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Views of China's Presence in the Indian Ocean Region: A Workshop Report

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Abstract

On June 17 and 18, 2019, CNA held a two-day workshop entitled “Views of China’s Presence in the Indian Ocean Region.” This workshop aimed to assess the reaction to China’s economic and military activities of IOR stakeholders from a wide range of IO littoral countries, as well as external countries with stakes in the IOR. This paper synthesizes the insights gained from presentations, workshop discussion, and participant papers prepared for this workshop.

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Acronyms

AOR	area of responsibility
ASEAN	Association of South East Asian Nations
BRI	Belt and Road Initiative
CARAT	Cooperation Afloat Readiness and Training
EEZ	exclusive economic zone
IO	Indian Ocean
IOR	Indian Ocean Region
IPMCC	The Indo-Pacific Maritime Coordination
MSR	Maritime Silk Road
NAVAF	US Naval Forces Africa
NAVCENT	US Naval Forces, Central Command
OPIC	Overseas Private Investment Corporation
OPNAV	Office of the Chief of Naval Operations
PACFLT	US Pacific Fleet
PLAN	People's Liberation Army Navy
SLOC	sea line of communication
USG	US government
USN	US Navy
VLCC	Very Large Crude Carrier

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Introduction

On June 17 and 18, 2019, CNA held a two-day workshop entitled “Views of China’s Presence in the Indian Ocean Region,” at the Hilton Arlington Hotel, in Arlington, Virginia in the United States. The conference hosted 17 speakers from countries either in the Indian Ocean Region (IOR) or ones that are a major stakeholder in the region. CNA invited participants from other nations as well in order to capture a diversity of opinions.

All participants are respected experts on the nexus of maritime issues and China’s presence in the Indian Ocean, and are affiliated with academia or independent think tanks in the countries from which they come. All publish extensively on China’s activities in the IOR.

Project background

The purpose of this project and the associated workshop is to inform the sponsor how nations around the Indian Ocean (IO) littoral are reacting to the expanded presence of China throughout the Indian Ocean Region (IOR). Over the past decade, China’s People’s Liberation Army Navy (PLAN) has been deploying increasingly to the IO, and its warships have turned into a permanent fixture there. China’s commercial boom, and subsequent demand for natural resources and export of China-made products to the rest of the world, has further boosted China’s maritime presence. China’s commercial dominance in the IOR is also reinforced by its launch of the Belt and Road Initiative (BRI), Xi Jinping’s foreign policy initiative designed in part to construct infrastructure projects around the world.

For US Navy (USN) planners, these developments raise serious concerns regarding the potential strategic implications of China’s activities in the IOR. To better understand these activities and, more importantly, to understand the degrees of regional nations’ receptivity to China’s presence in the IOR, CNA organized a workshop to explore the following three questions:

1. What are China’s interests in the IOR? To what extent does a relationship exist between China’s 21st Century Maritime Silk Road (MSR) and the PLAN’s presence in the IOR?
2. How do Indian Ocean countries view trends in China’s commercial and military presence in the region? To what extent do they seek protection from vs. seek to benefit from these developments?
3. Given the priorities of the IO countries and China’s commercial and military presence in the region, what are the most effective courses of action that the USN can pursue as

it weighs the wishes of US allies and partners against US strategic and operational interests in the IOR?

The CNA workshop aimed to assess the reaction to China's economic and military activities of IOR stakeholders from a wide range of IO littoral countries, as well as external powers with stakes in the IOR. The gathering allowed participants to gain perspectives from experts and take a fresh look at this emerging issue. Experts presented their papers, took questions, and engaged in extended dialogue during the workshop. Not everyone invited, including the Chinese, was able to participate. On balance however, it was a good turnout with all of the geographic regions of the IOR represented.¹

Prior to the workshop, the experts were asked to prepare papers addressing the question, "How does your country view China's commercial and military presence in the Indian Ocean region?" Our request was that the experts would be candid in their observations about China and their assessment of their country's interests and geostrategic circumstances. Collectively, the papers were revealing and touched on salient points. Appendix A includes a 500-word synopsis of each paper. Appendix B provides the workshop agenda and bios of the participants. Appendix C provides a complete set of the participant papers that resulted from this workshop.

The main part of this paper consists of insights into the above three questions gained from the presentations, discussions, and expert papers. The paper begins with an exploration of China's stakes in the region, followed by views and reactions of regional countries to China's commercial and military interests in the IOR. The IOR experts detailed concerns, struggles, and aspirations of their respective countries, as well as their independent assessments and how they viewed regional developments. As experts explained, some of their countries have a clear vision of courses their countries should take in the future; others are taking a wait-and-see approach to developments. Finally, the paper provides the USN with recommendations for adapting to the new realities in the IOR while remaining a military power that can withstand China's aggression.

¹ Participant countries were France, the United Kingdom, Japan, Australia, the US, Djibouti, South Africa, India, Pakistan, Sri Lanka, Bangladesh, Maldives, Seychelles, Indonesia, Singapore, Malaysia, and Myanmar. For names and affiliations of participants, along with the workshop agenda, please refer to Appendix B.

Background Issue

Today, China's presence in the IOR manifests in two interrelated ways. First, Chinese President Xi Jinping's signature BRI uses Chinese capital (both loans and grants) to build trade-related infrastructure in IOR littoral countries, including seaports, that could become "places or bases" for the China's PLAN. Such projects are along China's traditional trading sea-lanes to Europe, the Persian Gulf, and East Africa. Access to Middle Eastern oil is also a major driver of China's growing regional presence.

Second, China routinely deploys PLAN vessels in the IO. For more than a decade, the PLAN has been sending three-ship task groups to the Northern Arabian Sea to protect Chinese and other ships from Somali pirates. PLAN headquarters capitalized on these activities to make old-fashioned naval diplomacy an additional mission, providing training opportunities that allow the PLAN to demonstrate its expanding blue-water capabilities throughout the IOR.

At this writing (September 2019), the 33rd PLAN anti-piracy flotilla is on station. Although the threat of piracy has declined significantly, there is no indication that China intends to stop sending these flotillas because they regularize Chinese naval presence near the Strait of Hormuz and the Bab-el-Mandeb and are useful in case Chinese citizens or economic and business interests in East Africa find themselves in danger.²

² The PLAN continues to tout its role in evacuating Chinese along with third country nationals from Yemen in 2015. See for example the following passage from the *2019 Chinese Defense White Paper*: "When the security situation in Yemen deteriorated in March 2015, a PLAN escort task group sailed to the Gulf of Aden, berthed for the first time directly in an engagement area, and evacuated 621 Chinese citizens and 279 foreign citizens from 15 countries including Pakistan, Ethiopia, Singapore, Italy, Poland, Germany, Canada, the UK, India and Japan."

Addressing the Issue

The CNA workshop and papers prepared by experts from the IO countries focused on three questions discussed in detail in this section. The first question focuses on China's interests in the IO, which workshop participants concluded are driven by three main interests: China's dependence on international trade to maintain its economic growth, its desire to succeed with the BRI project, and its dependence on oil from other countries delivered by sea.

The second question examines specific views of IO countries on China's growing presence in the region. This section is by far the largest because country perspectives are diverse and nuanced with numerous caveats that are mentioned in this report. This diversity of opinions stems directly from the fact that the countries are fully aware of events around their countries and in the world. As subjects in these processes rather than a passive audience, they naturally hold a multitude of opinions, which are also described in the papers below.

The third question explores the strategic implications for the USN in the IO drawn from the insights gathered from the previous two questions.

The table below is a snapshot of narratives and attitudes of countries toward China collected from speaker papers and presentations during the workshop. It serves as a reference describing the views of China's military and economic presence in the IO. The table can also serve as a comparison tool to learn the spectrum of favorability to China and its activities in the region.

Table 1. How countries view their relations with China as described by participants

Major themes	Countries involved
Longstanding amicable relations with China	
Have had amicable diplomatic relations with China for decades	<ul style="list-style-type: none"> • Bangladesh • Seychelles • Djibouti
Economic relations	
Want to maintain economic relations with China and reap economic benefits from the cooperation	<ul style="list-style-type: none"> • Bangladesh • Djibouti • Sri Lanka • Pakistan • South Africa • Maldives • Australia
Endorsed/supported BRI	<ul style="list-style-type: none"> • Malaysia • Indonesia • Pakistan • South Africa • Australia (partially as far as China follows international norms) • Singapore • Bangladesh • France (vaguely) • Myanmar • Sri Lanka • Maldives
Have concerns about the BRI	<ul style="list-style-type: none"> • Australia • Singapore • UK
Renegotiated with China on the BRI since 2015	<ul style="list-style-type: none"> • Indonesia • Bangladesh • Sri Lanka • Maldives • Myanmar • Pakistan • Malaysia

Major themes	Countries involved
China promotes "debt diplomacy"	<ul style="list-style-type: none"> • Japan • UK • US • India • Australia • Djibouti • Singapore • Maldives
China does not promote debt diplomacy	<ul style="list-style-type: none"> • Sri Lanka
Security relations	
Want to maintain security relations with China	<ul style="list-style-type: none"> • Bangladesh • Pakistan (mainly to counter India) • Singapore • Djibouti
China's growing military capability worries countries	<ul style="list-style-type: none"> • Malaysia • India • Sri Lanka (worried about the rise of other powers as well) • Australia • France • US
China and other powers in the region are contributing to the militarization of the IO	<ul style="list-style-type: none"> • Japan • UK (specifically the standoff between India and China) • US • India • Australia • Malaysia • Myanmar
Balancing of powers	
Pursue the policy of balance of powers	<ul style="list-style-type: none"> • Bangladesh • Seychelles • Djibouti
Indo-Pacific concept	
Struggle with the vague Indo-Pacific concept	<ul style="list-style-type: none"> • Malaysia • US

Major themes	Countries involved
Asian countries should have their own Indo-Pacific concept	<ul style="list-style-type: none"> Indonesia (offered ASEAN countries to adopt their concept that emphasizes existing ASEAN tenets with ASEAN at its center)
The Indo-Pacific concept could worsen the security environment in the region	<ul style="list-style-type: none"> Malaysia
Clash of powers	
US dominance in the Indo-Pacific will continue to be contested by rising powers: China, India	<ul style="list-style-type: none"> Malaysia
Recognizes heightened attention from the US to the IOR and strong US messaging toward China	<ul style="list-style-type: none"> Malaysia

Source: Participant papers.

What are China's interests in the IOR? To what extent does a relationship exist between China's 21st Century Maritime Silk Road and the PLAN's presence in the IOR?

The Chinese flag has become ubiquitous in the IO. Annually hundreds of Chinese flagged tankers, container liners, and bulk carriers crisscross the IO while engaged in trade activities. Beijing's signature BRI project will only contribute to the volume of the traffic and China's desire to secure sea lanes. The PLAN has been equally active throughout the IOR. Overall, China's interests in the IOR are tied directly to three related imperatives.

The first imperative is China's economic dependence on international trade, much of which is carried by ships travelling across the IO. Trade has made China the world's largest export economy; large numbers of container ships travel much the same sea-lanes to deliver Chinese exports to the Middle East and to Europe. Seven years ago, just after Xi assumed leadership of the Chinese Communist Party, the first defense white paper under his regime made clear the importance of maritime trade:

China is a major maritime as well as land country. The seas and oceans provide ... for China's sustainable development, and thus are of vital importance to the people's wellbeing and China's future. It is an essential national development strategy to exploit, utilize and protect the seas and oceans, and build China into *a maritime power*. (Emphasis added.)³

The second imperative is President Xi's signature strategic and economic objective represented by the BRI, the aim of which is to connect Eurasian, Middle Eastern, and East African nations with China in a vast global trading network enabled by Chinese loans, financing, and direct investment. The goal is to improve, or in some circumstances create, trade-related infrastructure. The maritime component of BRI network is known as the 21st Century Maritime Silk Road.

