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பிரதம அமைச்சரின் அலுவலகம்

PRIME MINISTER'S OFFICE

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**Global Power Transition and the Indian Ocean  
Inaugural Address by Hon. Ranil Wickremesinghe  
Prime Minister of Sri Lanka at the  
Indian Ocean Conference on 1<sup>st</sup> September 2016  
Shangri La Hotel, Singapore**

Y B (*Yang Berhormat*) Dato' Seri Dr Ahmad Zahid Bin Hamidi, Deputy Prime Minister and Minister of Home Affairs of Malaysia

His Excellency Dr Vivian Balakrishnan, Minister for Foreign Affairs of Singapore

Shri Nitin Gadkari, Minister of Road, Transport and Highways of India

Excellencies

Ladies and Gentlemen

It is a great pleasure to be here. I want to thank the India Foundation for the invitation extended to give the inaugural address at the "Indian Ocean Conference 2016".

I am pleased to see the India Foundation partnering with important think-tanks across Asia, the RSIS, BIISS and IPS to create this platform for discussion and intellectual exchange.

Let me also commend the Conference organizers for their foresight in convening this important Conference given the changing historical power context in the world.

Over the past 500 years, the Indian Ocean region lost control of its geo-political and geo-economic relevance. First the entire region was subjugated to colonial dictates, and then in the post-colonial era, to cold war concerns and global power plays. You will agree with me that currently the global political and economic balance of power is undergoing tectonic shifts and major re-adjustments are in the offing. Single power and duopoly appear to be a thing of the past, and for the first time in five centuries economic power in the world is moving again towards Asia.

Aside from which the global financial system is moving away from a single currency (the dollar) dominated international system towards a multi-currency international system. New sources of investment capital are reducing western dominance. New consumer markets and the expansion of the Asian middle class are changing the traditional focus of markets.

Several megatrends are also poised to enhance on this shift.

First, it is expected that the individual will be empowered due to reduction in poverty, the rise of the middle classes, the ICT revolution and widespread use of communication technology, the social media and better health care.

Second, there will be a diffusion of power with the unipolar world - giving way to a multipolar one - based on networks, coalitions and alliances.

Third, demographic changes, aging populations will impact on economic growth of certain countries.

Fourth, the demand for food, water and energy resources will increase substantially with the growth of the global population.

And fifth, climate change and shifts in the environment will impact on economies across regions. This re-adjustment is increasingly evident in the economic forecast for the next few decades.

We can all tangibly feel how Asia is growing at a tremendous pace.

The wealth and technology gap between the West and the East has narrowed significantly by the sheer weight of numbers in Asia. By the year 2030, it is estimated that Asia will surpass North America and Europe combined, in terms of global power based on GDP, population size, military spending and technological investment. Of the four largest economies of the world – China, US, India and Japan, three are located in Asia.

This global power transition to Asia creates both opportunities and challenges for Asia as whole and the Indian Ocean in particular. This Conference, therefore, is timely and significant.

Ladies and Gentlemen,

This transition in global power can be traced to the economic awakening of East Asia, driven by the growth of China and the complementary growth of ASEAN countries - particularly Indonesia and Vietnam. Yet, parallel to that, the US had built close economic alliances and military arrangements with Asia-Pacific countries.

Of course by 2008 there were setbacks suffered by the Western economies. This then challenged the western dominance of the global order and has led to an emerging multipolar global order.

Now, the US is proposing the furtherance of a single combined security strategy for the two Asian oceans – the Indian and the Pacific.

Will this create a super region with Maritime Asia at its centre ? Obviously this will have new implications for Asian security.

This is highlighted by the emergence of such concepts as the Indo-Pacific and more recently the Indo-Asia-Pacific.

The question that remains is - whether such a region - on the scale of the Indo-Pacific or the Indo-Asia-Pacific is viable?

