

Admiral Colombage,
Senior officials and officers from the country delegations,
Distinguished guests:

Good morning. My name is Nilanthi Samaranayake, and I'm a Strategic Studies analyst at CNA in the Washington, DC area. CNA's Center for Naval Analyses is a non-profit research institution that's not part of the US Navy or US government, but provides them and other organizations with independent analysis.

It's great to be back in beautiful and historic Galle and to see friends again from the regional navies and coast guards. I am truly honored to be invited to speak today at such an important conference for the South Asian and Indian Ocean region. It's not often that naval officers and maritime security professionals from over 30 countries can meet in a forum such as this, to exchange views on the challenges that they confront at the operational and strategic levels of their responsibilities. The Galle Dialogue has been going strong – now in its fourth year, and I hope it will continue as a regular meeting ground for the world's navies and Indian Ocean stakeholders.

Today I have been asked to discuss the “Economic and Strategic Realities in the Indian Ocean” and provide you with some of my personal views about the outlook for the region.

Defined most broadly, the Indian Ocean region comprises 36 states, contains 35% of the world's population, and accounts for 38% of the world's total coastline. In terms of economic realities, I'm sure you are all familiar with the data, but to give you a quick overview: 90% of all commerce moves on the world's oceans, and 50% of container traffic is transported through the Indian Ocean. 30% of all trade is handled in Indian Ocean ports.

The roles of China and India are worth highlighting— China is the world's second largest economy and is expected to become the world's largest economy by 2027. Meanwhile, India is projected to become the third largest economy by 2050. These two countries are

helping fuel the economic growth and strategic importance of the Indian Ocean. Chinese companies are building infrastructure such as roads, railways and ports, which aid the transit of energy and minerals particularly in Africa. As a result, this development raises strategic questions about the role of China in the Indian Ocean and makes some observers nervous. It's understandable because the world is watching China's rise with a mix of awe and apprehension. But regarding this development, I think two points are worth recognizing. One is that there are other countries making similar types of investments, but China's do tend to be noticed, whether fairly or unfairly. Second, this infrastructure will—at a minimum—allow other developing countries to trade more with each other and promote regional trade. For example, intra-regional trade in South Asia is relatively low—constituting less than 6% of the region's total trade. By comparison, the figure is 55% for East Asia.

Commerce in the Indian Ocean is a particularly important component of global maritime trade. Trade among the Indian Ocean Rim countries amounts to 25 percent of world trade. Stability in the Indian Ocean has an economic impact on the rest of the world, with the US & Americas dependent on East Asian trade partners who also depend on sources of raw material transported across the Indian Ocean from East Africa, the Persian Gulf, South Asia, and Australia.

In terms of major strategic developments in the Indian Ocean, I would say India is the big story in recent years. Its economic rise has translated into a stronger regional position and significant increases in its defense budget over the past decade. The Indian Navy's fleet modernization includes new assets such as maritime reconnaissance planes, two aircraft carriers soon, and an indigenous nuclear submarine, as well as new bases in the Andaman & Nicobar and Lakshadweep islands. Meanwhile, the Indian Navy provides critical training, advisors, and equipment to Indian Ocean countries such as Maldives, Sri Lanka, Seychelles, Mauritius, Madagascar, and Mozambique – some of which are represented here today. Moreover, New Delhi is gradually assuming a greater leadership role in multilateral Indian Ocean organizations, such as the Indian Ocean

Rim Association (IORA, formerly IOR-ARC) and the Indian Ocean Naval Symposium (IONS).

China too has seen significant increases in its defense budget over the past decade and major accomplishments in its navy, especially becoming an Indian Ocean stakeholder. The PLA Navy commissioned its first aircraft carrier last year, began conducting antipiracy operations in the Indian Ocean in 2008 and since 2010 has performed humanitarian assistance missions to various Indian Ocean countries with its hospital ship Peace Ark, including several a couple of months ago. Many are watching to see what the strategic implications will be, if any, of China's increasing naval activities in the Indian Ocean.