Workshop participants from South Africa, Djibouti, Seychelles, and Pakistan noted that they believe Beijing views BRI as a vehicle for revising the global political and economic order so it better aligns with China's interests. This is manifested by the expectation of political support in multilateral fora ranging from the United Nations to smaller regional bodies such as the Association of South East Asian Nations (ASEAN). According to these participants, the Indian Ocean Naval Symposium is a micro example of policy quid pro quo in action. China is an

³ See State Council Information Office, *The Diversified Employment of China's Armed Forces*, Beijing, April 2013. The official English translation is available at http://news.xinhuanet.com/english/china/2013-04/16/c_132312681.htm (accessed February 10, 2019.)

observer to this organization, while the US has been denied that status because membership can be granted only by unanimous agreement of full members, which include China's "friends" and Iran's membership vote.⁴

The third imperative, closely related to the previous two, is Beijing's concern over the vulnerability of its sea-lanes to interruption. Of particular concern is its continued access to crude oil from the Middle East. Daily, tankers cross the IO carrying oil from either the Persian Gulf or Angola in West Africa to China. In 2018, China imported an average of 9.28 million barrels of crude oil per day; approximately 50 percent was by ship from the Persian Gulf.⁵ That means that on any given day, approximately 84 Very Large Crude Carrier (VLCC) class tankers were underway somewhere in the IO or South China Sea working in the China oil trade, half inbound to China and the other half returning to load more crude.⁶

The UK speaker projected that, in the near future, China's demands for crude oil, delivered via IO SLOCs, will increase as demand from the US and Russia will decrease. That will naturally lead to China's increased presence in the IO. The Japan speaker further stated his opinion that China wants to be on favorable terms with the countries along the Malacca Strait to ensure the continuous delivery of oil and is employing various methods to "win" countries over by means of economic and military gifts and debt entrapment.

China has also adroitly blended its shipping protection mission with traditional naval diplomacy by ensuring its warships also conduct good will visits and naval exercises with most of the IO littoral countries when not on anti-piracy patrol. Since 2010, the PLAN's operational template in the IO in general has been that whenever a replacement flotilla (two warships per an AOR) leaves its Chinese homeport, it sails directly to the Northern Arabian Sea to replace the on-station group and begin a four-month assignment of dedicated anti-piracy operations. The flotilla that has just been relieved from piracy patrols then departs for about two months'

⁴ "Commander: US Barred from Participation in IONS Conference after Iran's Opposition," *Fars News*, Apr 21, 2018, <https://en.farsnews.com/newstext.aspx?nn=13970201000474>

⁵ Chen Aizhu, "UPDATE 1 -China Dec Crude Imports at 2nd Highest, Gas Imports at Record," *Reuters*, Jan. 13, 2019, <https://www.reuters.com/article/china-economy-trade-crude/update-1-china-dec-crude-imports-at-2nd-highest-gas-imports-at-record-idUSL3N1ZA3GU>; Chinese Customs Data reported in: "Table of China December Data on Oil, Oil Product, LNG Imports," Dow Jones Institutional News, Jan. 25, 2018.

⁶ As an example, its roughly 6560 nm from Hormuz to Shanghai via Malacca. The average tanker speed is roughly 13 kts, which equates to a 21-day transit. China imported about 8.4 M bbls daily, and 50% of that oil arriving from Malacca means that 4.2 m bbls has to arrive daily from the Persian Gulf. A Very Large Crude Carrier (VLCC) class tanker carries an average of 2 m bbls. Hence, two VLCC tankers need to arrive in Shanghai every day. The result is that on any given day 42 (21 days x 2) tankers are somewhere along the sea lane to China, and a similar number are outbound from China to the Persian Gulf.

worth of naval diplomatic activity before arriving home, concluding a notional deployment of seven months, during which it sails between 100,000 to 120,000 nautical miles.

Each flotilla is assigned a different set of ports to visit, enabling the PLAN to show the flag throughout the IO, the Mediterranean, along both West and East Africa, Australia, New Zealand, and Oceania. For example, during 2016–2018, one task force visited Algeria, Tunisia, Morocco, and South Africa. The second flotilla visited Ghana, Cameroon, Gabon, and Spain. The third travelled to Pakistan, Sri Lanka, Bangladesh, India, Thailand and Cambodia. The fourth covered Madagascar, Australia, New Zealand, and Vanuatu.⁷

The India speaker warned of far subtler nuances to China’s cooperation that could have future military applications. For example, China and Sri Lanka jointly established the Center for Education and Research, an academic center that includes a weather station, a joint observatory for wave and tidal measurements, and reef engineering projects in the South China Sea. Valuable information gathered through this venture could conceivably be used by the Chinese military when needed and applied against China’s adversaries. The Maldives speaker mentioned a similar project “Sino-Maldivian Ocean Observatory” that China plans to build on the island of Makunudhoo.

Finally, the Djibouti and Pakistan speakers noted that China’s interest in expanding its military capability is related to ensuring defense of its economic interests, to which China is entitled. In a way, Djibouti and Pakistan recognize that China’s economic projects are closely connected to its military activities. The Japan speaker stated that the BRI provides Beijing control over chokepoints in maritime trade. The Singapore speaker argued that the commercial deep-water port projects planned under the 21st Century MSR in Myanmar, Pakistan, Sri Lanka, and Maldives could be used by PLAN for military purposes. The India speaker summarized that, with new 80 naval ships in the past five years, Chinese maritime power will stay in the region.

⁷ This section is based on a review of the English language chinamil.com.cn website, and reading the press releases posted under the MOOTW tab.

How do Indian Ocean countries view trends in China's commercial and military presence in the region? To what extent do they seek protection from, vs. seek to benefit from, these developments?

During the workshop, the discussion on how IO countries view China's presence in the IOR generated heated debates. As expected, experts' views created a pool of diverse opinions that were supported by the rationale to justify their stances. Overwhelmingly, the responses from IOR nations trended toward optimism when it came to China's economic influence. To avoid being entangled in the geopolitical competition, the IOR countries that currently have favorable relations with China prefer not to side with a major power. On the other side, the greater powers in the IO warn that China's increasing role in some countries could result in governments leaning and relying heavily on China while distancing themselves from the US and other regional military powers.

Commercial presence

The conference participants from the IOR are not naive about the BRI. They are aware that Beijing hopes to create goodwill, but they also recognize, regrettably in some cases, that involvement in BRI projects increases dependence on China. However, many participants also welcome BRI projects because their countries rely on China for trade relations and needed capital investments for infrastructure development. Specifically, speakers from Bangladesh, Djibouti, Sri Lanka, Pakistan, South Africa, Maldives, and Australia stated explicitly that their governments wish to maintain the existing strong economic relationships with China to continue benefiting from the cooperation. The speaker from Bangladesh went as far as calling the economic relations with China "survivalist."

The workshop also revealed that Sri Lanka, Pakistan, Djibouti, and South Africa hope to use their relationships with China to help realize national ambitions by leveraging Chinese trade and/or BRI projects to become a sub-regional entrepot, like Singapore. In Africa, this provides an advantage for Beijing, as a trading partner that could choose to funnel its trade to the Africa hinterland. For example, South Africa is China's significant industrial and financial gateway to the rest of the African continent and is seeking even more opportunities with China under the BRI or other mechanisms to venture into other countries on the continent.

The Australia speaker described Canberra's ambivalence toward its relationship with China. If, on the one hand, Australia needs investments and is therefore committed to increasing its ties with China, it is, on the other hand, wary of China becoming overly dominant in the region. Western Australia, in particular, depends significantly on exports to China, on large numbers of tourists from China, and on Chinese students to boost its economy.

Participants also acknowledged that corruption and bribery are issues with many BRI projects. Beijing uses opportunities to offer targeted bribes and favors for political advantage, as alluded to in the papers from Maldives with regard to a lack of transparency and the rapid adoption of the Free Trade Agreement. The Australia paper described a political scandal with an Australian MP who supported China's South China Sea policy and reportedly received a donation from a wealthy Chinese businessman as payback for his support.

Some regional countries' concerns are security-related, as Chinese investments may create vulnerabilities or strategic dependence on China. These participants believe that signing up to BRI provides China bilateral leverage by creating a dependence on Chinese finance, Chinese maintenance of infrastructure, and Chinese trade flows that emerge from the newly created connectivity. As the Maldives speaker noted, people in her country overall are skeptical about Chinese projects in their country: "Projects benefit China for sure, but might not be to the best interests of Maldivians."

Other concerns center on the sustainability and transparency of economic relations with China, as participants expressed doubt about the ability of some countries to pay off Chinese loans, and worry about Beijing's strict procurement requirements that advantage Chinese companies and labor. The countries with a long-term vision for the IOR—Japan, the UK, India, Australia, Singapore, and even Djibouti—expressed their concerns about BRI's debt diplomacy. However, the Sri Lanka speaker, whose country is the often-cited case for China's successful debt-trap diplomacy following the 99-year ownership of the Hambantota port, countered the narrative of China's malicious activities in her country.

She argued that concerns about China's supposed debt-trap diplomacy are overblown, and are being used as a weapon for great power rivalry. She specified that Colombo's debt to China is only 9 percent of Sri Lanka's outstanding debt, while the World Bank and the Asian Development Bank hold 23 percent of debt, and the rest is held by local lenders. This brings up an interesting point—namely, that using a particular country as a continuous example can backfire, and cause governments to become defensive and accept the Chinese narrative as a counter-point.

Additionally, because of political, security, and economic concerns, a number of countries have reconsidered the deals they have made with Beijing. Indeed, since 2015, Indonesia, Bangladesh, Sri Lanka, the Maldives, Myanmar, Malaysia, and Pakistan have halted or raised concerns about Chinese projects in their countries often because of changes in their governments, the rise of nationalism, concerns over sovereignty, and distrust of China.

Nevertheless, despite greater awareness of possible negative effects among the IOR countries, the combination of China's resources, technical know-how, lax governance requirements for loans, and limited alternatives to Chinese in financing, all remain compelling. Moreover, in

several cases, Beijing has adjusted its terms and the projects going forward to remain appealing to the countries where it has already launched projects.⁸ For example:

- According to the speaker from Bangladesh, for help in developing its first deep-water port, Dhaka switched from China to Japan in 2016, but China is involved in a second port project and additional infrastructure investments—again, after adjusting terms. The arrangement with Japan outlines the readiness of some countries to engage with other powers commercially when choices are available.
- The Myanmar government canceled a dam project with China and lowered the value of the deep-water port, but China still completed two pipeline projects.⁹
- Sri Lanka gave China a 99-year lease on its Hambantota port after proving unable to meet \$1.4 billion in payments, but still received from China a \$1 billion loan for highway construction in 2019.¹⁰
- A new government in the Maldives asked to renegotiate BRI projects and considered halting some but nonetheless promised to remain part of the initiative.¹¹
- Malaysia canceled three pipeline projects and threatened to cancel a \$20 billion rail project, but after China reduced the cost by a third, the project is going forward.¹²

⁸ In addition to the papers associated with this project see Nadege Rolland's essay on the resilience of the BRI in "Reports of Belt and Road's Death Are Greatly Exaggerated," *Foreign Affairs*, Jan. 29, 2019 <https://www.foreignaffairs.com/articles/china/2019-01-29/reports-belt-and-roads-death-aregreatly-exaggerated>, and Sudha Ramachandran, "The Belt and Road Initiative Still Afloat in South Asia," *China Brief* 19, no. 1, Jan. 5, 2019, <https://jamestown.org/program/the-belt-and-road-initiativestill-afloat-in-south-asia/>.

⁹ "Aung San Suu Kyi's Myanmar Dam Dilemma with China," *BBC*, Jul. 27, 2019, <https://www.bbc.com/news/world-asia-48857781>; Lucy Hornby, "China and Myanmar Open Long-Delayed Oil Pipeline," *Financial Times*, Apr. 11, 2017, <https://www.ft.com/content/21d5f650-1e6a-11e7-a454-ab04428977f9>.

¹⁰ "Sri Lanka Seeks US\$1 Billion Loan from China as it Struggles to Recover from Easter Sunday Attacks," *South China Morning Post*, Jun. 20, 2019, <https://www.scmp.com/news/asia/south-asia/article/3015428/sri-lanka-seeks-us1-billion-loan-china-it-struggles-recover>.

¹¹ Simon Mundy, Kathrin Hille, "Maldives Seeks to Renegotiate with China Over Belt and Road Debt," Jan. 31, 2019, <https://www.ft.com/content/fcab0410-2461-11e9-8ce6-5db4543da632>.

