

## The Maritime Dimension in SAARC: Redefining Relations

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### Introduction

On 8 December 2016, the member states of the South Asian Association for Regional Cooperation (SAARC), the SAARC Secretariat, SAARC regional institutions and the academia observed the 32<sup>nd</sup> SAARC Charter Day.<sup>1</sup> It was on this day in 1985 that the first SAARC Summit was held in Dhaka, Bangladesh and the regional organisation was established with seven South Asian nations – Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka as members. Afghanistan was admitted into the Association in April 2007 at the 14<sup>th</sup> SAARC Summit held in New Delhi. When the preparatory process for SAARC began in the early-1980s, the world was engulfed in ‘Cold War’ ‘bi-polar’ politics and all countries including those from South Asia were influenced by it in some form or the other. At the regional level, it was opined that SAARC would enable India’s neighbours to ‘gang up’ against it, signalling to the mistrust and difficult bilateral relations that existed in the region. All this has now changed.

Since the 1990s, with globalisation and economies opening up, international trade has become the cornerstone of global economy. This trade takes place through the cheapest mode of transport which is the maritime medium. As a result, water bodies like oceans, seas, rivers along with ports and shipping infrastructure play vital roles as parts of logistics chain and become a key link for growth and prosperity of a nation. All the SAARC countries access the seas directly or indirectly for carrying out trade and five of the eight SAARC members – Pakistan, Maldives, India, Sri Lanka and Bangladesh have access to the Indian Ocean. For too long, focus has been on how India shares land boundaries with most of the SAARC countries; forgetting that the regional grouping has two island nations and three countries with long coastlines – all of which are geo-strategically located in the Indian Ocean.

It is through the Indian Ocean that more than half of the world's container traffic and 70% of energy needs are shipped. For countries like China, India and Japan – 90% of their critical energy resources originate from the Persian Gulf and transit through the Indian Ocean and beyond to their respective destinations. This region therefore holds great geo-strategic significance for all trading nations who want to ensure that the international shipping lanes (ISL) are safe and secure, for the health of their economies and nations prosperity depend on it.

It is estimated that by 2030, the energy requirements of the world will rise by 50 per cent, the demand being led by China and India. These energy shipments too, will transit through the waters of the Indian Ocean. Thus, China is investing in ports and other coastal infrastructure in SAARC countries like Pakistan, Maldives, Bangladesh and Sri Lanka so that the safety and security of the energy supplies while in transit in the Indian Ocean region can be ensured with better connectivity. All this is part of the bigger network of ports and other coastal infrastructure being built by China from its eastern seaboard through Southeast Asia, South Asia, the Persian Gulf, East Africa and the Mediterranean Sea under the Maritime Silk Route (MSR) initiative. These infrastructure projects will necessarily have to be preceded by cordial political relations between China and the concerned countries where the maritime infrastructure is coming up. As a result, Chinese presence in this entire region will increase manifold, having both geo-political, geostrategic and geo-economic implications for all the countries, including India

China's MSR initiative - has resulted in SAARC countries located along the route geo-strategic significance. For some greater, it has given leverages and choices which did not exist earlier. These countries are conducting bilateral and regional interactions from a position of 'strength', not commensurate with their weak economic base, political instability and lack of social cohesion. On the other hand, India's capacity to influence SAARC members, despite its political-economic-military strengths, has become that much more nuanced and difficult with China's increasing footprints in the Indian Ocean region.

In this context, this issue brief argues that the maritime dimension is transforming and redefining intra-SAARC relations and the member countries national development roadmaps. It is also observed that India does not have the economic clout similar to that of China and therefore it cannot make huge investments in infrastructure projects which China is making in India's neighbourhood. The question thus arises - What should India's response be in such a scenario? This essay

argues that India should engage through the SAARC forum to re-orient the cooperative agenda towards maritime issues, and build beneficial regional synergies especially by focusing on Blue Economy. The positive outcomes, which should be quantifiable, will ensure that member countries are sensitive to India's security concerns, despite China's large footprints in the region. While the dominant narrative, especially after the postponement of the 19<sup>th</sup> SAARC Summit in Pakistan, is how SAARC has seized to be effective; this essay argues to the contrary.

