is competing for power in the region. Sri Lanka has become an important part of the Belt and Road Initiative of China with massive infrastructure projects implemented in the island. The growing Chinese influence in Sri Lanka is recognized by the United States and India as a threat to their sphere of influence. Both the United States and India worry that Sri Lanka can become a part of China's sphere of influence seriously challenging the strategic interests of those countries. In this background, it is important to identify the geopolitical interests of major powers in the region and the possible implications for Sri Lanka. The paper discusses Sri Lanka's approach to balance relations between the United States, India, and China.

**Keywords:** Indian Ocean Region, Superpower, Regional power, Belt and Road Initiative, Sri Lanka

### **Introduction**

The Indian Ocean Region (IOR) represents a vast geographical area in the world. It is the third largest ocean in the world. It borders four land continents of Asia, Africa, Australia, and Antarctica that includes many important countries in the world. As Varma (1967) explains, "Indian Ocean is the third largest ocean in the world, it is bounded on the North by India and Iran; on the West by Malaya, Sundas, Australia and Tasmania; on the South by Antarctica" (p. 51). Further, "the Indian Ocean fulfils the function of the main connection link between the Atlantic and the Pacific oceans" (Doctor 1990, p.360). In the twenty-first century, IOR is increasingly becoming the most import geostrategic regions in the world. As Cohen (1973)

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highlights, a geostrategic region is a pronouncement of the interconnectedness of a large geographical part of the world in terms of location with cultural or ideological similarities and sufficient movement with trade orientation. Further, the region must be sufficiently large in area to influence the rest of the world based on its characteristics. In the twenty-first century, the IOR certainly has become one of the busiest regions of sea borne trade routes.

Sri Lanka is an island nation that is strategically located in an important position in the IOR that connects busiest sea routes in the world. The north of the island represents the South Asia subcontinent with India being the most notable country in this region with over 1.4 billion population. The West of the island represents the developing regions of Africa and the Middle East that is rich in petroleum resources and minerals. The sea routes that pass beyond Africa and the Middle East connects the regions of Europe and the Americas. The Eastern side of the island represents the rapidly developing South-East Asia and large Australian landmass. Beyond these eastern frontiers lead to great manufacturing hubs of China, Japan, and Korea. This geographical setting of Sri Lanka makes it an attractive place for any powerful nation that wants to maintain a strong geopolitical interest in the IOR. As Manor and Segal (1985) mentions, “Sri Lanka, the island at the tip of India, sits astride the supposedly strategic naval routes of the Indian Ocean” (p.1165).

As the only global superpowers in new world order since 1991, the United States historically had a strong economic and military influence on the countries that border IOR. However, with the rise of China as an economic powerhouse in the twenty-first century, and its expanding sphere of influence via various strategic initiatives challenge the hegemony of the United States in IOR and elsewhere. Traditionally, India was identified as the regional power in the region of South Asia and its surrounding areas of the Indian Ocean due to its size and the hegemonic actions that it maintained in its neighbourhood since its creation in 1947. Further, in the twenty-first century, India is emerging as an important powerhouse in the global politics searching for its real place in the international state system. The twenty-first century remains an important era for all these three powers to consolidate their dominance in the world stage. Global economic predictions highlights that these three countries will emerge by far as the largest economies in the world. These three countries has the largest Gross Domestic Production (GDP) based on Purchasing Power Parity (PPP) and will represent 47 per cent of the Global GDP share based on PPP by 2050 (Hawksworth, Clarry & Audino, 2017). As the three most important influencers in the IOR region in the twenty-first century, these countries

will create both competitions and alignments to achieve their respective geopolitical interests in the IOR.

According to Kaplan (2009), the IOR will continue to grow as the preeminent trade and energy seaway in the twenty-first century and will be the centre stage of power rivalry in the world. India and China are subjected to grow as major traders and biggest contributors to the world economy while maintaining inherited unsolved political difference among them. The United States is expected to experience a relative decline in power compared to China and India; however, its advance naval capabilities will likely enable it to maintain a significant role in the power dynamics of the IOR. In this background, due to its strategic location, Sri Lanka has inherited an unavoidable scenario of facing the influence of these powerful countries back by their geopolitical interests. In geopolitical terms, Sri Lanka can be identified as a small state in the international system. According to Keethaponkalan (2014), Sri Lanka is a small and weak power and had to struggle constantly to remain an autonomous state since its independence. From the time of its independence in 1948, it had faced hegemonic pressure emanated from dominant Western powers and its large neighbour India. Historically, Sri Lanka has faced the consequences of its foreign policy actions when it was not compatible with the interests of powerful countries. As a small state located in strategically important IOR, Sri Lanka is expected to progress towards economic prosperity while identifying the dynamic geopolitical patterns in the region. Sri Lanka as a small state needs to have a strategic visionary to face the dynamic geopolitical patterns posed especially by the above-mentioned countries. In this background, following sections of this paper focused on the Sri Lanka's relationship with each of these countries and how it can formulate a strategic plan to take opportunities while facing challenges in the twenty-first century.