Ladies and Gentlemen

The leading American political scientist and political economist, Francis Fukuyama in a recent interview remarked and I quote:

***“Asia is polycentric, multipolar, and constantly evolving. There is no uniformity in Asia in terms of geopolitics and culture and each of those countries is a separate world to itself, even as it overlaps in trade and commerce with its neighbors and with the United States. It is a challenge for Americans to keep up with that region.”***

The disparate nature of Asia not only in terms of size, resources, diversity and interests of both regional and extra regional states, but also growing militarization, historical disputes and strategic mistrust, pose serious challenges to the emergence of a viable and sustainable strategic security order.

There will be resistance to any single country attempting to unilaterally shape the strategic order of the region. Yet building political will and strategic trust and the institution of institutional structures are all prerequisites for such an inclusive multilateral strategic security order that can respond in case of any emergency.

But in reality, these two oceans of Asia also make for two distinct spheres of influence within the Asian continent, each maintaining separate sophisticated trading and political systems while interacting with each other.

The Indian Ocean still has a heavy British influence- the Pacific has taken to American practices. We play cricket, they play baseball, the rest play football.

For instance, unlike the Indian Ocean, the Pacific Region has been intrinsic to US security. For this reason US Administrations from Presidents Franklin D Roosevelt to George W Bush have treated these two areas separately.

On the other hand - the countries in the Indian Ocean Region have historically been reluctant to join power blocs. Despite superior economic and military might, even during colonial times it was difficult to dictate the future of the Indian Ocean Region. The countries of the region have historically played a significant role in global trade and commerce, given rise to some of the great civilizations and religions of the

world, and are home to unique and diverse cultures and histories. Whilst partnership and collaborative relationships were built with countries and civilizations outside the region, the region maintained its multipolar characteristic.

To my mind, the notion of Indo-Pacific or the Indo Asia-Pacific appears destined to remain a more conceptual rather than a realistic premise. The collapse of the Trans Pacific Partnership has further weakened the arguments for it.

Ladies and Gentlemen,

In contrast, the Indian Ocean has emerged as one of the world's busiest and most critical trade corridors, rapidly surpassing the Pacific and Atlantic Oceans. Covering a vast global expanse - extending to East Africa in the West, Australia in the East, South Africa in the South, the Indian Ocean is well poised to regain its influence in world politics and the global economy.

The Indian Ocean Region has always been a significant playing field for big powers. Historically it has also been a bridge between the East and West.

Today the region is acquiring an intrinsic significance of its own. The Atlantic basin is declining. Central Asia and Africa have yet to evolve into mature political economies. The Middle East is in turmoil and Latin America is also undergoing a somewhat troubled growth. The Pacific basin - particularly the Eastern Pacific is very dynamic but it has its own latent instabilities such as the South China Sea and East China Sea disputes, developments in North Korea, increasing militarization of disputes and the absence as yet of regional institutions to bring coherence to the political economy of the area. So it is possible to argue that the Indian Ocean Region has an extraordinary opportunity to create something new in the global context and something historically uniquely beneficial to its people.

Already, the ASEAN nations are on the ascent in the eastern side of the Indian Ocean. Three ASEAN members control the sea-lanes linking the Indian Ocean to the Pacific.

Moreover, South Asia is also kindling underpinned by the growth of India, making it one of the fastest growing regions of the world. Since South Asia dominates the Indian Ocean and therefore this power transition in the Indian Ocean will be heavily influenced by South Asian developments.

Consequently, I see the South Asia and ASEAN countries presenting an emerging opportunity that can bring with it benefits similar to those that came in the past to the Atlantic and Pacific basins.

That is the challenge of the next decade or two.

Our responses will shape our destiny in the 21<sup>st</sup> Century. The cooperation and coordination between ASEAN and SAARC including the Ramayana Connection have given us strong cultural affinities. We have similar Governmental institutions and commercial practices. The English language is a link language. We have a huge cohort of youth more regionally conscious than their parents. We also have a lot of work to do in bringing these two groups together. More frank in-depth discussions; Ongoing dialogue at the highest levels. We must not allow the internal disputes and differences of these multilateral organisations to impede the collective relationships between the two groups. It also challenges SAARC to reach a higher level of cooperation than what we have been able to achieve so far.