¹² "Malaysia Renegotiated China-Backed Rail Project to Avoid \$5bn Fee," *Financial Times*, Apr. 14, 2019, <https://www.ft.com/content/660ce336-5f38-11e9-b285-3acd5d43599e>.

- Pakistan canceled a \$14 billion dam project, and the new government is worried about BRI debt, but still signed an MOU to initiate phase two, worth \$50 billion, of China-Pakistan Economic Corridor projects.¹³

Although the BRI is scaling back in some areas, recipient countries are reluctant to cancel projects outright, mainly because Beijing announced during its 2019 Belt and Road Forum in Beijing that it is making the adjustments to how it will manage the BRI.¹⁴ Going forward, Beijing stated that it will:

- Focus on “high-quality” investments.
- Emphasize smaller projects that are easier to publicize and have direct local benefits.
- Strengthen Party supervision, focused on Chinese entities involved in environmental scandals or corruption.
- Push back against US and Indian claims that BRI includes secret malign Chinese strategic intentions.
- Demonstrate willingness to renegotiate projects, reduce interest rates, and even engage in joint investment with other countries such as Japan.

Official Chinese explanation of these adjustments was detailed in Chinese Foreign Minister Wang Yi’s press conference on the last day of the forum. Reiterating President Xi’s description of Beijing’s new approach, Yi said that “[BRI is being] based on the principles of extensive consultation, joint contribution and shared benefits, pursuing open, green and clean cooperation, and sticking to high-standard, people-centered, and sustainable development.” The other phrase Yi mentioned to prove that the BRI has been recalibrated is “all-round connectivity, develop high-quality, sustainable, resilient, affordable, and inclusively accessible infrastructure.”¹⁵

The Singapore and the UK papers outlined the readiness of their governments to assist China in the recalibration of the BRI to allow its greater acceptance throughout the world. The UK suggested its banking industry can be involved in the BRI transaction to increase transparency. Singapore, as a proponent of rules-based development of the BRI, already provides co-

¹³ Irfan Haider, Mateen Haider, “Economic corridor in focus as Pakistan, China sign 51 MoUs,” DAWN, Apr. 20, 2015, <https://www.dawn.com/news/1177109>.

¹⁴ “Belt & Road: Trade, Debt, and the Push for Sustainability,” Fitch Solutions, Sep. 2019.

¹⁵ “New Starting Point, New Vision, and New Journey, Wang Yi on Outcomes of the Second Belt and Road Forum for International Cooperation (BRF), Apr. 29, 2019, <http://www.beltandroadforum.org/english/n100/2019/0505/c22-1420.html>.

financing and risk management services for many BRI projects. Singapore is also a neutral third-party venue for disputes among the BRI countries.

PLAN presence

Among participants from France, UK, Japan, India, Australia and the US—the presence in the IOR of the PLAN elicits uncertainty and apprehension. Some feared that the PLAN would gradually shift the overall maritime balance of power in the IOR, while others worried about the lack of information regarding the PLAN’s long-term IOR posture. The US paper was the most forward leaning, suggesting a full-time Chinese Indian Ocean Squadron of over a dozen ships by 2025. This collective uncertainty, suspicion, or worry about the PLAN was not reflected by the resident IOR small powers. Although the Pakistan participant was clearly the only one in favor of a greater PLAN presence, more countries, such as Malaysia, Sri Lanka, India, Australia, France, and the US raised anxiety about the “militarization” of the IOR as a result of major powers’ activities in the region. The rest of the participants were largely noncommittal.

Although India is deeply suspicious of Beijing, the India speaker was quick to state during the workshop discussion that New Delhi had no wish to be characterized as being in the anti-China camp. This also confirms the discussions of Admiral Philip Davidson, commander of US Indo-Pacific Command, during the March 2019 Quadrilateral Security Dialogue (Quad)¹⁶ in India, where New Delhi made clear that it did not support military aspects of the Quad.¹⁷

The Pakistan speaker expressed Islamabad’s enthusiasm regarding military cooperation with China and the PLAN’s presence. He offered that China’s military growth in the IO is a positive development, and that Pakistan’s and China’s military interests in the IO converge. Therefore, Pakistan is acquiring new systems from China and moving toward interoperability of those systems. According to the same speaker, China is a partner and stabilizer in the region in Pakistan’s competition with India, and a militarily strong China is in Pakistan’s interest. Islamabad believes that India, along with the US, Australia, and Japan, is working to contain China.

It is notable that Pakistan’s Gwadar port, slated for commercial use under the BRI, is offered for naval purposes by Islamabad with little concern about political implications of such a decision. As mentioned by the speaker from Pakistan, Islamabad is more worried about possible diminished commercial attractiveness of the port as a result of China’s naval usage.

¹⁶ Includes US, Australia, Japan, and India.

¹⁷ Ankit Panda, “The Quad Isn’t About to Take on a Naval Dimension...But it’s Not Going Anywhere,” *The Diplomat*, Mar. 11, 2019, <https://thediplomat.com/2019/03/the-quad-isnt-about-to-take-on-a-naval-dimension-but-its-not-going-anywhere/>.

Several papers expressed concerns that, in the future, the PLAN's presence would lead to "militarization" of the IOR. Specifically, Malaysia, Sri Lanka, India, Australia, France, and the US called out China for contributing to the militarization of the IO. By militarization, the discussion revealed it meant the gradual improvement in military capability of IO nations with China's assistance with the goal of military encroachment.

One exception to this seemingly blasé attitude to the Chinese presence is India's concern about the PLAN's submarine presence. As the US and Japanese speakers noted, submarines are hard to find and track, and the Indian navy's antisubmarine warfare capabilities are limited, so it is possible that PLAN submarine deployments may also be intended to serve as an on-scene deterrent reminding the Indian navy that two can play the game of presenting a threat to vital SLOCs.

The US presentation took a longer view of the vaguely expressed concerns about militarization by reminding the workshop that the PLAN has over 100 modern ships capable of operating in the IO and remaining on station for months at a time. This includes two aircraft carriers, 25 modern multi-mission guided missile destroyers (DDG), 30 modern frigates, 26 submarines, and 10 replenishment ships. Significantly, this is simply a current count on the way to an unknown endpoint.

The US speaker added that China continues to build blue-water capable ships and submarines with no publicly known numerical force structure objective. In other words, we simply do not know how large the "blue-water" PLAN will become, because Beijing keeps this information unpublished. What we do know is that China already has in hand a powerful, well-balanced mix of warships capable of operating anywhere in the world. Operationally, the PLAN is likely to be drawn increasingly into the IO because it needs to protect access to regional SLOCs.

The US presentation further speculated that looking to the future, it is not far-fetched to predict that by the mid-2020s, the PLAN could maintain a deployed carrier-centered fleet of 15 to 20 ships in the western IO. Even with a generous monthly in-between deployment ratio of five to one, today the PLAN could maintain 18 warships on station in the western IO on a full-time basis.

The major shortfall the PLAN would face is organic air cover, because maintaining a carrier presence full time is unlikely to occur for another decade. As the Djibouti speaker mentioned during his presentation, this gap could be compensated by using land-based fighters deployed to Djibouti. The US participant contended that this is unlikely today, and in the future could happen only with host nation approval and the construction of jet capable airfields near potential PLA bases. Keeping in mind that island base-building in the Spratly's is an illustration of China's civil engineering prowess, Gwadar seems to be less of an engineering problem, whereas in the case of Djibouti, the adjacent airfield associated with China's base is suitable for helicopters, but is too short for military jets. However, workshop discussions with the

participant from Djibouti suggested that the orientation of the existing short helo-capable field makes it very feasible to use landfill to extend it into the IO to create a military aircraft capable runway.

The rationale for such a change in PLAN deployment patterns would be the combination of growing animosity in the Sino-US relationship, which in turn generates anxiety in Beijing about the vulnerability of its BRI investments, along with concomitant anxiety about its SLOCs.

Concluding Thoughts

Despite financial concerns and unfavorable implications, none of the IOR workshop participants expressed a policy view that his or her country should disengage with the BRI. For some countries, such as Djibouti, this was because Beijing was the lender of only resort. China's prioritization of sustainability and other adjustments to the BRI it announced recently to supposedly give greater local benefits to the BRI participants boosted confidence for further economic engagement. Successful renegotiations of the BRI projects for better terms and lower project values between China and Indonesia, Bangladesh, Sri Lanka, Myanmar, Malaysia, Pakistan, and the Maldives is an example of favorable deals.

Many of the conference participants are anything but naïve about China's growing interests, and all expressed a significant skepticism regarding the BRI in the IOR. Some of these concerns are political, as participants from the Maldives and Australia are upset with Chinese bribery and political interference in their countries. These countries also recognize that strong bilateral commercial relations may lead not only to financial dependence, but also to dependence on China for maintenance of infrastructure and use of Chinese-made equipment.

To avoid being entangled with major powers in the geopolitical competition, almost no countries choose an "either or" position toward China. Those in need of investments hope to benefit from BRI, but stand ready to engage with other powers. They want to avoid driving any great power into outright hostility toward them, and ensure that each power has reason to support their independence.

During the workshop, participants also made it clear that the IO is not just about the US and China. New Delhi takes a somewhat proprietary attitude toward the IOR, and looks warily at China's involvement with nations such as Sri Lanka, the Maldives, and Bangladesh. Despite these positions, India is not interested in joining an avowedly anti-Chinese coalition that aims to balance China's military power. For example, New Delhi's approach to the Quad eschews any aspect of cooperation that could be construed by China as an anti-China military coalition.

Appendix A: Paper Synopsis

This appendix is a synopsis of the key points raised in each conference paper for the reader's convenience. It includes insights on respective country relations with China, their support for the Belt and Road Initiative (BRI), and for many their attempts to manage relationships with India, China, and the U.S.

It is organized alphabetically by country.

Australia

Australia's view of China is inextricably tied to its perceptions of US power in the Indian and Pacific Oceans. As confidence in American military presence in the region waivers under the Trump administration, anxiety about China's activities increases.

When it comes to China, Australia appears committed to increasing its ties with the world's second largest economy. However, provocative statements made about China's stealth infiltration of Australian society and politics reinforce a sense of enmity about the "other." Although the two countries have signed a Comprehensive Strategic Partnership, the relationship with China at the government level is strained at times. Perceptions about China in broader Australian society are equally mixed.

Australia is keen to bolster efforts through participation in the Indian Ocean Region Association (IORA) because, when compared to the Pacific Ocean, the Indian Ocean's governance structures are not as well developed. Together with Indonesia, Canberra leads the Bali Process, a forum that promotes dialogue and cooperation on human trafficking and related transnational crime. While the latter is not exclusively focused on the Indian Ocean, the majority of members are neighbors of Australia and Indonesia and are proximate to the Indian Ocean, where transnational human security issues are common.

Overall, Australia is deeply concerned about China's expansion in the Indian Ocean. The IOR is an area of key strategic interest for the island continent, particularly to ensure unfettered maritime access to its Cocos and Christmas Islands territories. While sectors of the Australian community see China's investment in regional infrastructure as part of much needed development, they also view it with suspicion. It is also difficult to find a single narrative in the Australian community that wholeheartedly welcomes an increase in Chinese military presence.

Much of this anxiety stems from historically ambivalent relations with China. Contemporary relations are marred by charges of foreign interference, coercion against partners in the South China Sea, and negative media about Beijing's authoritarian practices. Indeed, Australian

leaders must balance carefully between deepening economic partnership with (if not dependence on) China while remaining firm and condemning acts of instability in the South China Sea. Canberra must highlight the seriousness of cyberattack against the Australian community without pointing the finger directly at Beijing.

Concerns about China in the IOR are not likely to dissipate soon. While the US is likely to remain the dominant military power in the region, a reallocation of resources to other policy priorities would be unfavorable for Australia. A drawdown of US forces from the IOR could prompt China to increase its force posture there. To that end, Australia must find a new, coherent narrative and unified approach to its largest trading partner, China, because “when it comes to Australia’s future, all silk roads will lead to Beijing.”

Bangladesh

Notwithstanding Bangladesh’s profound political polarization between the proponents of secular and cultural-linguistic identity of the ruling Awami League, and adherents of Bangladesh’s Muslim-Bengali identity of the Bangladesh Nationalist Party, there has been a consistent cross-party consensus on the advantages of maintaining strong economic and security links to China. This has been a common policy over the past four decades regardless of the policy orientations of elite factions in power.

