

# Asian Resonance

## Indian Ocean Rim: A Region of Opportunity



**Shyam S. Khinchi**  
Assistant Professor,  
Deptt.of Geography,  
Govt. P. G. College,  
Sri Ganganagar, Rajasthan

**Monika Kannan**  
Sophia Girls' College,  
Ajmer

**Sunita Pachouri**  
Govt. College,  
Ajmer

### Abstract

The Indian Ocean region defines a distinctive area in international politics consisting of coastal states bordering the Indian Ocean as shown in Map1. It is a region of much diversity, in culture, race, religion, economic development, and strategic interests. The countries around it vary in the size of their populations, economies, trade, and technological development and in the composition of their Gdp. A number of sub-regions are evident, for example Southern and Eastern Africa, the Horn of Africa and the Red Sea, South Asia, Southeast Asia, and Australasia. It also includes a number of regional organisations, such as Asean, Gcc, Saarc, and Saded.

My study states that the lor countries have moved significantly recently towards the adoption of open, outward-looking economic policies, though they differ widely in the extent, pace and in the policy instruments. These include ensuring macroeconomic stability through fiscal and monetary policies, currency devaluation to ensure realistic exchange rates, investor-friendly policies to attract a flow of capital and new technology, elimination of non-tariff barriers, general reduction in tariff rates and removal of exchange controls to gain an outward orientation, and improving efficiency in resource allocation through privatization, deregulation of prices and marketing of industrial and agricultural products.

**Keywords:** Privatization, Rim, Liberalization, lor, Decolonization

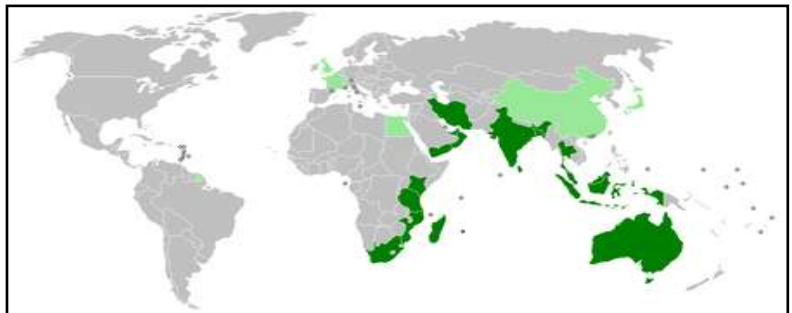
### Introduction



**Map 1 : Map of Indian Ocean**

The members (Map2) are Australia, Bangladesh, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, the United Arab Emirates, and Yemen. The Seychelles announced its withdrawal from the Association in July 2003.China, Egypt, France, Japan, and the United Kingdom are dialogue partners of the lor-Arc.

### Member countries



**Map 2 : The Indian ocean rim countries**

■ lor-Arc member states ■ lor-Arc dialogue partners

**Founding member states March, 1995**

# Asian Resonance

1. Australia
2. India
3. Kenya
4. Mauritius
5. Oman
6. Singapore
7. South Africa

## September 1996

1. Indonesia
2. Malaysia
3. Madagascar
4. Mozambique
5. Sri Lanka
6. Tanzania
7. Yemen

**March 1999:** (Council of Ministers Meeting in Maputo, Mozambique)

1. Bangladesh
2. Iran
3. Seychelles (withdrew as a member on 1 July 2003)
4. Thailand
5. United Arab Emirates

**Dialogue Partners:** Countries with the status of dialogue partners are

1. China
2. Egypt
3. France
4. Japan
5. United Kingdom

Note 1: accepted as dialogue partner at the Special Council of Ministers meeting in Oman in January 2000. Turkey has applied for dialogue partner status.

## Aim of the research

The main objective was of trade liberalization and promoting trade co-operation. Activities would focus on trade facilitation, promotion and liberalization, investment promotion and economic co-operation." The main focus of the Ior-Arc is on economic co-operation and particularly on trade and investment. It is primarily an outward looking forum for economic dialogue and co-operation. The open regionalism of the Ior-Arc has four components.

## Trade Liberalisation

Non-discriminatory basis towards members. A 2020 deadline to reduce tariffs to zero for all member countries of the Ior-Arc.

## Trade And Investment Facilitation

Sharing of information on trade finance, investment regime, intellectual property, procurement procedures, customs regulations, quarantine requirements, etc. Harmonisation of standards.

## Economic And Technical Cooperation

Identifying specific areas for economic and technical cooperation. Building capacity for trade and investment cooperation.

## Trade And Investment Dialogue

Regular meetings of government officials, businessmen, and academics from the member states.