### **China-Sri Lanka Relations in Twenty-first Century: Major partners in Strategic Development Initiatives**

China's extraordinary growth in recent times has forced many experts to assume it will replace United States as the world hegemon in twenty first century. As Jacques (2009) point out, "China continues to grow stronger and ultimately emerges over the next half-century, or rather less in many respects, as the world's leading power. There is already a widespread global expectation that this may well happen" (p. 363). China already is identified as the world's biggest economy in PPP terms (International Monetary Fund [IMF], 2025). Further, according to the World Bank (2023), China is the biggest exporter of goods and services in the world making it a major contributor to the global economy. The rise of China's sphere of influence in the international

economy has created a new geopolitical scenario in the world, where nations are divided on how to view and interact with China in the twenty-first century. In this background, the world is rearranging its actions in the international arena focusing on the changes occurring in the system. Schortgen (2018) highlights that it is hardly surprising that China's growing international presence fuels an expanding debate around the geopolitical/geostrategic motivations, exercise, and constraints of Chinese power.

At present, many countries in the IOR including Sri Lanka are facing the effects of growing Chinese influence and counteractions to that primarily by the United States and India. The United States as the only global superpower view growing Chinese influence in the world as a challenge to its hegemony in global politics. India as the regional power and as an ambitious country to become a superpower in the future also views China as a serious competitor for its hegemonic aspirations. From a Chinese geopolitical perspective, it must secure its supply chains in IOR from both traditional and non-traditional security threats, "China's primary strategic imperative in the IOR is the protection of its Sea Line of Communication (SLOC) across the Indian Ocean" (Brewster 2016, p.4). Based on the location of Sri Lanka, it can be considered an integral part of China's SLOC in IOR. In this background, Sri Lanka is faced with a challenge of developing its interaction with China vis-à-vis geopolitical concerns of the United States and India in the twenty-first century.

As Halder (2018) explains, "China is striving to catapult itself to the position of the largest economy by launching the Belt and Road Initiative" ( p.75). At present Sri Lanka has become a major partner to China's BRI by initiating many strategically important infrastructure projects. A geopolitical paradox has emerged around Sri Lanka in relation to it becoming a major partner to the BRI by China in the twenty-first century. Sri Lanka had close relations with China since the independence from the British empire in 1948 and later China's economic and defence assistance became a vital factor for it to overcome 30 years civil war. President Mahinda Rajapaksa's era from 2004 to 2014 was identified as an important period in the China-Sri Lanka relations, where Sri Lanka became a major partner to Maritime Silk Route Initiative (MSRI) under mega BRI. China provided financial and technical assistance to many important projects in recent times; Building the first expressway, Initiating the building of South Asia's tallest tower named 'Lotus tower', Building of large multifaceted theatre complex called 'Nelum Pokuna', Developing Mahinda Rajapaksa International Airport (MRIA) in the southern part of the island and assistance in building countries first coal power plant in Norochcholai in North-Western Sri Lanka can be recognized as iconic infrastructure development projects in

post-war Sri Lanka<sup>2</sup> (Senevirathna, 2021). Some of the above-mentioned projects are pure grants while others were loans with interests that have contributed to the rising external debt in Sri Lanka. According Foizee (2020), the Chinese investment in Sri Lanka during 2004 to 2014 amounts to an estimated US\$ 11 billion, including US\$ 8 billion in the form of loans related to BRI. However, these projects have contributed to the economic development and rise of living standard among Sri Lankans.