Dhaka has also displayed sensitivity to Indian and Japanese concerns over China’s presence in maritime Bangladesh by cancelling building the Sonadia deep-sea port with Chinese aid and instead accepting the Japanese offer to build a similar project in nearby Matarbari. In another move, Dhaka compromised by distributing 19 components of the Payra deep-sea port among Chinese, Indian, and other Asian and European contractors, indicating Bangladesh’s attempt to balance diverse compulsions to chart a “safe” developmental course.

Bangladesh’s democratic government has to deal with profoundly challenging demographic, economic, and domestic political realities. The fact that national leadership from across Bangladesh’s political spectrum has sustained—indeed progressively reinforced—relations with China over four decades indicates a rare elite-level consensus on a benign perception of Chinese policy and presence.

The general perception of Bangladesh as being strategically outmaneuvered by China into becoming an unwitting pawn in Beijing’s geopolitical rivalry with India and the US is not shared in Dhaka. Bangladesh’s core policy drivers are merely survivalist, defensive, and developmental. China has been a key source of economic, infrastructure, and security assistance since 1977. Feeling no threat to its independence or sovereignty from China, Bangladesh appears to lose little sleep over the PLAN’s IOR presence. However, it has indicated consonance with Japanese concerns over Chinese conduct in the SCS/ECS, and it has been responsive to Indian anxiety.

At the immediate and regional level, Bangladesh has had to find, operationalize, and sustain a modus vivendi with India without threatening the popular sense of sovereign independence. In the wider region, Dhaka senses an imperative to secure available Chinese financial/technical aid to build up its economy without triggering hostility from India, Japan, or the US.

Bangladesh faces the reality that China, which is seen as a rival by the US and its allies, is central to alleviating its acute and urgent need to respond to its growing populace's burgeoning demands and rising expectation. Dhaka is doing all it can to retain a measure of autonomous agency by expanding its economy and building defensive/deterrent capability while keeping powerful and mutually antagonistic major powers reasonably satisfied. In short, Dhaka's strategy is to practice a nuanced and sophisticated ability to secure benefits from all sides while precluding active hostility from any.

Djibouti

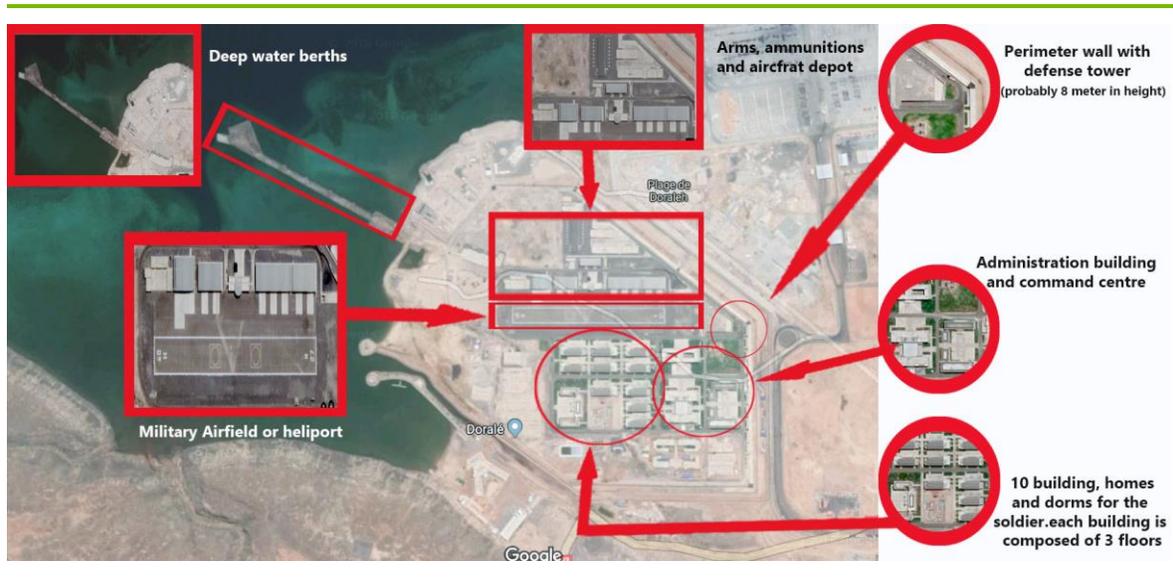
The Republic of Djibouti is located at the entrance to the Red Sea and sees 20 percent of world trade passing off its coast daily, including Chinese exports bound for the EU, Beijing's largest trading partner. Djibouti's government is willing to use its strategic location to capitalize on trade and its geopolitical advantage.

Djibouti is also willing to reap financial and political advantages by granting base access in return for rent paid by France, the US, China, Japan, Italy, and Spain. The resulting financial windfall totals just short of \$154 million annually. Apart from financial gains, the Djiboutian government is attempting to pursue a policy of balance by authorizing several foreign bases to the countries mentioned so that it does not depend exclusively on one.

Unlike many countries in the Horn of Africa, Djibouti enjoys political and social stability. However, in 2017 the World Bank reported Djibouti's unemployment at 47 percent, with a quarter of the population living in extreme poverty despite 6.5 percent economic growth. Therefore, Djibouti, heavily dependent on international aid, is acutely sensitive to any differences in aid. China, for example, is the only government to provide cash aid and constructs hospitals, roads, and schools in Djibouti. China has also financed two new airports, and is also financing a 50 km free economic zone to increase employment among the Djiboutian population. The US government, by contrast, has limited its aid to food and health supplies.

Beijing and Djibouti reached a basing agreement in May 2015, and the first detachment of Chinese troops arrived on July 11, 2017. China has permission to assign 1,000 permanent soldiers and up to 10,000 until 2026. The China-Djibouti partnership excludes any interference by the Republic of Djibouti in maritime movements within the Chinese military enclave. China has built deep-water berths to accommodate large ships and has a small airfield or heliport, arms, ammunitions, and aircraft depot, dorms for troops, and a command and control center. The possibility of China's base growing bigger in the future is possible.

Figure 1. Details of the satellite image of the Chinese People's Liberation Army base in Djibouti



Source: Compilation based on google map data.

Djibouti believes China's military presence is logical given China's dependence on raw materials imported from Africa. The BRI has no less than eight ports in Djibouti under construction, all financed by Chinese capital. Djibouti is central to Beijing's intentions to sell its domestic production to Ethiopia's 105 million inhabitants. To do so, Beijing built a modern electric railway line that connects Djibouti to the Ethiopian capital of Addis Ababa.

The Chinese military base that adjoins the new Doraleh Multipurpose Port and the free zone of Djibouti city were also built by China. The Doraleh port was built for \$580 million, and has been operational since 2017. It is a multimodal deep-water port capable of accommodating large cargo carriers of all types.

Djibouti is satisfied with the deepening partnership with Beijing, which is a classic example of China's whole-of-government strategic approach to African policy in which diplomacy, commercial, and military cooperation interact. China's aim is to use the Republic of Djibouti as a secure interface to and from the African hinterland, especially the common markets of eastern and southern Africa. Djibouti shares this ambition and is ready to become an African logistics, telecommunication, and trade hub, similar to Singapore.

France

France has significant Indian Ocean interests. In the southwestern Indian Ocean, it has sovereignty over the islands of Réunion and Mayotte, where approximately 1 million French

citizens live. These islands make France a resident Indian Ocean nation and, as such, a member of the Indian Ocean Commission (IOC).¹⁸

France also has sovereignty over the uninhabited Scattered Islands, which are strategically located in the Mozambique Channel (French sovereignty is disputed by Mauritius, Comoros and Madagascar). Together, Réunion, Mayotte, and the Scattered Islands account for an EEZ of 1 million sq. km., including an extensive, albeit contested, EEZ in the Mozambique Channel.

According to the 2018 French Armed Forces' "France and Security in the Indo-Pacific" policy document, the country permanently deploys 7,000 personnel worldwide, with 4,100 deployed in the Indian Ocean. France has naval and air assets stationed in Réunion and Mayotte, tasked with ensuring the protection and surveillance of the EEZ. France also maintains its historic base in Djibouti, which is the most important pre-positioned base of the French army with 1,400 personnel assigned there. Since 2009, France has operated a new base in the United Arab Emirates, which hosts six multirole Rafale jet fighters.

Since 2012, a French delegation has participated in Singapore's Shangri La Dialogue to convey the message that France, as a resident power of the Indian and Pacific Oceans, is deeply committed to peace and stability in these regions.

France's wariness of China's commercial and military presence in the Indian Ocean is part of a broader trend marked by a growing strategic distrust between Paris and Beijing. While admitting that China would remain a major economic partner, by the early 2010s, France saw the need to diversify its engagement and launched strategic partnerships with Indonesia (2011), Australia (2012), Singapore (2012), Vietnam (2013), and Japan (2013), in addition to deepening its older strategic partnership with India.

France has also adopted a tougher posture on the principle of freedom of navigation, and has made implicit criticism of China's behavior in the South China Sea.

Concern about Chinese hegemonic tendencies has been a distinct feature of the foreign policy narrative of President Emmanuel Macron, who came to power in 2017. The president's ambition is to transition bilateral partnerships with India and Australia into regular trilateral discussions, as he called for a "Paris-Delhi-Canberra axis" during his visits to Australia and New Caledonia in May 2018.

France has clearly chosen India as its partner to promote peace and security in the Indian Ocean. In March 2018, France and India concluded the Joint Vision of India-France Cooperation of the Indian Ocean Region, in which they confirmed their intent to protect the freedom of navigation and prevent any hegemony in the region. They also finalized a reciprocal logistics support agreement in 2018, whereby France could open its naval base in Djibouti and Réunion

¹⁸ The IOC was created in 1982. Its members are Réunion, Madagascar, Mauritius, the Comoros and the Seychelles.

to Indian ships. Access to Réunion would be a major step forward in India's strategic objective of obtaining bases or base access in the Southern Indian Ocean.

Overall, France's policy approach is closer coordination with its allies and partners to project a common front in dealing with China.

Japan

China's expansion in the IOR is changing the US-China balance of power. To counter this process, US allies and friendly countries require a new security system, and US-Japan-India security cooperation will be the key. The main goal of the cooperation between the US and Japan in the IOR would be to maintain a military balance against China. To do so, the following division of labor should be applied—India will become the predominant power in the Indian Ocean and allow the US and Japan to focus on the Western Pacific, essentially to ensure Japan's security.

China's growing influence in the Indian Ocean is explained by Beijing's concerns for ensuring the security and availability of sea lanes of communication (SLOCs) for its use. Therefore, as part of the BRI, China is attempting to find alternatives to the Strait of Malacca SLOCs, such as the Middle East-Pakistan-China route and the Middle East-Myanmar-China route through the Indian Ocean.

Japan is more worried about the security situation in the western Pacific and is attempting to devise a response. Tokyo's answer is a new security architecture based on a network of US allies and like-minded countries. Creating this network would include not only US-led cooperation, but also cooperation led by combinations of countries without the US, such as Japan-India-Australia, Japan-India-Vietnam, India-Australia-Indonesia, and India-Australia-France. Nevertheless, US-Japan-India cooperation will be key and more relevant because of China's expanding influence in the Indian Ocean region and the changing US-China balance of power.

India

China's significant influence throughout the IOR can be traced to two increasingly interrelated decisions made by Beijing. First, in 2008, China joined the international maritime coalition combating piracy in the northern Arabian Sea. Piracy has been under control for several years, and China's anti-piracy operations are less about providing a global good, and more about establishing presence and capacity in the IOR. Second, China's BRI, alongside its significant trade with resource-rich East and South Africa, has provided the framework for expansion of China's political and economic influence everywhere along the Indian Ocean littoral.

For New Delhi, the rapid growth of the PLAN has been a surprise. In January 2019, the Indian chief of naval staff said, “No navy has grown as rapidly in the last 200 years as the Chinese navy. They have added 80 new ships in the last five years...the Chinese navy is a force that is here to stay.” India is particularly concerned about China’s major submarine building project for Pakistan; at least four Yuan-class submarines are being built jointly in Karachi as part of a \$5 billion deal for eight submarines.