## Role of the Indian Ocean Rim

For many centuries, the countries, economies and peoples of the Indian Ocean have been bound together in an informal cooperative economic community. Traders, seamen, fishermen, and pilgrims traversed the Indian Ocean and its numerous ports, enabling a vibrant trading network to emerge. After the Second World War, the decolonization process ended British hegemony in the Indian Ocean. Superpower rivalry in the region escalated due to the strategic importance of the area. The common historical experience of European imperialism had left a lasting impression on the leaders of states in the Indian Ocean region - a sense of shared identity. The rediscovery of the past littoral economic, social and cultural community, of an ocean-centric regional co-operative grouping serving as a bridgehead between Africa, Asia, and Australasia, seemed only natural.

## Programmes of the Association

1. The major programmes of the Ior are, to identify areas of cooperation as may be mutually agreed;
2. Towards promoting liberalization, to remove impediments to, and lower barriers towards, freer and enhanced flow of goods, services investment and technology within the region;
3. To explore all possibilities and avenues for trade liberalization with a view to augmenting and diversifying trade flows among Member States;
4. To encourage close interaction of trade and industry, academic institutions, scholars and peoples of the Member States, without discrimination among Member States and without prejudice to obligations under other regional economic and trade cooperation arrangements;
5. To strengthen cooperation and dialogue among Member States in international forum on global economic issues, and, where desirable, to develop shared strategies and take common positions in the international forum on issues of mutual interest;
6. To promote cooperation in development of human resources, particularly through closer linkages among training institutions, universities and other specialized institutions of the Member States.

The Ior-Arc explicitly excludes bilateral relations and other issues likely to generate controversy and be an impediment to regional co-operation. It does not seek to be a substitute for, but to reinforce, be complementary to and consistent with, the bilateral, plurilateral and multilateral rights and obligations of member states. Within the framework of the Association, member states will pursue measures to promote the achievement of its objectives, and will not take any action likely to prejudice its objectives and activities. The work programme of the Association is undertaken by member states on a voluntary basis.

## Prospects For Economic Policies in Ior

It is the movement towards economic liberalization evident throughout the region which is expected to give new impetus to the expansion of

# Asian Resonance

intra- as well as extra-regional trade and investment in the Indian Ocean Region and which can provide the rationale for efforts to establish new mechanisms for regional economic co-operation at various levels.

The underlying argument is that long term economic growth is typically associated with economic transformation along a continuum, from initial reliance largely on primary sector production for export to the establishment of modern and efficient industrial and service sectors. Current and future rates of growth in these countries are closely related to their ability and willingness to make investments in productive capacity and infrastructure. Whilst a majority of Indian Ocean Group (log) countries remained closed and inward-looking, they lacked technical know-how and sufficient capital to modernize their industrial sectors and failed to benefit from the advantages of international exchange of goods, services and capital. The opening up of these economies is now facilitating their improvement through export expansion and promotion of direct foreign investment.

### Result and Analysis

The researcher believes there are a number of cogent reasons why a study of the economics of Indian Ocean Regional Economic Co-operation should be undertaken: Globally, the success of the Uruguay Round and the creation of the World Trade Organization (Wto) has provided the world with an objective to set non-discriminatory multilateral rules for trade in goods and services. Under these circumstances, groups of economies which trade intensively with each other have felt the need to address emerging issues in smaller groups under the structure of economic co-operation. The experiences

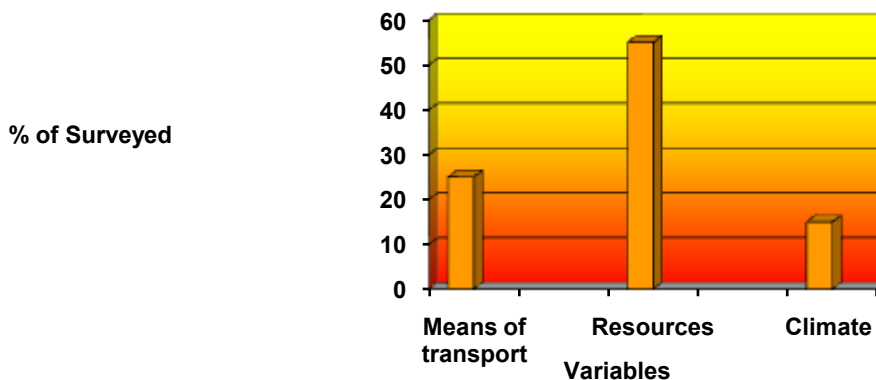
of several such regional groupings have been acknowledged to be successful in promoting overall economic growth. Within the Indian Ocean Region, changes in internal politico-economic policies have begun to encourage growth in intra-regional economic ties in trade and investment.

1. The dynamism injected from the eastern rim of the Indian Ocean rim; viz. from Australia, Indonesia, Singapore, Malaysia and Thailand,
2. A shift from economic autarchy towards liberalization and globalization in all countries of South Asia, and in Eastern Africa.
3. The political reforms taking place in South Africa which have regained for it a place in the international economic order.