Concerning the United States, as a superpower, the US still sees itself as the "guarantor of international commerce and maritime security," in the words of a former US Chief of Naval Operations. In the Indian Ocean region, the US has a naval presence in Bahrain, Djibouti, and Diego Garcia and engages in exercises with various Indian Ocean countries, such as a maritime training exercise just last week, Cutlass Express, in Seychelles, Kenya, Tanzania, and Djibouti.

The stability provided by the US naval presence in the region has undoubtedly helped provide the space in which Indian Ocean countries' economies have been able to grow and prosper. In addition to seeking to deter aggression and defend its allies and partners, Washington has seen the Indian Ocean as vital to the United States for projecting power into Afghanistan and Iraq. The 2012 Defense Strategic Guidance mentions the importance of the Indian Ocean and South Asia to US economic and security interests. However, despite the Rebalance to Asia, the US will need to reconcile the past decade of outsized defense resources to the new fiscal realities after two land wars. As you have all seen, the government shutdown in Washington doesn't exactly help either! Still, it is difficult to envision an "East of Suez" moment anytime soon where the US would retreat from its current positions as the UK did 40 years ago. I think the United States will continue to maintain its dominant naval position, but its fiscal

realities are forcing it to look increasingly to partners for managing security at sea.

Of course, besides these three countries, there are extraregional powers such as the European Union and Canada that are Indian Ocean stakeholders. European countries are increasingly dependent on the Indian Ocean for their trade with Asia, and their navies operate in the region routinely. In fact, they have provided critical support to coalition counterterrorism and counterpiracy operations. Some are represented in this room. Meanwhile, Japan is an extraregional independent deployer for counterpiracy efforts and set up a base in Djibouti two years ago.

Finally, I think it's important to consider the smaller Indian Ocean countries (e.g., Sri Lanka, Bangladesh, Maldives, and Seychelles.). They face national development goals and security challenges against the backdrop of the often discussed (and arguably hyped) potential for great power rivalry in the Indian Ocean. Their interests are typical of smaller states with large neighbors. While they don't contest India's traditional dominance in the region, the smaller states want to be open to U.S., Chinese, Japanese, or other countries' economic, diplomatic, and military assistance if it can help them grow, especially regarding infrastructure. With more support from the larger countries, the smaller states' navies and coast guards will be enabled to contribute more to counterpiracy, counterterrorism, and efforts to curb illegal fishing and trafficking in the Indian Ocean. It's also important to remember that they lend expertise as well (e.g., Sri Lanka on small boat tactics and asymmetric warfare operations and Bangladesh on disaster prevention and relief).

In terms of transnational security in the Indian Ocean, multiple challenges confront the region. We're hearing papers at the Galle Dialogue about important issues such as marine environment protection and illegal migration. I'd like to point out a few more that are also important. First, energy security will be important, especially given the new oil and gas deposits being explored in the Bay of Bengal and elsewhere. More than 70% of the world's crude and oil

products are transported through the Indian Ocean and its chokepoints. Energy flows are expected to increase, adding as many as 60 tankers to shipping per day in the Indian Ocean.

India, China, Japan, and South Korea are dependent on imported oil and gas for most of their energy needs. For instance, between 1990 and 2007, China's and India's oil consumption doubled. China recently surpassed the United States to become the world's largest net oil importer, with most of China's imported oil transiting the Indian Ocean. It is estimated that by 2030, half of the world's oil consumption will be from India and China.

Environmental security and disaster management in the Indian Ocean are beginning to receive proper attention as critical transnational security challenges, even if under the name of non-traditional security. The news often seems to be dominated by the latest natural disaster in Asia, with the Philippines as the most recent example. The Indian Ocean region has seen the devastation inflicted by a tsunami, while the Bay of Bengal is home to regular cyclones and flooding, with climate change exacerbating these events. For instance, South Asia witnessed 128 natural disasters in just a three-year period from 2006-2008; 93% of these events were hydro-meteorological in origin, and 8,000 lives were lost. India had the highest number of events, while Bangladesh lost the most lives due to flooding. It will be difficult to manage economic growth among developing Indian Ocean economies in the face of periodic natural disasters.