The most important Chinese involvement under BRI in Sri Lanka occurred related to the port development projects. These initiatives that can be discussed from a strategic viewpoint due to the nature of these projects. China cooperated with Sri Lanka in building a deep-water container port in the southern city of Hambantota with an estimated construction cost of US\$ 361 million for the phase one, out of which 85 percent was funded by China's EXIM Bank (Jayasekera 2015). The second phase of the project was further incurred US\$ 810 million assisted by the same bank (CSIS 2019). After few years of operations, the Sri Lankan government found it difficult to manage the port by generating enough profit and repay the debt occurred in the building of the project to Chinese funders. Further, the Sri Lankan government found it extremely difficult to fund the next two development phases of the project. In this background, Sri Lankan government in 2017, sold the 70 percent of Hambantota ports shares valued at US\$ 1.12 billion to China Merchants Ports Holdings for debt-for-equity swap and the new company will overlook the majority of funds needed to the future expansion of the port (Shepard 2017). The difficulties related to repayment of debt was a major factor behind the Sri Lankan governments to offer large amount shares of the Hambantota port to China in 2017. According to Hillman (2018), "By 2015, some 95 percent of Sri Lanka's government revenue was going toward servicing its debt, and the government-initiated debt renegotiations with China. Talks culminated in the 70 percent equity and 99-year lease deal" (p.3). Sri Lanka faced a serious economic crisis in 2021 mainly due to the difficulty of external debt repayment. As Sirimal (2022) highlights, along with poor economic policies in domestic sphere, the Chinese

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<sup>2</sup> During President Mahinda Rajapaksa's rule from 2005 to 2015 in Sri Lanka, China became the most important partner of economic development. There was clear growth in the Chinese influence in Sri Lanka since the end of civil war in the country in 2009. The investments under BRI in Sri Lanka provided much-needed foreign investments and economic development to the country as opportunities, but in contrast, the debt associated with some of the projects, sustainability, and attracting suspicion from global superpower United States and regional power India clearly has created challenges to Sri Lanka.

loans acquired for some economically unsustainable projects in the country was one of the reasons for the economic crisis in the country.

Many policymakers of the countries that oppose BRI in recent times has highlighted China's deal in Hambantota as a classic example for its 'debt trap diplomacy'. The increasing Chinese presence in Hambantota has created concerns among the strategic community in India and the United States. In early 2018, India's Defence Minister at that time, Nirmala Sitharaman expressed her deep concerns about the Hambantota deal and raise doubts on China's intentions behind the deal. She mentioned, "Whether China will confine itself to only port activities in Hambantota port is a question and I do not want to say anything further" (Daily Financial Times, 2018). Later the same year, the former Vice President of the United States, Mike Pence in an event held at the Hudson Institute in Washington DC, mentioned that the Hambantota Port built in Sri Lanka's southern coast by the Chinese is designed to become a military base for the Chinese government and this is a classic example of 'debt-trap diplomacy' implemented by China in the twenty-first century. He mentioned;

Just ask Sri Lanka, which took on massive debt to let Chinese state companies build a port of questionable commercial value. Two years ago, that country could no longer afford its payments, so Beijing pressured Sri Lanka to deliver the new port directly into Chinese hands. It may soon become a forward military base for China's growing blue-water navy. (Gamage, 2018)

The Sri Lankan Navy indicating to move its Southern Command Headquarters from Galle to Hambantota in 2017 can be seen as an initiative to address the growing geopolitical concerns of various parties and further recognizing the growing strategic importance of Hambantota in the twenty-first century. According to Ferdinando (2019), the United States government increased its diplomatic pressure on the government of Sri Lanka to take necessary measures to counterbalance the growing Chinese influence in Hambantota. Apart from establishing southern naval command, Sri Lanka conducted a large naval exercise with few countries under the main overview of the United States Navy named 'Cooperation Afloat Readiness and Training Exercise (CARAT) – 2019'. The CARAT can be viewed as a measure undertaken by the Sri Lankan authorities to address geopolitical concerns of United States arising from Chinese presence in the port of Hambantota. In this background, it is evident that Sri Lanka as a small state must address the geopolitical concerns of various interested parties arising out of developing a deep-water port in Hambantota. However, Sri Lanka's objective related to the development of Hambantota port is to achieve economic gains from its strategic position within

the IOR in the twenty-first century. Hambantota is the closest port of Sri Lanka to international shipping route in the IOR that connects the Malacca Straits and the Suez Canal, that links Asia and Europe. As Kaplan (2010) highlights, the Hambantota seaport, in Sri Lanka's southern extremity, is a point closer to the world's busiest shipping lanes where annually more than thirty thousand vessels transport fuel and various raw materials from the Middle East to East Asia. In Hambantota it is projected to build an aviation fuel storage facility complex, liquefied natural gas refinery, and three more separate docks giving the seaport an advanced trans-shipment capacity. Further, it will have dry docks for ship repairing and construction, not to mention the bunkering and refuelling facilities.