The opportunities are there - waiting to be exploited – and with ingenuity we should be able to forge ahead.

Ladies and Gentlemen

The multipolar world we live in will be dominated by the competition among the five or six major Global powers during the next two decades. It may well be a protracted undetermined contest. The Indian Ocean will be a major theatre of competition. But the multiplicity of contestants gives us - in the region - a margin of flexibility, which we must utilize to determine the regional order.

We must commit ourselves to an order based on the rights of all States to the freedom of navigation - the unimpeded lawful maritime commerce and over-flight. Our own futures and the futures of our extra regional partners are therefore heavily invested in how strategic security is managed in the region. Many countries remain dependent on energy supplies and traded goods that are carried across the region.

Those who are geographically located in the region have a primary interest in the security of the Ocean, which is more often than not linked to their economies and the livelihoods of their people.

Managing competition and strengthening cooperation would be essential given both these economic and strategic security factors, which have a direct impact on the future of this region.

This is something we cannot do alone.

There are major power interests at play particularly those of China and Japan. Middle power interest such as those of the Republic of Korea (ROK) and Australia. Nor have the US and the European entity relinquished their interest in the region.

As Fukuyama states, the West led by US will continue to project a tremendous amount of soft power globally due to strong institutions, continued stability and

prosperity, high per capita GDP, dominance of the English language, technological lead, democratic traditions and culture.

It is time for Indian Ocean countries especially Asian nations to take the lead in determining their own future. It is our belief that an Indian Ocean Order needs to be crafted with accepted rules and agreements that would guide interactions between states.

This Order needs to be built on a consensual agreement and no singular State should dominate the system. The Indian Ocean Order would have the primary responsibility of upholding the freedom of navigation in the Indian Ocean,

ensuring that shipping and air routes to East Asia and beyond are kept open, building closer economic cooperation amongst countries in the region,

incorporating an Indian Ocean Development Fund for development of the region,

and in particular, establishing a strong Humanitarian Assistance and Disaster Management mechanism to deal with natural and manmade disasters.

Today, IORA (the Indian Ocean Rim Association) the regional organization is not an effective force and has fallen short of expected levels of delivery with regard to regional cooperation. It is dormant when the strategic concepts concerning the Indian Ocean are being discussed.

What is required as a start is a dialogue between SAARC and ASEAN leaders. Indonesia, an ASEAN member also the current Chair of the IORA, can initiate this dialogue – spanning the IORA and all the interested major and middle powers.

The final objective will be the agreement on an Indian Ocean Order. A settled arrangement guiding the interaction between states to ensure the safety and security of the Indian Ocean and its lanes of communications. An Order established by consensual agreement for a peaceful maritime security space and the strengthening of Maritime Security cooperation for mutual benefit.

Such an Indian Ocean Order can only be consolidated by strong and meaningful regional cooperation. IORA's present scope of meeting at official and ministerial level is insufficient for this purpose. This is where organizations such as the India Foundation have a role to play; To present proposals for closer cooperation.

Two of the areas requiring your efforts will be - firstly the establishment of an Indian Ocean Assembly. An Assembly which brings together inter alia Heads of State and Governments, leaders of political parties, officials, academics, intellectuals, non-governmental sectors, cultural and commercial leaders, media representatives, youth groups in order to recommend measures for consideration by the Indian Ocean region.

Secondly a programme for cooperation in Education and Human Capital Development. This single measure will make a significant contribution to the rapid development of the region.

Our task, then, is to begin building a political eco-system that is both prescriptive and preventive; prescriptive in that it creates a structure out of the natural affinities of geography, culture and resources that already exist; preventive in that it contains the inevitable local disputes and prevents them from disrupting or spilling over on to a common Indian Ocean agenda.

I thank you once again for inviting me to share my vision for the Indian Ocean at this forum.

Thank you.

01.09.2016