Piracy in the Gulf of Aden and Horn of Africa and elsewhere along the Indian Ocean coastline has presented a major transnational threat in the region. Pirate attacks, which had been rising for years, began dropping last year for a few reasons. First, the work of naval task forces such as Combined Task Force 151, the EU's Operation Atalanta, and NATO's Operation Ocean Shield and independent deployers such as China, India, and Japan. The adoption of best-management practices by ships and the use of private security contractors on board have also helped. In addition, Malaysia, Singapore, and Indonesia's agreement to combat piracy on their end

of the Indian Ocean has also contributed to security. Piracy is generally under control, but the need still exists to monitor it.

Given these economic and strategic realities, it's important to consider the future of the Indian Ocean and what we can do now to shape it and conceptions of it in the next 5 to 10 years. I'd like to discuss some of the themes that I see emerging in my research on the Indian Ocean. First, there is the traditional view of the Indian Ocean as a highway. It is certainly true that the Indian Ocean is an important conduit in the world's commerce, but I think this is a typically extraregional perspective, focused on the Straits of Hormuz and Malacca chokepoints. For those based in the region, it doesn't feel as if you're just passing through. A second theme is that the Indian Ocean is a coherent entity, despite being home to disparate subregions. This conception at least gives an ideational identity and agency to the physical region. Finally, there is the emerging notion that the Indian Ocean is part of a larger "Indo-Pacific" region. I think this view to some extent relegates the Indian Ocean to being part of the Pacific, in that the Indian Ocean derives its power from its association with the Pacific. The notion of the Indo-Pacific seems to be controversial in some quarters and perhaps is only aspirational at this stage. But are we heading toward it?

I'd argue that there are indeed strengths to conceiving of the Indian Ocean as a discrete entity, even if it's not a cohesive one, given the various subregions, cultures, religions, histories, and national interests. You can see that there aren't at present the disadvantages of great power politics as in the Pacific.

Along these lines, I'm beginning to see the Indian Ocean as a testing ground or laboratory for the art of the possible. We have seen some successful examples in the ability of nations to come together over common interests to work out solutions regarding the threats of piracy, natural disasters, and maritime boundary disputes. Multinational counterpiracy operations and independent deployers to the Horn of Africa and Gulf of Aden regions have significantly reduced the rate of pirate attacks. The success of these efforts in the

Indian Ocean may even provide a precedent for the type of response that will be necessary in the Gulf of Guinea, given the recent increase in pirate attacks there. Regarding humanitarian assistance/disaster relief, or HA/DR, we saw vital first responder efforts in 2004 with the Indian Navy's provision of aid to Sri Lanka within 12 hours of the tsunami, the Royal Australian Navy's immediate assistance to Indonesia, the Pakistan Navy's first assistance to Maldives, and the US's Operation Unified Assistance to multiple Indian Ocean countries, among other relief efforts. Other important relief operations were after Cyclone Sidr in Bangladesh and Cyclone Nargis in Myanmar. The Indian Ocean also saw a critical precedent set for maritime boundary delimitation in the ITLOS tribunal over a dispute between Bangladesh and Myanmar. This was the first decision of its kind and will be an example for subsequent cases, bolstering the role of international maritime law in the Indian Ocean. Similarly, India and Bangladesh's decision to seek arbitration for their maritime dispute through UNCLOS Annex VII is another victory for the furtherance of legal norms in the Indian Ocean.