In the twenty-first century, China has shown special attention towards infrastructure development in the strategically important port of Colombo. Port of Colombo for centuries was the major port of Sri Lanka and since colonial times has brought a large amount of revenue to the country by being the transshipment hub in the region of South Asia. As one of the contributors to expansion and improving the productivity of the port, a Hong Kong-based Chinese company, China Merchants Port Holdings International (CMHI) along with Sri Lanka Port Authority (SLPA) started operating a new terminal that has dramatically increased the productivity and efficiency of Colombo port. The most important Chinese involvement under BRI in Colombo in the twenty-first century is the Colombo Port City built by the China Harbour Engineering Company (CHEC), a subsidiary of the China Communication and Construction Company (CCCC) and is right next to the strategically important port of Colombo. According to Bendix (2018), the project is a US\$ 1.4 billion investment that include 265 hectares of land reclamation from the sea and is intended to attract US\$ 15 billion worth of Foreign Direct Investments (FDI) in future making the project largest-ever foreign investment in Sri Lanka's history.

Since the beginning of the Colombo Port City project, it attracted criticism both from internal and external political actors. The Chinese President Xi Jing Ping arrived in Sri Lanka in 2014 participated in the event with President Rajapaksa for the foundation stone laying ceremony of the project that shows the magnitude and importance of this project. In parallel to President Xi's arrival in 2014, two nuclear-powered submarines visited the port of Colombo that created deep suspicion on the minds of strategic community and policymakers in India. There was a substantial critic that arise out of this incident from India that highlighted the project can lead to strategic security cooperation between China and Sri Lanka threatening the Indian dominance in the region. In local level, the opposition parties in Sri Lanka raised their

concerns regarding the ownership, control, and environmental impact of the project. Ironically, the government led by President Rajapaksa lost the elections held in 2015 and brought a new government in the country. Subsequently, there was a notable hold in the project but resumed after series of discussions between the Sri Lankan government and Chinese builder. However, at present, the land reclamation has finished, and it has become the most valuable land in Sri Lanka. The Port City project will continue until 2041. It is expected to be the most strategically important economic venture in Sri Lanka:

The economic impact assessment undertaken, which captures both direct and indirect effect clearly indicates that the port city would have a significant impact on the national economy, in terms of employment generation, attracting FDI's, GDP contribution, BOP and Government revenue when it progress as envisaged. The Port City therefore be classified as a strategic investment project and a potential source and a driver of economic growth and development for Sri Lanka. Such investment projects, elsewhere in the world, have historically played a significant role in transforming developing economies into more advanced ones. (Hawksworth, Clarry, and Audino 2020, p.44)

China due to its economic capabilities has become a vital economic partner for Sri Lanka to achieve its economic development. Sri Lanka as a small developing country needs to investigate two factors when it strategizes its relations with China in this century. As the first factor, it should address the geopolitical concerns of regional power India and global superpower United States in relation to the nature of its interactions with China. Sri Lanka should make an effort reassure the rest of the world to make Chinese presence in the country is purely meant for economic gains and should not include long-term military presence of China challenging the concerned other powers. Attracting more economic investment from the United States, India and other countries will also certainly help to maintain a balance among major interested parties. The second important factor in its relations with China will be the sustainability of the projects implemented under BRI and how Sri Lanka can avoid large scale debt related to these projects. In this background, the Sri Lankan government should cooperate with its Chinese partners to formulate income generation mechanism from these projects while not allowing Sri Lanka burden with unpayable debts.



## **India's Sphere of Influence and Sri Lanka: A Regional Power and a Small State in proximity**

India is a large country and occupies a predominant position within the region of South Asia and its maritime domain of IOR due to the asymmetrical relationship that visible between herself and the neighbours. “She constituted about 72 per cent of the region’s territory and over 75 per cent of its population and GNP” (Jayawardena ,1992, p.286). Since its independence in 1947 India has developed a hegemonic interest in the IOR and considered Sri Lanka to be an integral part of its national security strategy. Panikkar (1951) observed that, “Ceylon’s defence, both naval and land cannot be separated from that of India” (p.82). From an India’s geopolitical perspective, it identifies Sri Lanka is located within the Indian sphere of influence and is an integral part of its own national security interests. India considers Sri Lanka’s relations with any extra-regional actor that it considers hostile to them is a serious national security problem. As Kaul (1974), p. 66) pointed out:

Sri Lanka is important strategically to India as Eire is to the United Kingdom or Taiwan to China... As long as Sri Lanka is friendly or neutral, India has nothing to worry about but if there be any danger of the island falling under the domination of a power hostile to India, India cannot tolerate such a situation endangering her territorial integrity. (p.66)

From a Sri Lankan perspective, India is viewed as a giant and closest neighbour that is highly influential in its politics. In Sri Lanka’s history of more than 2500 years, India has influenced immensely in forming its present-day politics, culture, and economy. Since independence, Sri Lanka has inherited a fear on its giant neighbour but mostly maintained a foreign policy that is compatible with Indian interests. However, in the 1980s Sri Lanka developing close relations with the United States and West became a matter of concern for India depending on the regional and global geopolitical patterns prevailed at that time. India reacted by supporting the Tamil separatist groups prevailed at that time in Sri Lanka and later involved heavily in the islands internal politics by signing Indo-Lanka Accord of 1987, and sending Indian Peace Keeping Force (IPKF). The 1980s became the most problematic period in India-Sri Lanka relations and the main cause for this was the Sri Lanka’s foreign policy at that time which created a threat perception in the minds of India’s strategic community and policymakers.

After the end of Cold War, the new global geopolitical patterns changed India, and no more it considers the United States or West as hostile, instead it is gradually developing close political, economic and security relations with the United States and West. In the twenty-first century, China has become the major influencer of global economy and security architecture and from an Indian perspective, it looks at China's rise with suspicion due to historical issues such as the unresolved border conflict and China's strategic relations with its traditional regional foe Pakistan, "The Sino-Indian Relationship is the most important major-power relationship in Asia and is also the most subtle and complex. It has a significant impact on Asian geopolitical relations and regional economic development" (Li, 2016, p.20). According to Suryanarayana (2015) traditionally the location of Sri Lanka is relevant to India has made it to be vigilant about island nations foreign relations. Sri Lanka is located in the most southern tip of the Indian peninsula and at the world's most important crossroads of international trade, Sri Lanka is likely to play a vital role in international relations. Given historical suspicions about India's interests and objectives, the policymakers of Sri Lanka can assiduously use other powers like China or Pakistan to checkmate India's influence. In this background, even the strategic economic relations of Sri Lanka with major power will be looked with great suspicion by the Indian policymakers, "Sri Lanka has the right to diversify its strategic and economic linkages, but when it adversely affects India's strategic environment, it should be a matter of great concern to the policy makers in New Delhi" (Suryanarayana, 2015, p.509)

As Kaplan (2012) highlights, China had already developed a great merchant fleet and its aspirations for an advanced blue-water oceanic navy that is going to guard its interests and provide security for its vital trade routes is the sea between the hydrocarbon-rich Middle East region and China's Pacific coast. Currently, this is occurring at the same time, that India is aspiringly working towards achieving a 'Monroe Doctrine'<sup>3</sup> style presence throughout the IOR from southern Africa to the Australian continent. As Sri Lanka is strategically important for India when it formulates its national security initiatives in the twenty-first century it has to view Sri Lanka's developing relations with China from a watchful eye. From an Indian geopolitical perspective, it cannot allow Sri Lanka to fall under Chinese control forwarding an enormous geopolitical challenge within its traditional sphere of influence. According to Gupta and Balakrishnan (2010) China has been engaged in a consistent effort to use India's neighbours to

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<sup>3</sup> The Monroe Doctrine was articulated by President James Monroe of United States in 1823. It demanded that; the European powers were obligated to respect the Western Hemisphere as the United States' sphere of influence.

undermine the Indian hegemony in the South Asian region. As part of this policy in the region, developing Sino-Sri Lankan relations has forwarded a challenge to security matrix of India and mentions, “Recently China and Sri Lanka have come quite close and China is making all efforts to groom the relations to its logical conclusion” (Gupta & Balakrishnan, 2010, p.203). The Indian worry mainly arises from the famous concept called ‘String of Pearls Strategy’ that suggests China is involved in building ports and related infrastructure projects around the countries of India in the South Asian region. The future Chinese presence and control in these places, that is identified as pearls can be a platform to contain India in the twenty-first century. Along with the ports development projects initiated by China as part of the BRI in the region such as Gwadar in Pakistan, Chittagong in Bangladesh and Kyaukpyu in Myanmar, the development of the port of Hambantota in Southern part of Sri Lanka and new infrastructure with port expansion in country capital Colombo has increased the Chinese activities in Sri Lanka.