China also supplied the Bangladesh navy with its first submarines—two refurbished Ming-class diesel submarines. Chinese media commentary refers frequently to Indian unease, in effect confirming for Indian audiences that the deal was about more than just equipping a coastal country. India is concerned that China will acquire regular and justified access to the Bay of Bengal under the pretext of training the Bangladeshi navy in the transferred submarines.

New Delhi worries that the “Chinese model” is attractive to authoritarian or unstable countries in the region, and can in turn pose real political problems for India’s own model of combining economic growth with democratic institutions and accountability. Despite these worries, India’s Prime Minister Narendra Modi takes a rather conciliatory stance toward China, emphasizing cooperation and calling Beijing a “major partner.” China, however, is suspicious of whether India’s policy adjustment toward China and the Indo-Pacific is strategic or tactical. This perception seems to be informed by Indian-US activities ignoring India’s independent identity and interests.

China has employed all its instruments of national power significantly in South Asia and the IOR to alter the balance of power in the region. For now, the Chinese are still far from possessing the military capacity to tip the scales in the region. However, India sees China as a long-term strategic challenge. The Maritime Silk Road and its focus on Chinese access to and possible control over port assets, along with an economic and political development model different than India’s, is worrisome to New Delhi.

Indonesia

Indonesia has three strategic interests in the Indian Ocean. The first is to boost its international diplomatic standing, particularly in seeking acceptance and support for its own Indo-Pacific concept. The second is to enhance economic cooperation with Indian Ocean countries and go beyond its traditional market to venture to African and South Asian countries. The third is to strengthen maritime security and safety and maintain stability and vigilance amid potential natural disasters in the Indian Ocean.

Indonesia supports the Indo-Pacific conceptual framework. During the 13th East Asia Summit, President Joko Widodo emphasized that “the Indian Ocean” and “the Pacific Ocean” must be considered as a single geostrategic theatre and expressed his belief that the concept would be mutually beneficial.

Indonesia's Indo-Pacific concept rests on five ASEAN related principles: openness, inclusivity, respect for international law, transparency, and cooperation. These principles rest on three areas of cooperation: in the maritime domain, in sustainable development, and in the efforts to build connectivity. This concept also rejects any mechanisms aimed at overshadowing ASEAN and its East Asian Summit (EAS).

Jakarta sees itself as one of the "major custodians of the regional security and stability" and, as such, feels an obligation to ensure that the existing written and unwritten rules of the regional game are consistently respected. The first rule is to maintain ASEAN centrality. Jakarta's imperative is to maintain ASEAN centrality at the heart of any emerging Indo-Pacific regional entities. When it comes to China, Indonesia wants China to encourage ASEAN to be present or at least refer to it as the potential role model for cooperative activities in the Indian Ocean.

Second, China must adhere to the principles of ASEAN's 1976 Treaty of Amity and Cooperation (TAC); it acceded to the treaty in 2003. As such, as long as China recognizes TAC principles in its Indian Ocean affairs, "Indonesia will stand for Beijing's presence there." Third, China must follow the 1995 Southeast Asian Nuclear-Weapon-Free-Zone (SEANWFZ) in the Indian Ocean. Should Beijing stir nuclear tensions in the region, Indonesia will remove any support to China.

In general, Indonesia sees nothing negative in China's commercial and military presence in the Indian Ocean. Jakarta even wishes Beijing could help it achieve the strengthening of maritime security and safety as well as maintaining stability and vigilance on potential natural disasters in the Indian Ocean. At the same time, Indonesia wants China to avoid turning the ocean into a proxy venue for competition with other great powers.

Malaysia

Although Malaysia is situated strategically in the Indo-Pacific, there is no clear understanding on what the Indo-Pacific means to Malaysia, the region, and in particular to ASEAN member states. Southeast Asian countries are also divided and unclear on the IP concept. Currently, the Indo-Pacific policy and strategy is at the conceptual level in Southeast Asia, and has not been adopted into foreign policy guidelines, with the exception of Indonesia.

According to our Malaysian conference participants, it is clear that the future geopolitical influence of the region will not be solely under the monopoly of the US, and will include input from other powers like China, India, Australia, and Russia. For example, Australia underlined the Indo-Pacific in its long-term foreign policy, but it also believes that ASEAN and SEA should be at the heart of any Indo-Pacific strategy.

China generally views Indo-Pacific maneuverings as a new way for the US and its allies to contain China's influence as a global power. According to Beijing, the US wants to dominate the new power changes in the Asia-Pacific using the Indo-Pacific as a geostrategic platform to

encircle China. China has been quietly indicating that ASEAN and traditional US allies, Australia and Japan, should not take sides in US efforts to contain China's rise.

ASEAN countries want to de-militarize the Indo-Pacific framework and its linkage to the QUAD because it appears the framework was convened to contain or manage the rise of China. This is against the spirit of ASEAN's core values of maintaining peace and stability by avoiding taking sides among external powers.

The latest BRI Forum, hosted by Chinese President Xi and attended by 36 countries, including Malaysia, signifies endorsement of Chinese's ambitions to lead the economic agenda around the world.

If ASEAN countries subscribe to the Indo Pacific, it may mean they are more aligned toward the "strategic partnership" of the US, India, and other middle powers to balance the rise of China in Asia. As small nation states, ASEAN cannot afford to adopt the concept until individual countries are assured that the converging and expanding interests of major powers will not destabilize the region.

Accordingly, other ASEAN countries, including Malaysia, are taking a cautious approach toward endorsing such a strategically driven framework based on underlying contests and competition in the maritime areas, even though the Indo-Pacific strategy promotes the rule-of-law or rule-based governance, which is Malaysia's broad approach.

In essence, Malaysia's stance is to avoid taking sides when dealing with the major powers in the context of Asia Pacific. Malaysia acknowledges that multilateralism should be embraced, and cannot be excluded forever in the post-Cold War era. Malaysia's dependence on the seas for its economy, tourism, transportation, and security cannot be underestimated. The expanding maritime interests and naval ambitions of China and India, reflective of growing strategic competition between them, will eventually converge more significantly in the Indo-Pacific.

Maldives

The Maldives' geostrategic significance lies in its proximity to international SLOCs used by two-thirds of the world's oil shipping and half of the world's container shipping. The most important of these SLOCs traverse the Eight Degree Channel between the Maldives and India.

Besides SLOCs, China's strategic interest in the Maldives is related to the southernmost island of Gan, which is only 240 miles north of the American base in Diego Garcia. This is the second-largest atoll in the Maldives, and was formerly a British naval and air base during 1941–1976. The small airfield has been upgraded and is in use as the Gan International Airport.

Beijing's involvement in "mega projects" in the Maldives is a recent phenomenon. The "China-Maldives Friendship Bridge" is one such project. It was built by a Chinese contractor, and

connects Malé, the capital, and Hulhule, the airport island. Another is a 1,000-apartment housing project on Hulhumale Island, a suburb of Malé.

Beijing also persuaded the previous government to sign an MOU on the BRI, along with contracts for developing major infrastructure projects to be carried out by Chinese state-owned companies over a 50-year period.

The previous government was also able to change laws to allow China to lease several prime islands and build a joint “Sino-Maldivian Ocean Observatory” on the island of Makunudhoo, the western most atoll, which overlooks the Eight Degree Channel.

Importantly, the Maldives signed a Free Trade Agreement (FTA) with China in December 2017, making it the first FTA Maldives has signed with any country. However, the way the FTA was rushed through the parliament raised considerable public and political opposition, and is being closely reviewed by the new administration in Malé.

The Maldivian relationship with China fluctuates depending on the governing party or parties and the state of relations with India—when the New Delhi–Male relations are positive, the relationship with Beijing is sour and vice versa.

Despite being sensitive to Indian concerns regarding Chinese influence, the Maldives will continue to look at China for financial aid. At least in the near future, the Maldives’ “courteous and diplomatic” relationship with China is determined by several factors: Malé’s massive loans to China, China’s long-term lease of the islands, and Malé being bound by the BRI MOU and the FTA.

Myanmar

Myanmar, along with India and Pakistan, is one of three countries that share borders with China, and have access to the Indian Ocean. The Myanmar-China border measures 2,204 kilometers (1,370 miles). Myanmar gives China access to the Bay of Bengal and the Andaman Sea. Beijing recognized back in 1985 that it would need to find an economic connection to the world for the landlocked western provinces of Yunnan, Sichuan, and Guizhou, and that the most direct route would be south through Myanmar via railroad.

The coming to power of Myanmar’s Armed Forces (Tatmadaw) in September 1988 altered the political landscape. The resulting western sanctions made China the most important supporter of the military regime in Myanmar and the only supplier of military hardware.

In September 2018, Myanmar officially became a BRI partner after signing a 15-point MOU establishing the China-Myanmar Economic Corridor (CMEC). Beijing has pursued access to the Indian Ocean through Myanmar by way of the Kyaukphyu port development and associated Special Economic Zone (SEZ), and an estimated 1,700-kilometer corridor that will connect Kunming in China to the Kyaukphyu SEZ. A Chinese state-owned enterprise will build and then

operate the project for 50 years, with a potential extension of an additional 25 years. The Chinese developer holds an 85 percent stake in the seaport project and a 51 percent stake in the SEZ. The SEZ could provide around 100,000 jobs for local people.

Because of concerns over the deep-sea port project turning into a debt trap similar to that of Sri Lanka, Nayyitaw renegotiated the terms and managed to reduce the value of the project loan from \$7.3 billion to \$1.3 billion.

The 2008 constitution prohibits any foreign military base on Myanmar soil. However, there is room for military cooperation, and the constitution could be subjected to reinterpretation to make room for deeper military cooperation.

The National League for Democracy, the current governing party in Myanmar, is acutely aware that the country is important in China's strategic calculus, but is also trying to avoid being entangled in any power struggle and geopolitical conflict. Myanmar is careful not to offend any great power in the geostrategic competition among the US, China, and India.

Pakistan

China and Pakistan have enhanced strategic communications and displayed a growing convergence of interests in the IOR. China has extended financial and technological assistance to Pakistan, which has been welcomed by Islamabad, as it views China's need to secure SLOCs, and ensure a significant presence in the IOR, as an opportunity to advance its own strategic interests.

Pakistan agreed to Chinese BRI plans without hesitation, and both countries are investing in developing Pakistan's Gwadar port. Despite this infrastructure development, Pakistan is concerned about China's use of Gwadar as an overseas naval base; it fears that reducing the commercial viability of the port will dampen the competitiveness with other regional ports.

For policy-makers in Islamabad, China's increasing presence in the IOR is a natural consequence of China's rising geopolitical role. Pakistan contends that an economically developing China has a sovereign right to build its military capabilities and project power.

To advance its own geostrategic interests, Pakistan has an inherent interest in seeking expanded Chinese presence in the IOR. For decades, Pakistan has defined its external engagement primarily through its geographical location and its security concerns vis-a-vis archrival India. Pakistan's goal has been to seek "strategic security" against India so it can focus on economic development.

Stronger US-India strategic cooperation over the past 15 years has driven Pakistan to seek the expansion of geopolitical ties with China. From Pakistan's standpoint, the buildup of Indian military capabilities, and the growing US military presence in the region, have undermined the strategic balance of power in South Asia, and posed a geopolitical challenge to Pakistan and

China. Policy-makers in Islamabad agree with the Chinese assessment that Washington is pursuing a strategy to contain a rising China.

Military cooperation with China enhances Pakistan's military capabilities by providing access to Chinese high-tech weapons and new technologies. For example, Pakistan has concluded an agreement to procure eight Yuan-class diesel-electric submarines. Four submarines are being built in China, and the remaining four will be constructed in Karachi. With the acquisition of these submarines, Pakistan will enhance its ability to deploy a nuclear triad and its naval power projection capabilities. Pakistan also signed contracts for construction of four Type 054A frigates, to be delivered by 2021. This trend is likely to continue, and will enable Pakistan to match India's growing military prowess in the region.

A recent and consequential development is Pakistan's adoption of Beidou, China's indigenous satellite navigation system, for military applications, and the construction of a base station in Karachi to ensure coverage of the whole territory of Pakistan.