Second, I think another virtue of the Indian Ocean is that, in some respects, it lacks the red-lines or at least the same potential for fallout from disputes that one finds in the Pacific Ocean. In fact, we have witnessed cooperation in the Indian Ocean between countries that have difficulties elsewhere in their relationships. The South China Sea and East China Sea, on the other hand, present disastrous scenarios if various disputants don't manage ongoing crises effectively. Discussions between strategists about A2/AD and Air-Sea Battle likewise illustrate the potential for conflict between the US and China in the Pacific. By contrast, the Indian Ocean has seen both the US and China undertake counterpiracy exercises in the Horn of Africa and Gulf of Aden in 2012 and 2013. Similarly, independent deployers India, China, and Japan concluded a 2012 agreement to coordinate the movements of ships and escort schedules for their counterpiracy forces in the Gulf of Aden, despite the fact that both India and China have disputed land borders, and China and Japan are also engaged in a heated dispute in the East China Sea. It's worth highlighting the example of the 2013 Sri Lanka-India-Maldives agreement as well. Sri

Lanka and Maldives are both resident Indian Ocean countries, but have had somewhat strained ties at the political level over the last year with India. Yet they were all able to conclude a maritime accord this summer over shared interests in Indian Ocean security. The areas of cooperation agreed to by the countries cover EEZ surveillance, search and rescue, initiatives to curb marine pollution, and exercises. Clearly, there are overlapping interests among all three parties to preserve the security and safety of the Indian Ocean, whereas there isn't necessarily that consensus in other realms of their relationships.

To build on Indian Ocean cooperation, there's been a growth in multilateral frameworks. The Galle Dialogue is an important development given the sheer number of Indian Ocean stakeholders who participate each year. It's truly becoming the South Asia-and-beyond equivalent of the Shangri La Dialogue in Singapore. Second, IONS is an important initiative begun by the Indian Navy in 2008 to increase dialogue between navy chiefs in the region. IORA is another Indian Ocean grouping, which India chaired for the last two years and is now being run by Australia. The US became a dialogue partner last year. The membership of these multilateral institutions should be expanded to include countries that are not currently represented but would like a formal membership role. These frameworks help the Indian Ocean derive power and agency from itself. The norms established by the successes I mentioned will help entrench security in the region and even position the Indian Ocean to be an exemplar for other regions. But they will take time to develop, and there will be setbacks. Just gaining consensus to increase inclusiveness in the membership of these organizations will be a political sticking point. Still, we might consider whether Indian Ocean frameworks are currently at a stage where Southeast Asian multilateral frameworks were in early 1990s and imagine the potential for the Indian Ocean region.

In terms of what to expect in the coming years, I'd like to consider some possible future developments or scenarios and the implications, if any, for regional navies.

1. China in the Indian Ocean

The first scenario I see is a continuation of the present – that China is here to stay in the Indian Ocean. Economic interests have driven it westward, and the PLA Navy is a regular feature now, in part due to counterpiracy operations. The next question seems to be how Indian Ocean stakeholders will peacefully incorporate China into the region's norms for the benefit of the broadest collection of interests, including those of the US, India, China itself, and the other countries in the region.

Over time, we'll likely see increased security cooperation between China and the smaller Indian Ocean countries, which need greater capacity to carry out maritime security responsibilities. Will India be uncomfortable with such activities, including even exercises? Or will it gradually become accustomed to these as it has to the US presence in the Indian Ocean, such as at Diego Garcia? In the meantime, can India pursue naval exercises with China? The two sides already interact in the Gulf of Aden, and they participated in what was reported as their first-ever naval exercise in the Indian Ocean off the Australian coast in October in a multilateral context. Can these kinds of regular interactions help build habits of cooperation in the Indian Ocean?

At last year's Galle Dialogue, Vice Admiral Su Zhiqian, Commander of the PLA Navy's East Sea Fleet, discussed the need to cooperate on common maritime threats and cited "non-traditional security threats like natural disasters and terrorism at sea." Fortunately, India, China, and other countries have overlapping interests in the Indian Ocean regarding counterpiracy, counterterrorism, and HA/DR. The foundation laid by bilateral cooperation, as well as the professionalism we see among naval forces when working together, will foster stability in the Indian Ocean.