As Dasgupta (2018) highlights, India should play its rightful leadership role within the IOR in the twenty-first century; Its role should be, an assertive role, not largely an aggressive one, that will help India achieve the desired position in the emerging strategic space called the ‘Indo-Pacific’. Accordingly, to achieve its strategic intentions in this region India has launched initiatives like the Project Mausam in 2014, SAGAR (Security and Growth for All in the Region) in 2015 and MAHASAGAR (Mutual and Holistic Advancement for Security and Growth Across the Region) in 2025. Alongside, India has accelerated its naval modernization program targeted at its ambitious plan for operational overstretch in the IOR. Moreover, multilateral cooperation with the Indian Ocean littorals in protecting the Sea Lines of Communication (SLOC) is encouraged. India uses both concrete institutionalized mechanisms plus diplomatic efforts with the reciprocal stakeholders. As Brewster (2010;2014) highlights India is gradually incising its strategic focus in the maritime domain by increasing its naval capabilities in the IOR and this highlights clear change in Indian strategic thinking in the twenty-first century that traditionally had a continental outlook. Among these changes in Indian strategic thinking in recent years has been a partial reorientation in India’s strategic outlook towards the maritime dimension. In the twenty-first century, Indian maritime interests are primarily focused on protecting trade, its Exclusive Economic Zone (EEZ) and broadly expand its strategic influence in the IOR. According to Berlin (2006), India’s strategic interest for IOR can be compared to United States hegemonic initiatives to consolidate its sphere of influence in North America and Western Hemisphere:

Unsurprisingly, New Delhi regards the Indian Ocean as its backyard and deems it both natural and desirable that India function as, eventually, the leader and the predominant influence in this region—the world’s only region and ocean named after a single state. This is what the United States set out to do in North America and the Western Hemisphere at an early stage in America’s rise to power. (Berlin, 2006, p.60)

At present, the Sri Lankan policymakers are faced with the challenge of addressing India’s strategic concerns related to Chinese infrastructure developments in the country. The Indian policymakers and its strategic community are highly suspicious about the growing Chinese influence in Sri Lanka in recent times. Focusing on China’s growing influence on its traditional sphere of influence which includes Sri Lanka, Bullion (2009) mentions, “India may have good reason to fear that its hegemonic role in the region is now increasingly being challenged by China” (p.55).

As the regional power and a major economy in the South Asian region, India has recently initiated several political and economic initiatives to strengthen its sphere of influence in the island. India engaged in the rebuilding of railways and roads damaged due to war in northern Sri Lanka since 2009, the end of civil war in the island. But the most notable Indian initiatives that targeted at countering Chinese influence in Sri Lanka are its projects in strategically important Trincomalee and Colombo ports. As Pasricha (2017) highlights, India’s Indian Oil Corporation (IOC) deal to develop and maintain some of the tanks in World War II era oil storage facility near the port of Trincomalee, which is IOR’s deepest natural harbour provides a strategic entry for India in Sri Lanka. India’s ongoing investment in energy infrastructure in Trincomalee is by far more modest compared to China’s ambitious projects in Sri Lanka, but it will enable New Delhi to secure a strong foothold and ensure that no other hostile country uses the strategically important harbour for military purposes endangering its own security.

India has also become a major partner to several multilateral political, security and economic initiatives to counter the growing Chinese influence in the IOR. The quad initiative with the United States, Japan and Australia, Asia-Africa Development Corridor with Japan, Malabar naval exercises with the United States and Japan can be recognized as significant partnerships of India with other major powers to counter China in the IOR. Among all collaborations to counter China, India’s collaboration with the United States remains the most

important in the emerging geopolitical context in the twenty-first century. As Nisa (2019, points out;

Its geo-strategic location and its ability to develop military muscle to counter China's maneuverers in Asia Pacific have made India an indispensable ally of the United States (US). The Indian ambitions are invigorated by the US policy of rebalancing in Indo-Pacific Region (IPR). (p.41)

As per the events that occurred in 1980s show India has an enormous influence over Sri Lanka and most possibly will react if it identifies island nations foreign relations are becoming a threat to its own national interest. In this background, Sri Lankan policymakers are faced with the challenge of maintaining and developing its relations with China but not to create a threat perception among the strategic community in India about the relationship. Convincing Indian policy makers and strategic community that Sri Lanka is not heading for any deep security cooperation is vital to achieve its objectives in twenty-first century. The strategic community in India expects that Sri Lanka is not in a path to allow Chinese military bases in the country in the twenty-first century, making 'String of Pearls' a reality. Further, Sri Lankan policymakers must be smart enough to attract Indian economic investments to balance Chinese investments and to create a competitive economic environment in the country. Due to its proximity and strategic location Sri Lanka can benefit largely from the rapidly growing economy of India in the twenty-first century.