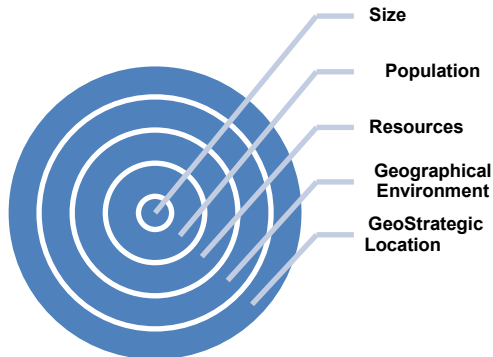
### Why The Ocean Is Indian?

This research raises a very important question, 'Why does New Delhi care about the Indian Ocean region'? India is, after all, a large nation, a subcontinent in itself. Why is it driven to exercise itself in a larger arena, one larger in fact than the South Asian sub-region? According to opinionaires, reality is that while India is a "continental" power, it occupies a central position in the Indian Ocean region, a fact that will exercise an increasingly profound influence on indeed almost determine India's security environment. Writing in the 1940s, K. M. Pannikar argued that while to other countries the Indian Ocean is only one of the important oceanic areas, to India it is a vital sea as shown in Fig 1. Her lifelines are concentrated in that area, her freedom is dependent on the freedom of that water surface. No industrial development, no commercial growth, no stable political structure is possible for it unless its shores are protected.

Figure : 1 Factors affecting importance of Indian ocean for India

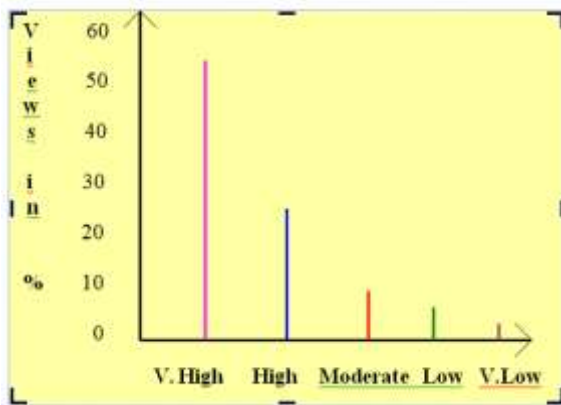


**Figure : 2 Importance of Indian ocean**



It is clear from the above figure that the geo-strategic location of Indian ocean is the major reason for its political environment today. As opined by 100 samples there is a very high probability that control over the ocean would lead to holding the world power in future. Be it oil vessel passage, or marine resources or deploying of weapons or nuclear sail in the sea. The rating scale (Very High-5, High-4, Moderate-3, Low-2, Very Low-1) was used to measure this variable and the results were as follows. (Mean-4.15, Standard deviation-4.10, Coefficient-.98). The figure 3 below gives a graphical layout of the same.

**Figure 3: Indicates the growing uncertainty in Indian Ocean region**



This was also emphasized in the most recent Annual Report of India's Defence Ministry, which noted that India is strategically located vis-à-vis both continental Asia as well as the Indian Ocean Region. From New Delhi's perspective, key security considerations include the accessibility of the Indian Ocean to the fleets of the world's most powerful states; the large Islamic populations on the shores of the ocean and in its hinterland; the oil wealth of the Persian Gulf; the proliferation of conventional military power and nuclear weapons among the region's states; the importance of key straits for India's maritime security; and the historical tendency of continental Asian peoples or powers (the Indo-Aryans,

the Mongols, Russia) to spill periodically out of Inner Asia in the direction of the Indian Ocean.

The researcher believes, the insecurity in the Indian ocean is increasing day by day. New Delhi regards the Indian Ocean as its backyard and deems it both natural and desirable that India function as, eventually, the leader and the predominant influence in this region the world's only region and ocean named after a single state.

**Bibliography**

1. Forbes, V. L. Archipelagic Sea Lanes: The Indonesian Case, *The Indian Ocean Review*, 9:2, pp 10-11, 13-14 (1996).
2. Halford, Mackinder. "The Round World and the Winning of the Peace," *Foreign Affairs*, vol. 21, no. 4, (July 1943), 601.
3. Demko, G. J. and Woo, W. B, 1994, *Reordering th World:geopolitical Perspective on the 21<sup>st</sup> century*, Bounlder, Westview.
4. Monroee, Elizebeth. *The changing balance of Power in the Persian gulf*, Newyork: American University Report, 1972.
5. Siriwardene, Justine. 'Sri lanka and the Indian ocean', In *Indian Ocean power rivalry*, pp-88-95, Edited by T.T Poulouse, New Delhi: Young Asia Publications, 1974.
6. Forbes, V. L. *Defining a Maritime Boundary: The Christmas Island Example*, *The Indian Ocean Review*, 9:3, pp 12-16 (1996).