2. Another major natural disaster

Another future scenario in the Indian Ocean involves the occurrence of a major natural disaster and the need for navies to respond with relief. Recurring cyclones and flooding exacerbated by climate

change are becoming a regular part of life in the Indian Ocean. Bangladesh and Maldives in particular may experience significant devastation. In response, we may see another formation of major powers joining together such as happened in 2004 with the Tsunami Core Group, which included the US, Japan, India, and Australia. Would China expect to be part of such a grouping in the future? It's something to consider. In the meantime, regional planning could start on how to improve disaster responses. In June of this year, the ADMM Plus exercise on HA/DR and military medicine in Brunei had participation from all its members, even if just at the observer level. Could IONS or even IORA organize a similar type of multilateral exercise? IONS has held an HA/DR workshop before and could build from that. Can India's MILAN exercise, which since its origins in the 1990s has grown to include as many as 14 countries and has covered HA/DR, be expanded to include all Indian Ocean stakeholders, even if just at the observer level?

3. Another 2008 Mumbai-style attack by sea

Another terrorist incident in India that has the potential to exacerbate India-Pakistan tension is an important consideration for the Indian Ocean. Terrorist violence in India is fortunately down since the 2008 Mumbai attacks. Also, there is a commonly cited statistic that only 2% of all terrorist incidents over the past 30 years happened at sea. Yet, if a second Mumbai-style attack takes place, will this incite some measure of military retaliation, especially by a new prime minister in India? If so, there could be a maritime dimension to such a response.

4. Resources and SLOC security

Finally, there has been much talk about the shale oil and gas revolution in the United States and whether that affects the role of the US in the Indian Ocean. Estimates vary about how energy independent the US can be even in the most favorable domestic hydrocarbon production scenarios. Still, it is difficult to imagine the US extricating itself from its position as a guarantor of SLOC security, as I mentioned earlier.

Regarding deep-sea mining, India recently made its first claim to the International Seabed Authority (ISA) for exploration of polymetallic sulphides in the hope that they may contain rare earth minerals. China also signed a 15-year contract in 2011 with the ISA for exploration of polymetallic sulphides in the Southwest Indian Ocean Ridge. Hopefully the rule of law will prevail with regard to the exploration of such resources, but these are the kinds of norms that need to be entrenched now. We may see a coming surge in deep-sea mining and rush for exploration rights in the next decade and should consider the implications of preserving the security of mining ships. We might see the usefulness of current counterpiracy methods if this development plays out.

The Indian Ocean will be increasingly important in the 21st century, and Indian Ocean countries need to think about what the future holds and how their political leadership and naval forces will need to respond. One way to focus on this task is to draw on the capabilities of research institutions throughout the Indian Ocean and collaborate with them to conceptualize future scenarios. Organizations like my institution, CNA, have track II exchanges with think tanks in the Indian Ocean, such as with India's National Maritime Foundation, chaired by Admiral Mehta here today. Sri Lanka and many other Indian Ocean countries have think tanks and research institutes. We should think not just strategically but systematically about the types of outcomes we want to see in the Indian Ocean and how they could be facilitated by a series of ongoing exchanges by a network of Indian Ocean think tanks.

In closing, when I was asked to speak today, I did an informal survey of friends in the region to see what topics might be of interest. The notion of the "Indo-Pacific" came up, as did questions about China and India and what will develop in the Indian Ocean. As China continues to weave itself into the fabric of the Indian Ocean, and India, the US, and other stakeholders adjust their comfort levels concerning this development, it occurred to me that regional navies and coast guards can help shape the result of this process. Smaller navies and coast guards will want to draw on the capabilities and

expertise of larger navies to increase their own capacity to contribute to the maritime commons. Part of what makes this conference so important is that you all will contribute to this outcome and help countries draw on their shared interests to improve cooperation in the Indian Ocean region, which will have far-reaching implications for the rest of the world.

I thank the Sri Lanka Navy for the invitation to speak today, and I wish everyone a successful conference.

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