### **Sri Lanka's relations with the United States in the Twenty-first Century: Understanding Contemporary Global Geopolitics**

As the only global superpower United States have deep routed geopolitical interests in the IOR. The United States has vital military bases in the archipelago of Diego Garcia and the important choke points near Strait of Hormoz in Gulf, and Strait of Malacca in Singapore. Traditionally United States has conducted major military campaigns originating from its bases in IOR and with the new security trends emerging in the IOR, it will continue to operate theses bases to achieve its geopolitical objectives in the region. Further, the United States maritime strategy in the twenty-first century seeks to sustain its credible combat power in the region to preclude any attempts aimed at interrupting its vital SLOCs and commerce. According to Bradford (2011) "The maintenance of safe and secure sea lanes, particularly those that link the United States with its partners in the Indian and Pacific Oceans, is at the very core of US interests" (p.183).

In this background, due to its location, Sri Lanka becomes an integral part of the United States wider geopolitical strategy in IOR in the twenty-first century.

The United States is the only superpower at present world and this reason itself becomes a vital element when Sri Lanka formulate its foreign policy in the twenty-first century. At present, the United States remains the most important destination for Sri Lanka's exports with the majority share of its exports going to the United States. Sri Lanka's main exports to are textile and apparels with a value of approximately US \$ 2910 million in 2024. This has been the trend for long period with the United States has become the major export market and generating much needed foreign currency reserves for Sri Lanka (Sri Lanka Export Development Board [EDB], 2024). United States intelligence and to a certain extent its military assistance helped Sri Lanka to eradicate separatism-based terrorism from the country in 2009. The growing China-Sri Lanka relations have contributed to geopolitical concerns among some of the United States policymakers. The growing Chinese presence in Hambantota and various parts of Sri Lanka, and its deep partnership in the BRI projects has become a matter of concern for the United States.

The United States considers China as a major challenge to its global hegemony in the twenty-first century and considers BRI a major strategic tool of China to strengthen its sphere of influence in the world to become a superpower. According to Chance (2016), the United States oppose the BRI on the grounds that it is a geopolitical tool used by China to replace current world order led by the rules of Western values and mentions, "Geopolitical concerns significantly frame Americans' views of BRI. The initiative is sometimes viewed a deliberate attempt to economically marginalize the United States, to create a Eurasian sphere of influence, or as a pretext for expanding China's overseas military presence. At the very least, perceptions that China is embarking on a new, "assertive" phase of statecraft elevate the scrutiny BRI faces" (Chance, 2016, p.1).

There will be two important alignments that Sri Lanka has to look upon when analysing United States policy towards Sri Lanka in the present-day context. At present, the United States is the only superpower in the world and to a greater extent it leads the West in implementing its political, economic and security architecture in the world. In this background, any geopolitical interest-based reactions towards Sri Lanka's will be mostly a combined response with its allies in the West. Secondly, Sri Lanka must be watchful about the developing strategic relations between the United States and India in the twenty-first century. "Washington appears to regard New Delhi as a linchpin in this mission, aims to establish a long-term strategic

partnership and looks ready to support it as a regional economic anchor” (Robinson, 2015, p.74). The rapidly developing United States-India partnership is primarily targeted at containing growing Chinese influence in the wider Indo-Pacific theatre. In the IOR context, the United States-India partnership will probably react to Chinese initiatives in Sri Lanka depending on its intent as perceived by India. As Mendis (2012) explains, Sri Lanka relations with China developed rapidly since the end of civil war in 2009, and that the strategic community in the United States feared the island nation is becoming an important partner to China’s ‘string of pearls strategy’ in the traditional India’s sphere of influence. In this background, as the global superpower, the United States is engaged in a geopolitical initiative with India to secure the balance of power in South Asia;

When Sri Lanka drifted towards Beijing as China’s ‘string of pearls’ naval strategy gained momentum, challenges to American hegemony in South Asia escalated as if Washington and Beijing were in direct competition with each other under the shadow of New Delhi. The new American “Re-charting” strategy tries to prevent further deterioration of US security interest in the island and to secure the balance of power in South Asia. (Mendis, 2012, p.69)