Pakistan's key national interest has been to balance India while navigating its often-contentious relationship with the US, and the strategic engagement with China provides this stabilizer in the regional geopolitical environment. In Pakistan's view, China-Pakistan military cooperation will keep India engaged in the region, while enabling China to focus on balancing the US power in the South China Sea and the Western Pacific.

Seychelles

Seychelles is a small island state archipelago of 115 islands scattered widely across the western Indian Ocean. Geographically, it is part of the oceanic region, but politically it is closely aligned with Africa. Its exclusive economic zone (EEZ) extends over nearly 1.4 million km because of the dispersed nature of the islands, and it is a source of rich fishing grounds. It also has reserves of natural gas and oil under exploration.

Seychelles has always been valued by China for its oceanic location between Asia and Africa, and has enjoyed friendly relations with China since its independence in 1976. Seychelles' acceptance of socialist political ideology during the Cold War contributed to this affinity.

Over the years, Seychelles has benefited from numerous Chinese initiatives, including building projects, at the same time avoiding a debt trap. Seychelles has benefited materially from China through a series of loans, grants for infrastructure, and training and education opportunities. Nevertheless, a major strategic issue for Victoria is determining how to deal with the growing influence of China and the other great Asian power, India. Victoria is toeing a fine line to avoid alienating India in the region. For example, in 2011, Seychelles offered China new port facilities, but, as a result of India's objection, negotiations for the construction for a new port were halted, and instead, China was given access to existing naval facilities in Victoria.

China's influence in the Seychelles is significant and longstanding. The cumulative contribution of infrastructure and other beneficial schemes, year on year, represents no small contribution to the life of the Seychelles, and includes some of the country's most important public buildings. In the military arena, gifts of naval equipment have been made to support the war on piracy.

India is wary of China's intentions, not least because it sees itself as the region's natural protector. Thus, India is working hard to increase its naval presence in key locations. Seychelles now finds itself caught up in this proxy battle of China and India over Assumption, one of the outer islands of the Seychelles archipelago. India wants to use a part of the remote island as a naval base, because it is close to the head of the strategically important Mozambique Channel. Although India's interest in the island had been under discussion since 2012, it became an issue when President Faure was unable to win the support of the National Assembly. Seychelles public opinion indicates worries over finding itself in the center of a future conflict between the two main Asian powers.

Seychelles has so far not fallen foul of either side, although if it relents on the issue of Assumption, the risk of offending China may be a step too far.

Singapore

Singapore feels that increased Chinese military and economic presence in the IOR is not a negative development when viewed in isolation. As China grows economically and militarily, it will seek recognition of its enhanced position both globally and within the IOR.

The crucial issue is to mediate China's enhanced role in the IOR with the ASEAN insistence on honoring a rules-based order, which rests on different facets of international law. If China thinks that certain rules or facets of international law seem out of sync with its growing global political and economic influence, and wants to change the rules, it needs to negotiate those changes. It is significant to maintain the fundamental principles for a rules-based order in the IOR, while the possibility of re-negotiation of certain facets of such rules, should not be ruled out. Any re-negotiation, however, will require forging a durable consensus among states in the IOR.

China has made significant inroads in the IOR through its BRI project. While Southeast Asian countries remain cautious to a varying degrees about the economic costs and strategic implications of China's infrastructure investments under the BRI, they also continue to seek ways to benefit economically from these projects.

Singapore places a high premium on regional and multilateral cooperation via trade and connectivity. As such, it has been an early and strong supporter of the BRI. Both sides cooperate in six areas: the BRI, financial services, technology and innovation, ease of doing business, urban governance, and people-to-people exchanges. In addition, in 2019, Singapore

and China signed five agreements to collaborate further on trade and law enforcement projects under the BRI. Singapore was the largest foreign investment destination for China with regards to the BRI in 2018, capturing close to 23 percent of the total investment outflow from China to BRI countries.

Although Singapore views the BRI favorably, it also recognizes that the substance of the BRI, and the way it is implemented, are very important. Singapore is well aware of concerns over BRI projects, particularly when it comes to financial transparency, speed over quality, and subsequent debt.

Singapore continues to maintain close defense ties with China, while maintaining defense ties with countries such as the US and India. In 2018, Singapore and India signed a new naval pact that gives Indian warships greater access to Changi Naval Base.

Singapore PM Lee Hsien Loong, in reaction to the Indo-Pacific concept, has stressed that the initiatives should strengthen existing cooperation arrangements centered on ASEAN. He specifically said, “We support regional cooperation initiatives which are open and inclusive platforms for countries to cooperate constructively, and deepen regional integration.” ASEAN already has in place a set of inter-linking regional mechanisms, such as the East Asia Summit (EAS), ASEAN Regional Forum (ARF), and ASEAN Defense Ministers Meeting Plus (ADMM Plus) designed to engage big powers and neighboring countries. PM Loong also added, “They [regional initiatives] should not undermine them, create rival blocs, deepen fault lines or force countries to take sides. They should help bring countries together, rather than split them apart.”

South Africa

South Africa has emerged as one of China’s key allies on the African continent. China became South Africa’s main trading partner in 2010, and the economic importance of the relationship has increased since then. The longstanding relationship between China and Africa has made South Africa an early supporter of the Belt and Road Initiative. South Africa has been China’s largest trading partner in Africa for most of the 2010s, making up between 25 percent and 33 percent of Africa’s total trade with China.

The deep and multifaceted China-South Africa economic relationship is preconditioned by several factors. First, South Africa functions as a base for the assembly and manufacture of Chinese products destined for the rest of the African continent. Second, Chinese investors entered the South African banking sector relatively early, and have a 20 percent stake in South Africa’s Standard Bank. Standard Bank is an important vector for Chinese investment into the rest of Africa and is involved in promoting renminbi (RMB)-denominated transactions. Third, China is also a key investor in South Africa’s commodities and mining sectors, especially in the platinum sector.

China upgraded its relationship with South Africa to a Comprehensive Strategic Partnership in 2010. This was soon followed by a Chinese-inspired invitation for South Africa to join the then BRIC group, made up of Brazil, Russia, India and China. South Africa became the fifth member of the group in 2010, thanks to China.

In response, the South African government has generally tended to respect China's wishes on hot button issues. For example, South Africa, by dragging its feet in issuing a visa, foreclosed a visit by the Dalai Lama, who was invited by fellow Nobel laureate Archbishop emeritus Desmond Tutu.

South Africa welcomes China's help in positioning itself as a significant gateway to Africa, and hopes to entice China to make greater use of South Africa to access Africa's Continental Free Trade Agreement. In this ambition, however, South Africa faces increasingly stiff competition from Kenya, Tanzania, and Djibouti, which are all aiming for a similar gateway role.

Military relations form a relatively small but increasingly important part of this relationship. The South African National Defense Force (SANDF) and the People's Liberation Army meet regularly under the auspices of the China-South Africa Defense Committee. The most recent (eighth) meeting of the committee took place in Beijing on August 22, 2018.

South Africa's economic future increasingly lies in the Indian Ocean community, not only through alliances with China, but also through growing engagement with India. India and South Africa signed a strategic partnership agreement in 1997 that was preceded by decades of close cooperation in the anti-apartheid struggle. South Africa's trade relationship with India has been growing, but is not as substantial as its relationship with China. Nevertheless, South Africa has little interest in having to choose between India and China, unlike many of India's smaller neighbors, and it so far does not face pressure to do so.

Sri Lanka

Sri Lanka increasingly views its future as tied to the Indian Ocean and sees China's commercial presence in the IOR as an exceptional economic opportunity. China's military presence, in Sri Lanka's view, must be understood and managed.

Sri Lanka has adopted the regional best practices of small IOR countries. One is to welcome all three major regional players—the US, India, China—and maintain relations with them in a wide range of areas, such as the economy, trade, human-resource development, policy, security exchanges, and military exercises.

Sri Lanka's main security concern is the overall militarization of the IOR. The combination of China's relatively new security interests and established interests of the US and other major users of the IOR, such as India, have led to rising strategic competition in the IOR, and ensuing anxiety among smaller littoral states. To contain these risks, Sri Lanka is engaging with various

strategic partners, and is actively encouraging regional dialogue in line with its non-aligned heritage.

Sri Lanka suffers from the same divided views of China that many of its IOR neighbors share. The benefits of China's presence, including its BRI, are trade, infrastructure, and other forms of connectivity that help the IOR reach its growth potential. The potential downside is that these benefits come with significant risks to IOR states, including economic dependence, unsustainable debt, environmental harm, infrastructure that may be used for military purposes, and, more broadly, a destabilizing effect on the region's security.

Sri Lanka has had close experience with this competing narrative with China's presence in the IOR. Chinese investment in the port of Hambantota is often seen as a prime example in critiques of China's presence. Hambantota, however, is a manifestation of Sri Lanka's ambition to turn itself into an economic center of the IOR, between the two existing hubs of Dubai and Singapore. To facilitate its aim to become a center of the Indian Ocean, the government has signed multiple Indian Ocean frameworks, especially China's BRI and the Asia-Africa Growth Corridor (AAGC).

Colombo also signed an MOU in May 2019 with India and Japan to develop another terminal in the Colombo port. While details are being negotiated, this is potentially the first significant project of the AAGC that was launched by India and Japan as an apparent alternative framework to the BRI.

Sri Lanka has also signaled acceptance of the Indo-Pacific framework. It has stressed that "the Indian Ocean must maintain its own distinct identity." However, Colombo's enthusiasm for the Indo-Pacific framework is dampened by its relative lack of emphasis on economic development. It is unclear why proponents of the Indo-Pacific have settled on promoting the "free and open Indo-Pacific," rather than the "free, open, inclusive and prosperous Indo-Pacific" previously announced by the US, India, Australia, and Japan.

United Kingdom

The UK has significant and renewing interests in the IOR, despite the demise of its imperial role. Over 3 million citizens of the UK—nearly 5 percent of the population—originates from the Indian subcontinent, meaning the British can hardly fail to take a strong interest in any tensions in the region. Far more British citizens now live in Singapore than they did during the age of Empire. Southeast Asia is the UK's third-largest, non-EU export market, and the UK is the second biggest EU investor in the area. Moreover, Southeast Asia is the UK's third-biggest market for defense exports.

For all these reasons, the British have concluded that they should try for a more persistent presence, not just in Southeast Asia but also in the whole of the Indo-Pacific region, as part of

an “All of Asia” project. At the same time, the UK has limited resources when it comes to East Asia, which has generated a near-permanent strategic dilemma in having to support two competing commitments simultaneously: Europe and East Asia.

China’s diplomatic, economic, and military push into the region presents a number of challenges and dilemmas to the UK. This has led to several IOR issues that range from a general concern about the abiding long-term intentions of China in the region with regards to the BRI and its Maritime Silk Road component. Despite these issues, the UK’s attitude toward a Chinese military and, specifically, naval presence in the region, is not one of alarm. The UK generally acknowledges that, given the wide range of Chinese interests in the IOR, including citizens, merchant ships, markets, and resources, the Chinese navy has every right to be there alongside other navies from outside the region.

However, there is a wariness about the growing Chinese presence as a sign of a major and unsettling shift in the global naval balance, and the consequent promise of a less-certain future. The UK’s concerns about this growing presence are increased by knowing that four of the main IOR countries with which it wants to maintain close relations—Japan, India, Australia, and the US itself—all take a distinctly jaundiced view of China’s increased naval capabilities in the region.

Beijing may have overreacted when it took exception to the Royal Navy’s deployment intentions in the IOR and cancelled a projected visit to Beijing by the Chancellor of the Exchequer to bolster trading relations. This blatant exercise of economic coercion caused many in the UK to argue that China should not, through such bullying behavior, be allowed to exert a veto on where the Royal Navy could operate its ships, and that simply yielding to this kind of pressure would encourage further Chinese intransigence toward the rules-based order.

The UK is also currently in exploratory mode regarding the IOR, and there is a spectrum of choices about the UK’s relations with China, rather than a simplistic binary “for” or “against.” Therefore, in the current circumstances, a degree of flexible ambiguity in the UK’s attitudes toward the presence of China in the IOR is advantageous.