## **Redefining Relations**

This section examines the manner in which Maldives, Pakistan, Sri Lanka and Bangladesh are redefining their foreign policy choices given that they are geo-strategically located in the Indian Ocean through which much of world's shipping transits.

In October 2016, Maldives, very 'defiantly' pulled out of 'The Commonwealth' – a grouping of 53 nations that were mostly territories of the former British empire. Maldives termed as unjust the decision of the Commonwealth to penalise the island nation over the circumstances that led to the then President Mohamed Nasheed's ouster in 2012 and the lack of progress in resolving the political unrest that followed.<sup>2</sup> Interestingly, Maldives is the only SAARC country which the Indian Prime Minister Modi has not visited and the reasons can be traced to the political unrest there. However, India soon realised that to be an effective 'net security provider'<sup>3</sup> in the Indian Ocean Region, it needs to engage with Maldives. Thus, foreign minister Sushma Swaraj visited Maldives in October 2015 and the Joint Statement spelt out that bilateral partnership was important for maintaining security in the Indian Ocean region.<sup>4</sup>

Maldives wields the capacity to withstand any bilateral, regional and international pressure, for it is well aware that it is geo-strategically located in the Indian Ocean. Also, Maldives does feel reassured with its relations with China, which does not comment on the island nation's internal political developments. It is seen that Maldives is forging ahead with a highly ambitious economic agenda which it terms as the transformational infrastructure development projects, where China is a partner. Maldives' relations with China strengthened in September 2014, when President Xi became the first President of China to visit Maldives. The two countries established "Future Oriented All Round Friendly and Cooperative Partnership" and the Joint Committee on Trade and Economic Cooperation (JCTEC). In December 2014,

Maldives officially became part of China's 21st Century Maritime Silk Road (MSR) Initiative. From August 2010 to April 2016, the total number of Chinese tourists to Maldives was 104,106 tourists which accounts for 33 per cent of all incoming tourists.

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Following the postponement of the 19<sup>th</sup> SAARC Summit in Pakistan, it was opined that the country will be isolated in the region. However, very soon the news came that China-Pakistan Economic Corridor (CPEC) has been officially flagged off with the first consignment from China setting sail from Gwadar to the African and West Asian markets on 13 November 2016. The Corridor's newly built western route was chosen for the transit of trucks all the way from Kashgar in China to Pakistan's South-Western port city of Gwadar. The US\$ 46 billion project enables Beijing to reduce its dependence on the Straits of Malacca to reach out to its markets beyond the Indian Ocean. An easy access to the Gwadar port and Strait of Hormuz through inland road and rail networks enhances the Chinese presence in the region.<sup>6</sup> Thus, given Pakistan's strategic location, and its importance for China, any policy of isolating it will have only limited success.

With regard to Sri Lanka, in March 2015, the Colombo Port City Project (CPC) was put on hold by the newly elected Wickremesinghe government. However, it was revived in April 2016, despite India's effort to the contrary. The CPC is a US\$ 1.4 billion project, spread over 575 acres, to be executed as a joint venture between the Sri Lankan government and a Chinese state-owned company. The project involved reclaiming land the size of Monaco and its development into a port city astride one of the busiest International Shipping Lanes (ISL) in the region. It was approved by the former President Mahindra Rajapaksa.<sup>7</sup> For Sri Lanka the economic benefits of the project far outweighed the politic-strategic concerns of India.

In October 2016, the Chinese President visited Bangladesh, the first by a Chinese head of state in 30 years. The two countries upgraded their relationship from a Comprehensive Partnership of Cooperation to a Strategic Partnership of Cooperation. Both sides also committed to the projects under OBOR (One Belt One Road) initiative to boost connectivity. 28 development projects with US\$21.5 billion in foreign aid were agreed to.<sup>8</sup> Interestingly, on 14 November 2016, Bangladesh Navy took delivery of two old refurbished Chinese Type 035G Ming-class diesel-electric submarines<sup>9</sup>. All this needs to be seen in the context of Bangladesh having settled its maritime boundary with both India and Myanmar and focussing on maritime resources for sustainable development and poverty alleviation.

