

Geopositional Balancing

Understanding China's Investments in Sri Lanka

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China's rapidly expanding mega-investment projects in key littoral countries of the Indian Ocean such as Sri Lanka are fueling speculation over Beijing's attempt to constrain India's influence in the region.¹ Observers consider such activities to be part of China's "String of Pearls" strategy, which centers on developing a series of naval facilities across the Indian Ocean for use by the Chinese navy in case of conflict to alter the balance of power against India.

Though the idea of such a strategy has been around since at least the mid-2000s, it still lacks conceptual and theoretical clarity. In fact, most non-Indian security scholars are skeptical whether such a strategy even exists and, if so, whether any such facilities would be limited in utility and vulnerable to attack.²

The String of Pearls concept informs a general viewpoint about the strategic end of Chinese investments, but it seems to lack the explanatory power to flesh out the dynamics involved to alter the balance of power in the region. To add some heft to the analysis, I utilize Dr. Jeremy Garlick's concept of geopositional balancing to supplement our understanding of the String of Pearls beyond merely that of another buzzword.³ This article deepens the knowledge of China's activities in the Indian Ocean by also utilizing an understudied variant of balancing. I examine China's engagement with Sri Lanka as a case study.

Unpacking the Concept of Geopositional Balancing

The concept of "balancing" is analyzed extensively within the field of international relations to explain how the global distribution of power affects relations among powerful countries. There are three popular variants: *traditional*, *soft*, and *offshore*. By contrast, the geopositional variant of balancing is not studied as rigorously.

Traditional balancing involves the formation of military alliances or ad hoc strategic arrangements among countries to ensure that the stronger country does not achieve a dominant position. *Soft balancing* indicates that weaker countries utilize economic and diplomatic means to match their positions with a powerful country. *Offshore balancing* refers to a strategy recommended for a dominant power to motivate its allies in a specific region to bolster their own defenses to check a potential rising power in their geographic vicinity. In a 2018 article, Jeremy Garlick explains the foundations of *geopositional balancing*:

Geo-positional balancing aims to establish physical footholds in selected countries with a view to establishing a stronger long-term geo-strategic position about a regionally more powerful rival. The aim of geo-positional balancing, in this conception, is neither to build up onshore military bases nor to remain entirely offshore, but instead to establish a non-military presence at selected sites (such as commercial ports). These can be maintained long-term for the purpose of keeping a powerful rival geopolitically honest by making it aware of the incoming actor's presence. At the same time, onshore economic investment and infrastructure building give the balancer influence in the host country by building up a degree of soft power through enhanced economic connections.⁴

Countries that incorporate geositional balancing put down markers at critical and strategic geographical positions for potential future use to solidify their influence and power projection capabilities. It thus involves lesser strategic risks in exchange for long-term excessive resource expenditures. The point is that such investments need not be economically profitable for a country incorporating geositional balancing. Rather, the geopolitical factors that come from such means represent what is most important. From this viewpoint, the String of Pearls can be better understood as a strategy that incorporates geositional balancing at its core. China has been pouring multibillion-dollar investments in strategically located countries in the Indian Ocean such as Myanmar and Pakistan. However, even though these projects are not economically viable for China, the long-term geopolitical benefits are significant. The next sections assess China's investments in Sri Lanka and gauge whether its geositional balancing is materializing in terms of rising influence.

China's Deepening Economic Clout in Sri Lanka

China has been making steady strides in cementing its economic partnership with Sri Lanka. From the development of ports to special economic zones (SEZ) and other critical mega-infrastructure projects, Beijing is maximizing its economic capacity at a time when the leadership in Colombo has been relatively cordial toward the dominant regional power. Among the recent developments in the country, a controversial law was introduced to accommodate further deepening of Chinese economic activity.

Sri Lanka's parliament passed the Colombo Port City Economic Commission Act (which went into effect on May 27, 2021) to administer a massive Chinese luxury oceanside development project. However, the undertaking was controversial from the outset because it contains elements considered to be unconstitutional by the country's Supreme Court and members of parliament.⁵

The bill to create the powerful commission passed on a 149–58 vote in Sri Lanka’s 225-member Parliament.⁶ The CHEC Port City Colombo company, a unit of China Communications Construction Company, invested roughly \$1.4 billion for the reclamation of land and the construction of critical infrastructure adjacent to Colombo Port City. In return, it obtained the right to use 62 hectares of marketable land on a 99-year lease from the Sri Lankan government, according to the project’s website.⁷

Even after the execution of another 99-year lease of Sri Lanka’s Hambantota Port to a Chinese firm in 2017, the South Asian country continues to accept billions of dollars in loans from China for mega-projects that include a seaport, an airport, highways, power stations, and the port city. This will inevitably bury Colombo deeper in debt. The bigger question that lingers is: Why does China continue to invest in a debt-strapped Sri Lanka given the likelihood of zero economic returns?

Controversy Surrounding the Colombo Port City Economic Commission

The powers of the commission include clearing individual applications for “authorized persons” to do business in the Port City; tax breaks, customs, VATs, and other export-import concessions for investors; and exemptions from casino and gaming laws.⁸ It is important to note that such investment protections and concession privileges have not been made available to domestic and other foreign investors.

In contrast to provisions existing legislation, private auditors alone can oversee the SEZ accounts. For the same reasons, the commission has stretched its jurisdiction beyond the parliament and parliamentary panels. Moreover, the judiciary was told to prioritize the SEZ cases to make the foreign investors feel accommodated and welcome. Sri Lanka Podujana Peramuna member of parliament Wijeyadasa Rajapakshe said that handing over the Port City to China through an act “would be more dangerous than the [aforementioned] Hambantota port proposal.”⁹

This will grant President Gotabaya Rajapaksa authority to put foreigners on the board, which may require handing over significant power to Chinese officials. China has been lobbying hard for this mechanism to materialize and has already injected millions of dollars into the project. China has also reclaimed the land and built high-rises, underscoring its steadfast desire to push through regardless of the economic costs. This series of events has thus created fears of turning the Colombo Port City into a “Chinese province.”

Future Trajectory

China's steadfast application of geositional balancing will persist as it continues to increase its economic capacity. The strategy relies heavily on long-term resource expenditures in strategic geographical areas regardless of economic viability. However, it is crucial to note the calculation that "presence equals influence" is not always certain. As a result, specific indicators need to be watched.

In South Asia and the broader Indian Ocean region, China still experiences limits to its influence despite an increasing presence. Smaller countries in the region are aware of the potential implications of crossing India, their larger and more powerful neighbor. Among the most critical indicators for influence of an extraregional power lies in the ability to sustain bilateral military exercises in cooperation with regional countries. So far, only Pakistan conducts regular naval exercises with China in the Indian Ocean.

This entire situation, however, is susceptible to change. Going back to the case study, despite Sri Lanka's "India First" policy, there have been signs of developing closer military entanglements with China, from the docking of a Chinese submarine in 2014 to the relatively recent meeting between China's minister of defense and Sri Lanka's president and prime minister. Both sides pledged to step up pragmatic defense engagements soon.¹⁰ Though it may be too early to speculate about the possible implications of such engagement, it is clear that China's geositional balancing seems to be barreling down the fast track with Sri Lanka. ❁

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Notes

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