United States

The Chinese flag has become ubiquitous in the IO, where annually hundreds of Chinese flagged tankers, container liners, and bulk carriers crisscross the Indian Ocean. The presence of Chinese warships has also become routine, especially in the Arabian Sea, where the PLAN began in late 2008 to protect a portion of SLOCs from Somali pirates. Eleven years have passed since the first anti-piracy operations, and China has adroitly blended its shipping protection mission with traditional naval diplomacy by routinely sending its warships to conduct security cooperation and naval exercises with most of the IO littoral countries.

The rationale behind China's growing interest in the IOR is tied directly to two related imperatives. First, President Xi Jinping's signature BRI and its maritime component—the 21st Century Maritime Silk Road. Second, Beijing's concerns about the vulnerability of its SLOCs to interruptions, which are best described in China's 2015 defense white paper, titled *China's Military Strategy*, which states that China's growing national interests are increasingly tied to the security of the SLOCs, among other interests.

SLOC defense is the most important of China's overseas security interests in the IOR because sea lanes are the veins and arteries that keep China's economic heart pumping. To do so, in the past decade, the PLAN, on average, has been deploying four surface warships and two replenishment tankers organized into two independent task forces in the IOR. In addition, the PLAN has been deploying submarines since 2014 to the IOR twice a year to conduct three months of operations before returning to China.

Today, this small PLAN presence in the IO is not especially threatening. It is operating far from home, away from its land-based air force and missile force assets. In the IO, its small task forces are very much an "away team," vulnerable to a vastly superior Indian navy and India's land-based airpower. When the PLAN arrives in the Northern Arabian Sea, it is operating in waters that are "home" for the US Fifth Fleet in Bahrain. By contrast, in East Asia, the PLAN is a "home team" as it has the huge operational advantage of being in home waters.

China already has a naval capability of more than 100 "blue-water" warships and submarines able to deploy routinely to the IO. It is entirely possible that by 2025, this "blue water" capability could grow to around 150 ships, including three carriers. It seems very likely that Beijing will begin gradually to build up its daily presence in the IO, separate from its anti-piracy efforts, and attempt to do so in a non-threatening way. The strategic impetus would be China-US competition, plus a growth in US-Indian-Australian naval cooperation. China has already made investments in Djibouti. It prioritizes the Maritime Silk Road, and President Xi has called for a "world class navy." In addition, a growth in the PLAN by creating a PLAN Indian Ocean Squadron, is likely.

Appendix B: Agenda and Bios

Workshop Agenda

Views of China's Presence in the Indian Ocean Region

Hilton Arlington Hotel
950 North Stafford Street, Arlington, Virginia
17-18 June 2019

June 17, 2019: Day One

0800-0900 Registration

0900-0915 Welcome Remarks

Dr. David Finkelstein, CNA

0915-1115 South Asia

Chair: Ms. Nilanthi Samaranyake, CNA

India: Dr. Jabin T. Jacob, Shiv Nadar University & National Maritime Foundation

Bangladesh: Dr. S. Mahmud Ali, University of Malaya

Sri Lanka: Dr. Dinusha Panditaratne, Lakshman Kadirgamar Institute

Maldives: Dr. Rasheeda M. Didi, Maldives National University

Pakistan: Mr. Muhammad Faisal, Institute of Strategic Studies Islamabad

1115-1130 Tea break

1130-1300 East Africa

Chair: Mr. Timothy Ditter, CNA

Djibouti: Prof. Hamza Farah Robleh, Université de Djibouti

Seychelles: Professor Dennis Hardy, University of Seychelles

South Africa: Dr. Cobus Van Staden, South African Institute of International Affairs

1300-1400 Photography and Lunch break

1400-1500 Japan

Chair: Dr. David Finkelstein, CNA

Japan: Dr. Satoru Nagao, Hudson Institute

1500-1515 Tea break

1515-1600 Open Discussion: Questions from Around the Room

Chair: RADM (ret.) Michael McDevitt, CNA

June 18, 2019: Day Two

0800-0900 Registration

0900-0915 Opening Remarks

Dr. David Finkelstein, CNA

0915-1115 Southeast Asia and Australia

Chair: Dr. Satu Limaye, CNA

Indonesia: Dr. Shafiah F. Muhibat, CSIS Indonesia

Singapore: Dr. Sinderpal Singh, RSIS

Malaysia: Ms. Sumathy Permal, Maritime Institute of Malaysia

Myanmar: Prof. Maung Aung Myoe, International University of Japan

Australia: Ms. Natalie Sambhi, Perth USAsia Centre

1115-1130 Tea break

1130-1245 U.S. and Europe

Chair: CAPT (ret.) Peter Swartz, CNA

United States: RADM (ret.) Michael McDevitt, CNA

France: Dr. Isabelle Saint-Mézard, University of Paris VIII

United Kingdom: Prof. Geoffrey Till, U.S. Naval War College

1245-1345 Lunch break

1345-1545 Wrap-up: Questions from Around the Room

Chair: RADM (ret.) Paul Becker, CNA

1545-1600 Closing Remarks

1600 Conference ends

Participant Bios (organized alphabetically by country)



Ms. Natalie Sambhi

Research Fellow,
Perth USAsia Centre

Australia

Ms. Natalie Sambhi is a founder and executive director of Verve Research, an independent research collective focused on the relationship between militaries and societies. Since 2016, she has also been a research fellow at the Perth USAsia Centre, where she publishes on Indonesian foreign and defense policy as well as Southeast Asian affairs. Ms. Sambhi is also a PhD scholar at the Strategic and Defence Studies Centre, the Australian National University, focusing on Indonesian military history.

Ms. Sambhi worked at the Australian Strategic Policy Institute as an analyst and managing editor of the organization’s blog, The Strategist. She also worked at the Department of Defence and the University of Canberra. Ms. Sambhi was a two-time fellow with the Center for a New American Security in Washington, DC, where she conducted research on Indonesian civil–military relations and strategic culture.

Ms. Sambhi’s other involvements include the Australian Institute of International Affairs ACT, having served on the council; the US-based Center for International Maritime Security (as a host of the podcast series Sea Control: Asia Pacific; and Bloggingheads.tv as a host for the international relations segment Foreign Entanglements. Her writing has appeared in Security Challenges journal, War On The Rocks, The Diplomat, The Interpreter, and The National Interest.

Through her research and publications, Ms. Sambhi is committed to helping people gain a more nuanced understanding of Indonesian military affairs, Indonesian defense policy, and Southeast Asian security.

She holds a BA in Asian studies from the University of Western Australia and an MA in international relations and an MA in diplomacy from the Australian National University.



Dr. S. Mahmud Ali

Adjunct Professor,
Institute of China Studies,
University of Malaya, Kuala
Lumpur

Bangladesh

Dr. S. Mahmud Ali is an adjunct professor at the Institute of China Studies, University of Malaya in Kuala Lumpur, Malaysia. He also served as an East Asia program associate at the London School of Economics and Political Science. He was formerly a senior editorial coordinator for the BBC World Service.

Dr. Ali is currently working on a volume examining China's BRI blueprint and the geo-economic vs geopolitical debate the initiative ignited.

Dr. Ali has authored nine works on systemic and sub-systemic security themes from the international security studies realm, including a six-volume series on the evolution of post-1949 Sino-US strategic security/insecurity dynamics.

Dr. Ali was trained at the Pakistan Military Academy and commanded an anti-tank platoon in the Sindh-Rajasthan desert sector during the December 1971 Indo-Pakistani war.

Dr. Ali holds a PhD in War Studies from King's College London.



Professor Hamza Farah Robleh

Professor,
University of Djibouti

Djibouti

Professor Hamza Farah Robleh teaches international trade at the University of Djibouti and is a geopolitical and geostrategic expert.

He is a member of a research team in France at the Université Littoral Côte d'Opale, which focuses on maritime security and international trade in the Gulf of Aden and Indian Ocean. He has written on maritime trade and piracy in the Gulf of Aden and Indian Ocean for the *Journal of Transportation Security*.

Professor Robleh provides consulting services to international organization and companies concerning maritime trade and security issues in Africa.

Prof. Robleh holds an MA in international trade from the National School of Business and Management in Morocco and is preparing a PhD thesis in maritime security and international trade in France.



Dr. Isabelle Saint-Mezard

Lecturer,
French Institute of Geopolitics

France

Dr. Isabelle Saint-Mezard is a lecturer on Asian geopolitics at the French Institute of Geopolitics, University of Paris 8 Vincennes – St-Denis.

Dr. Saint-Mezard is also an associate research fellow on South Asia with the Centre of Asian Studies, Institut Français de Relations Internationales (IFRI), Paris. She regularly interacts with French government bodies and teaches South Asian geopolitics at Sciences Po.

Dr. Saint-Mezard's research interests focus on strategic affairs in South Asia and the Indian Ocean region with a special focus on India's external relations and defence policies.

She was formerly an analyst on India, Pakistan, and Afghanistan for the Directorate for Strategic Planning, at the French Ministry of Defence. She also worked as a research fellow on the China-India Project at the University of Hong Kong.

She has authored various articles on these topics as well as chapters in edited books in French and English. Some of her recent publications in English include: "The Japan-India Economic Partnership: A Politically Driven Process," *Asie.Visions*, 2018 (with Céline Pajon); "India's energy security: an assessment of India's international quest for energy sources," S. Ganguly, M. Pardesi, N. Blarel; *The Oxford Handbook of India's National Security*, OUP, 2018; "India's Act East policy: strategic implications for the Indian Ocean," *Journal of the Indian Ocean Region*, 2016.

Dr. Saint-Mézard holds a PhD in international relations from Sciences Po Paris (Institute of Political Studies, Paris).



Dr. Jabin T. Jacob

Associate Professor, Shiv Nadar University

Adjunct Research Fellow,
National Maritime Foundation,
New Delhi

India

Dr. Jabin T. Jacob is associate professor at the Department of International Relations and Governance Studies, Shiv Nadar University, Greater Noida, and adjunct research fellow at the National Maritime Foundation, New Delhi. He was formerly fellow and assistant director at the Institute of Chinese Studies, Delhi, and associate editor of the journal China Report.

Dr. Jacob's research interests include China-South Asia and China-Southeast Asia relations, China's Belt and Road Initiative, Sino-Indian border areas, and center-province relations in China. As part of his research, he has traveled to many of India's border states and visited parts of the country's disputed borders with China and Pakistan, as well as the international borders with Myanmar and Bangladesh. He is a PhD supervisor at the Naval War College, Goa.

Dr. Jacob has coedited three volumes on Indian and Chinese foreign and security policies and two recent articles at the National Maritime Foundation including, "Political Crisis in Sri Lanka: China and the Maritime Dimension" (February 2019) and "China in the Middle East: Expanding Political Clout and Maritime Space" (May 2019).

Dr. Jacob holds a PhD in Chinese studies from the School of International Studies, Jawaharlal Nehru University, New Delhi, and has spent time as a student and researcher in Taiwan, France, and Singapore.



Dr. Shafiah Muhibat

Head of International Relations
Department,
Centre for Strategic and
International Studies (CSIS)
Indonesia

Indonesia

Dr. Shafiah Muhibat is the head of the Department of International Relations, Centre for Strategic and International Studies (CSIS) Indonesia. She formerly served as the chief editor of *The Indonesian Quarterly*, CSIS's quarterly academic journal.

Dr. Muhibat was a senior fellow at the Maritime Security Programme, S. Rajaratnam School of International Studies (RSIS) Singapore. She has taken part in extensive research projects on politics and regional security in Southeast Asia and the Asia Pacific.

Dr. Muhibat has a special interest in issues of regional security in East Asia, maritime security, Indonesia's foreign policy, and regional cooperation. In addition to her interest in security issues, in recent years she has also studied issues related to development cooperation.

Dr. Muhibat holds an MA from the London School of Economics and Political Science and a PhD in political science from the University of Hamburg.



Dr. Satoru Nagao

Visiting Fellow, Hudson Institute

Japan

Dr. Satoru Nagao is a visiting fellow at the Hudson Institute. His research area is Japan-US-India security cooperation.

He is also a research fellow at the Institute for Future Engineering (strategy, defense policy), visiting research fellow at the Research Institute for Oriental Cultures in Gakushuin University, research fellow at the Japan Forum for Strategic Studies, associate at the Society of Security and Diplomatic Policy Studies, senior fellow at the Institute of National Security Studies Sri Lanka, and senior research fellow of Indian Military Review.