From a Sri Lankan geopolitical perspective, the United States is a vital country for its exports and thereby for its economic and security at least in the shorter or medium period in the twenty-first century. In the long-term predictions, the United States will decrease in relative power in relation to the rise of China and India. The United States has selected Sri Lanka for its Millennium Challenge Corporation (MCC) grant. As Wignaraja (2019) explains there was an important potential benefit since the money is an outright grant and does not need to be repaid to the MCC. It was a large grant of US\$ 480 million over a period of five years, equivalent to the US \$ 22.43 for every Sri Lankan citizen. The MCC created a serious debate among politicians in Sri Lanka regarding the economic benefits and possible geopolitical challenges of the project to the country which ultimately led to the suspension of project in 2022.

### **Sri Lanka as Small State: Strategic formula to face Geopolitical Implications in the Twenty-first Century**

As a small country located in a strategically important position in the IOR, Sri Lanka is faced with an unavoidable situation to face geopolitical interest of China, India, and the United States in the twenty-first century. The strategic formula for a small country like Sri Lanka would be

to gain the benefit of the economic boom and to avoid being a geopolitical threat to any of these countries. It is evident that China is increasing its influence via economic engagements with the countries in the IOR. China has been the major foreign investor in Sri Lanka since the end of civil war in 2009. In formulating a strategy for relations with China, Sri Lanka must look into two vital aspects. The first strategy would be to avoid Chinese military presence or deep security engagements that will be recognized as a threat to the national security of the United States or India. The second strategy would be to implement projects that will generate sustainable economic development, where Sri Lanka should have the capacity to repay the loans that incur due to these development projects.

India remains the most vital country in strategising the future of Sri Lanka in the twenty-first century. Due to the history, cultural linkages, and proximity, traditionally India has been the most influential country that has influenced Sri Lanka. Both countries currently adopting an open economic policy means that India would be compatible with the Sri Lankan economic model. In economic terms, accessing the large market, attracting investments from booming economy and becoming a hub for Indian service sector would provide economic benefits to Sri Lanka. But from an Indian point of view any country in its sphere of influence developing close strategic relations with a extra-regional power that is hostile to its national security becomes a major problem. In this background, Sri Lanka must adopt a strategy to convince the Indian strategic community and policymakers that its relations with China are not directed at countering India and is targeted at economic development of the country. Since China is currently involved in strategically important port development projects in Hambantota and Colombo, Sri Lanka should provide space for Indian companies to initiate strategic economic projects to balance the concerns arising from Chinese presence in Sri Lanka.

The United States still is the only superpower in the world and will remain one of the superpowers in a future multipolar world. The United States is the main export markets for Sri Lankan goods and its economic assistance has helped Sri Lanka to maintain steady economic growth for a long time. Sri Lanka's cordial relations with India will certainly lead to a positive geopolitical reaction from the United States towards the island nation. United States recognition of India as the regional power in South Asia and its strategy of developing close partnerships with India to counter China contributes to the above-highlighted point. Maintaining traditional security dialogues with the United States and encourage economic investments from the United States will contribute to balance geopolitical concerns arising from Sri Lanka's strategic economic relationship with China.



## Conclusion

The geopolitical importance of IOR is increasing as the most strategic ocean front in the twenty-first century. Sri Lanka as an island strategically located in the IOR and is an important maritime hub between the busiest sea routes of the world. The United States, China and India coupled with their economic and military capabilities are going to be the most dominant and influential powers in the IOR in the twenty-first century. Due to its strategic location, it is destined to face challenges and opportunities because of the emerging geopolitical competition among above powerful countries in the region. Sri Lanka's policy should be to not align with any country antagonizing the other and it should maintain friendly relations with all these countries. "Sri Lanka is indeed unlikely to be able to change the geopolitical realities of the region surrounding us. But through a pragmatic foreign policy based on avoidance of alliances with any one power bloc and maintaining friendship with all, we should be able to play a constructive role as in the past in the emerging new order" (Jayatilake, 2017). Sri Lanka's formula to gain opportunities while facing challenges would be to maintain an 'only friends no enemies' foreign policy in the twenty-first century. Sri Lanka's security and foreign policy in the twenty-first century must be formulated carefully by analysing the geopolitical interests of above-mentioned major powers in the IOR.

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