India’s clever alliances with island states

A multifaceted outreach with Indian Ocean neighbours provides useful lessons in navigating China’s dominance.

By Ian Hall

As India struggles to manage China’s economic and diplomatic influence in its immediate neighbourhood, it has recently made progress in building more robust ties with four crucial island states in the Indian Ocean: Mauritius, the Maldives, Seychelles, and Sri Lanka. What has been done – and what has worked – may well bear on Australia’s “step up” in the Pacific.

Improving these ties has taken time, a great deal of diplomacy from India’s leaders, and significant financial investment. Each of these four states has had past differences with India. At one point or another, New Delhi has intervened – or simply meddled – in their internal affairs. During the 1980s, India’s military or intelligence service helped see off coup attempts (or feared attempts) in Mauritius (1983), the Maldives (1988), and Seychelles (1986). Notoriously, India also became embroiled in Sri Lanka’s civil war against Tamil separatists, first in the shadows, then as peacekeepers, and finally as protagonists.

More recently, economic issues have been the main source of contention – aside from these states’ shifting ties with China. India runs considerable trade surpluses with all four states, generating worries, especially in Sri Lanka, that further bilateral or regional trade liberalisation might adversely affect their smaller economies. The deck is not stacked wholly in New Delhi’s favour, with Mauritius second only to Singapore as a conduit for foreign direct investment flows into India.

It is the China question, however, that has concerned New Delhi most in recent years, and generated the most friction in its relationships with the four states. India has fretted over the prospect of Beijing gaining more influence throughout South Asia and the Indian Ocean region for more than a decade. China’s role in the development of the Hambantota port in Sri Lanka, beginning in 2008, has long irked New Delhi. Among strategists, it has helped fuel support for the “string of pearls” theory, which holds that Beijing aims to secure a series of bases stretching from the South China Sea to East Africa, partly to encircle India; so too has the rolling out of the Belt and Road Initiative since late 2013, which involves a series of new investments along what China calls the “Maritime Silk Road”.

It is acknowledged that New Delhi cannot muster or direct the same amount of capital Beijing can deploy. Instead, especially under Narendra Modi’s government, first elected in May 2014, India has pursued a calibrated, asymmetrical strategy to improve its ties with Mauritius, the Maldives, Seychelles, and Sri Lanka. And interestingly, given all the discussion about the influence China’s money might buy, it appears to be paying off.

India’s approach has three dimensions. The first and most obvious is diplomatic. The Modi government has ensured regular meetings among leaders and ministers. Modi himself made state visits to three of the four states in March 2015, missing the Maldives only because of instability generated by the arrest of former President Mohammed Nasheed a month before. Since then, however, he has made two trips to Male, as well as two more to Colombo. Significantly, Modi made visits to the Maldives and Sri Lanka the first of his new term in office. Moreover, the leaders of both Mauritius and Sri Lanka attended Modi’s inaugurations in 2014 and again in 2019.

This enhanced diplomatic attentiveness has been paralleled by deeper engagement in defence and security. As a new report by Brookings India’s Dhruva Jaishankar points out, India has worked hard to improve maritime
domain awareness in the Indian Ocean, including information-sharing with all four states, new radar and communication facilities, and regular patrols by its P-8 surveillance aircraft within the large exclusive economic zones belonging to Mauritius and Seychelles, to detect and deter illegal fishing, among other activities. The Indian navy has also stepped up patrols through these areas and throughout the Indian Ocean. Mauritius has agreed to allow India to develop and use new port facilities. Patrol boats and other hardware, including helicopters, have been donated to coast guards and navies, loans have been made to buy further equipment, and training has been provided or upgraded.

Lastly, India has enhanced its regional development assistance and technical cooperation. In 2017, for example, New Delhi extended half a billion US dollars of credit to Mauritius. In late 2018, it gave US$1.4 billion to the Maldives, partly to help it repay Chinese debt. In early 2019, the Reserve Bank of India provided Sri Lanka close to the same amount in a swap arrangement to provide it with sufficient hard currency reserves to help maintain investor confidence.

Together, these moves appear to have advanced the Modi government’s aim of enhancing, as it puts it, “security and growth for all the region” (SAGAR), at least in these parts of the Indian Ocean. New Delhi’s ties to these four states look much stronger now than they have for some time, despite China’s growing weight in the region and occasional diplomatic spats.

There may be lessons to learn from these improvements, and not just for India. First, sustained and respectful leader-level diplomacy can open opportunities for cooperation. Second, it is clear that small and medium-sized states share security concerns about China – if only about its fishing fleets – that more powerful actors can help address on their own, or as India has done in building an Indian Ocean–focused strategic partnership with France, in collaboration with others. Third, carefully targeted economic and financial assistance – though costly, and sometimes a consequence of China-related indebtedness – can pay diplomatic dividends.

India could, of course, face setbacks in the near future in one or more of these island states. Sri Lanka is a particular concern. Gotabaya Rajapaksa could well win the Presidency in an upcoming election, and given his family connections to Beijing and Chinese interests, he could swing the country back towards the People’s Republic. This would be a test of India’s approach and the resilience of the ties it has built.

Canberra should watch that situation carefully, given fears that China could interfere in the Sri Lankan elections. And it might look more closely at what India has achieved in the Indian Ocean, with relatively meagre resources, as a result of concerted diplomacy, responsiveness to local concerns, and calibrated assistance.

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