Maldives, Pakistan, Sri Lanka and Bangladesh – are all part of China’s MSR initiative the above discussion shows that there is a convergence on China’s needs for ports and maritime infrastructure on the ISLs wherein these SAARC countries are situated and the development needs of these countries concerned who require the investments. China also de-links politics with economics. One positive conclusion which can be drawn from the above discussion is that these SAARC countries are aware of the importance of maritime infrastructure; the manner in which seas can be a source of development and that they are eager to embark on the path to development with focus on the maritime agenda.

While bilaterally India has built cordial relations with the SAARC countries with many high-level visits, it has not been able to dent China’s influence. It is in this context that a regional approach, embracing issues maritime, will be effective.

## **Reorienting Cooperation**

All the SAARC countries in their national development plans are keen to focus on tapping the resources as offered by the seas. However, this has not been prioritised in the SAARC forum. In the scenario where India’s leverages to counter China’s economic strength is limited, the SAARC platform is ideal to engage with these countries. In this context, India, should focus on Blue Economy and how it will benefit the SAARC region as a whole.

A beginning has already been made with the 18th SAARC Summit Declaration, spelling out the regions view on Blue Economy. The Declaration stated, “They (the member countries) recognized the manifold contributions of ocean-based Blue Economy in the SAARC Region and the need for collaboration and partnership in this area.”<sup>10</sup>

At 37<sup>th</sup> SAARC Council of Ministers Meeting in Nepal in March 2016, the Bangladesh Foreign Minister, Abul Hassan Mahmood Ali said, “The maritime resources hold huge potential for our development. There is much to benefit through collaborative exploration of the living and non-living marine resources in the Indian Ocean. The ocean resources based Blue Economy can play a critical role for poverty alleviation and sustainable development of the SAARC region. We should collaborate on development of capacities, partnerships and research in utilizing our marine resources. Our common undertakings must secure protection, development and exploration of seas and oceans in a sustainable manner....”<sup>11</sup>

At the core of Blue Economy is that sustainable development and utilisation of the vast ocean resources should be such that there is realisation of greater revenue in a manner which contributes to eradicating poverty, leads to sustained economic growth, enhances social inclusion, improves human welfare, creates opportunities for employment and decent work for all while maintaining healthy functioning of the Oceans eco system.<sup>12</sup>

The areas highlighted are the contribution of fisheries in providing food security and sustainable livelihoods; water based tourism as a source of decent employment and contribution to poverty alleviation; ocean as a source of renewable energy from wind, wave, tidal, thermal and biomass sources; ocean as a source of hydrocarbon and mineral resources and; ocean as the primary medium of global trade through shipping and port facilities

It is important to note that India and Bangladesh have bilaterally concluded a maritime agenda of cooperation in June 2015 which includes coastal shipping; cooperation among coast guards; and use of Bangladesh ports for movement of goods to and from India. Trilateral agreements among Maldives, India and Sri Lanka to ensure coastal security also exist.<sup>13</sup> However, these need to be approached regionally in the SAARC platform. With time, Pakistan too can be part of these arrangements.

Maritime tourism involving the coastal cities of the five SAARC countries should also be initiated. Most important, discussions and debates on Indian Ocean security architecture should take place in the SAARC forum too as all these countries are resident countries having direct stakes. The SAARC forum will not only facilitate constructive debate and discussion on issues maritime, but also deepen India's relations with its neighbours. This will also enable India to play an effective global role.

## Conclusion

For more than 30 years, the SAARC has been hyphenated with the Indo-Pak conflictual relationship. It now needs to be viewed from the perspective of the Indian Ocean connecting the member states. Chinese investments in the SAARC countries straddling the Indian Ocean have influenced their foreign policy choices and their national developmental programs, thereby limiting India's traditional influence. In such a scenario, India should use the SAARC platform to prioritise maritime issues, with focus on maritime security; and Blue Economy as all the member countries have direct stakes in it. The economic benefits of Blue Economy will benefit the landlocked

countries of Nepal, Bhutan and Afghanistan too. The positive outcomes will ensure that member countries are sensitive to India's security concerns, despite China's large footprints in the region.

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