He was a visiting scholar at the Center for Strategic & International Studies, in Washington D.C. Furthermore, he was a research fellow at The Tokyo Foundation and the Ocean Policy Research Foundation and taught at Gakushuin University, Aoyama-Gakuin University and Komazawa University as lecturer.

Dr. Nagao was awarded his PhD by Gakushuin University in 2011 for his thesis titled "India's Military Strategy," the first such research thesis on this topic in Japan.



Ms. Sumathy Permal

Fellow and Head,
Centre for Straits of Malacca

Malaysia

Ms. Sumathy Permal is a fellow and head of the Centre for Straits of Malacca with the Maritime Institute of Malaysia.

Ms. Permal leads projects on the Belt and Road Initiative with the China Institute of International Strategic Studies. Her other project is ASEAN-China Cooperation in the South China Sea.

Ms. Permal's research focuses on geopolitics and geo-strategy in the Asia Pacific and maritime security issues in the Indo-Pacific. She is on the editorial board of the Australian Journal of Maritime & Ocean Affairs Australia and an associate member of the Corbett Centre for Maritime Policy Studies. She was also on the International Expert Panel for the National Bureau of Asian Research and the Sasakawa Peace Foundation USA Maritime Awareness Program.

She is a professional fellow with the On-Demand Exchange Program run by the US Department of State for think tanks in Asia and East Asian International Relations Caucus, a network for researchers studying scholarly and policy issues in Southeast Asia and Northeast Asia.

Ms. Permal is working on a chapter titled "Geopolitics in the South China Sea with the China Institute," University of Alberta. Ms. Permal's previous publications include "Post SCS Arbitration Development and Issues Relating to Freedom of Navigation, Rights of Coastal States and Environmental Protection in the 'Area,'" Asian Politics & Policy, Thomson & Reuters (2018); "Diplomatic and Security Responses to the Award: Malaysia's Perspective," in Fu-Kuo Liu and Jonathan Spangler (eds.), "South China Sea Lawfare: Legal Perspectives and International Responses to the Philippines v. China Arbitration Case," Taipei: South China Sea Think Tank/Taiwan Center for Security Studies, 2016.



Dr. Rasheeda M. Didi

Lecturer,
The Maldives National University
Maldives

Dr. Rasheeda Mohamed Didi is a freelance educator and resource person who works at the Maldives National University as a part-time lecturer. Her current research focuses on the South Asia-Maldives nexus.

She taught political science, international relations, foreign policy, democracy, introduction to political science (civics), as well as Maldivian history.

Dr. Didi worked for the United Nations Peacekeeping Mission in Liberia as a civil affairs officer/county support team facilitator working with the local government and UN officials in Liberia. She also was in charge of the Research Center at the Commonwealth Joint Office for Permanent Missions to the UN in New York.

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Professor Maung Aung Myoe

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Professor Maung Aung Myoe is a professor of international relations at the International University of Japan.

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Prof. Myoe publishes books and academic articles on Myanmar military and foreign relations.

He earned his PhD in political science and international relations from Australian National University.



Mr. Muhammad Faisal

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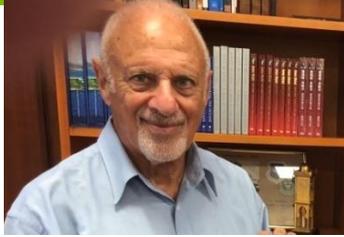
Mr. Muhammad Faisal is a research fellow at the Institute of Strategic Studies in Islamabad.

He served as a research associate at the Centre for International Strategic Studies (CISS). He also was a visiting fellow at James Martin Center for Non-Proliferation Studies, Monterey. At the Cooperative Monitoring Center, Sandia National Labs, Albuquerque, he completed a capstone research project.

As a South Asian Voices fellow, he visited the Stimson Center in 2018. He has also participated in track 2 workshops organized by the Regional Centre for Strategic Studies (Sri Lanka, 2014) and Carnegie Endowment for International Peace (Beijing, 2016) focusing on India-Pakistan relations and strategic issues in South Asia.

Mr. Faisal's works appear in *Insight* (published by CISS) and *Strategic Studies* (published by the Institute of Strategic Studies Islamabad). His main areas of research are the dynamics of regional security in South Asia and the Indian Ocean Region, strategic stability, and patterns of conflict and cooperation in the region.

He holds an M. Phil in strategic studies from the Quaid-i-Azam University (, Islamabad). He completed his undergraduate studies from SZABIST in social sciences, specializing in international relations.



Emeritus Professor Dennis Hardy

Sir James Mancham Peace and
Diplomacy Research Institute,
University of Seychelles

Seychelles

Emeritus Professor Dennis Hardy founded the James R. Mancham Peace and Diplomacy Research Institute, where he researches geopolitics in the Indian Ocean. Prior to that, he served as vice-chancellor of the University of Seychelles from January 2014 to December 2017.

During his vice-chancellorship, he led a number of initiatives. He undertook a study of ocean governance in the Indian Ocean and led a project on the development of a managed network of environmental organizations in the region. He developed a strong research presence for the university in Blue Economy.

Prof. Hardy authored 10 books, numerous refereed articles, and conference papers.

Prof. Hardy held senior positions in Dubai, Australia, and at Middlesex University.

He studied geography at the University of Exeter, UK. He received his PhD in urban planning history at the London School of Economics.



Dr. Sinderpal Singh

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Dr. Sinderpal Singh is a senior fellow and coordinator of the South Asia Programme at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore.

His research interests include the international relations of South Asia, with a special focus on Indian foreign policy, as well as the geopolitics of the Indian Ocean Region. Before joining RSIS, Dr. Singh was a senior research fellow at the Institute of South Asian Studies, National University of Singapore, and a post-doctoral research fellow at the Faculty of Arts and Social Sciences, National University of Singapore.

Dr. Singh has published numerous articles in *India Review*, *South Asia: Journal of South Asian Studies*, *Contemporary Southeast Asia*, *Pacific Affairs*, *Asian Security*, *Asia Policy*, amongst others. He has also authored a book, *India in South Asia: Domestic Identity Politics and Foreign Policy from Nehru to the BJP* (Routledge 2013; paperback version, 2015), and edited a volume, *Modi and the World: (Re) Constructing Indian Foreign Policy* (Singapore: World Scientific, 2017). In addition, he has contributed book chapters on aspects of India's Northeast, specifically in relation to India-ASEAN land connectivity and India-Singapore relations.

He received a PhD from the University of Wales, Aberystwyth, an MA from the Australian National University, and a BA from the National University of Singapore.



Dr. Cobus van Staden

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South Africa

Dr. Cobus van Staden is a senior researcher at the South African Institute of International Affairs (SAIIA).

His academic research specialties include the use of media in public diplomacy, focusing on Asia-Africa relations, and tracing flows of media between East Asia and Africa.

Before starting at SAIIA in 2017, Dr. Staden was a senior lecturer in media studies at the University of the Witwatersrand, in Johannesburg, and he retains an affiliation with the department.

He specializes in China-Africa relations as part of SAIIA's African Governance and Diplomacy Program. His recent publications for SAIIA have focused on African agency in relation to China, especially in multilateral forums such as FOCAC, as well as the evolving relationship between Africa and the G20.

Dr. Staden is the co-host of the China-in-Africa podcast, which has become a prominent platform for the dissemination of new research into China-Africa relations. As part of this project, he has led media-capacitation workshops in Johannesburg, South Africa, Abidjan, Cote d'Ivoire, and Tunisia.

Dr. Staden holds a PhD in media studies from the University of Nagoya in Japan. He also conducted post-doctoral research comparing Chinese and Japanese public diplomacy in the global south.



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Dr. Dinusha Panditaratne is a nonresident fellow at the Lakshman Kadirgamar Institute of International Relations and Strategic Studies (LKI). She previously served as an executive director of LKI for three years.

Dr. Panditaratne is a member of the Asia-Pacific Leadership Network for Nuclear Non-Proliferation and Disarmament, headquartered in Seoul, and an advisor to Verité Research, a private think tank in Colombo. She has served on the Executive Committee of the Centre for Rights and Justice in Hong Kong, and on the International Advisory Board of the Asian University for Women in Bangladesh.

Prior to her appointment at LKI, Dr. Panditaratne was an assistant professor at the Faculty of Law at the Chinese University of Hong Kong, and a visiting fellow at the University of Hong Kong.

Dr. Panditaratne is an attorney admitted to practice in the State of New York and previously worked at Milbank, Tweed, Hadley & McCloy LLP, an international law firm based in New York.

Dr. Panditaratne earned a law degree from the University of Oxford. She received her MA and PhD from Yale Law School.



Professor Geoffrey Till

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Geoffrey Till holds the Dudley W. Knox Chair for Naval History and Strategy at the US Naval War College.

Professor Till is an emeritus professor of maritime studies at King's College London and chairman of the Corbett Centre for Maritime Policy Studies.

Prof. Till has also been a visiting professor at the Rajaratnam School of International Studies, Singapore, and an adjunct research professor at the National Institute for the Study of the South China Sea, Haikou, Hainan, China.

Previously, he served as a dean of academic studies at the United Kingdom Command and Staff College for almost 10 years.

In addition to many articles and chapters on various aspects of maritime strategy and policy defense, Prof. Till is the author of a number of books. His most recent is *Seapower: A Guide for the 21st Century*, 3rd Ed., January 2013, for Routledge. He edited, with Patrick Bratton, *The Triumph of Neptune? Seapower and the Asia-Pacific: Adjusting to New Realities*; and an Adelphi Book for the International Institute for Strategic Studies, *Naval Expansion in Asia: An Arms Race in the Making?*



Rear Admiral Michael McDevitt,
US Navy (ret)

Center for Naval Analyses

United States

Rear Admiral Michael McDevitt is a senior fellow at the Center for Naval Analyses (CNA). He stepped down as vice president of CNA's Center for Strategic Studies in 2011. Since that time, he has led major projects for CNA and been an active participant in conferences and workshops regarding security issues related to maritime security and US security policy, especially in East Asia. His most recent research focus has been the maritime dimension of China's national strategy and maritime-related security issues in Indian and Pacific Oceans. Mr. McDevitt spent the operational portion of his career in the Pacific and Indian Oceans. He held four at-sea commands; including an aircraft carrier battle group. He was the director of the East Asia Policy office for the secretary of defense during the George H.W. Bush Administration. He also served for two years as the director for strategy, War Plans and Policy (J-5) for US Pacific Command. Mr. McDevitt concluded his 34 years of active duty as the commandant of the National War College in Washington DC. Mr. McDevitt received a BA in US history from the University of Southern California and an MA in American diplomatic history from Georgetown University. He was a Chief of Naval Operations Strategic Studies Group Fellow at the Naval War College. He is also a graduate of the National War College in Washington DC.

Appendix C: Workshop Participant Papers

This appendix includes a complete set of the participant papers that resulted from this workshop.

It is organized alphabetically by country.

Australia: China Moves into the Indian Ocean, Australia Anxiously Watches On

Author: Natalie Sambhi, Research Fellow, Perth USAsia Centre

Executive Director, Verve Research

Key Points:

- Australia is mostly anxious about China's increasing military and commercial presence in the Indian Ocean, an area of great strategic interest to the island continent.
- Australia's ambivalence towards its major trading partner is the result of historical attitudes towards Asian immigration, media reporting about China's political system, suspicions about Chinese interference in domestic politics, and China's behavior in the South China Sea.
- One possible way forward for Australia is to develop a unified "China strategy"; deepen cooperation with China to overcome a strategic trust deficit; and participate in the further strengthening of nascent Indian Ocean governance structures and norms.

Introduction

As China expands its military and commercial presence in the Indian Ocean region (IOR), Australians largely look on with suspicion and anxiety. Although this appears to ignore the benefits of such presence, how Australia thinks about China in the IOR can be understood only against the bigger picture of Australia's strategic outlook and its historical relationship with China. Australia's view of China is also inextricably tied to its perceptions of both US power and future US presence globally and, in particular, in the Indian and Pacific oceans. As confidence in the staying power of American military presence in the region waivers under a Trump administration, anxiety about China's activities increases.

When it comes to China, Australia suffers from a form of bipolar disorder. On the one hand, Australia appears committed to increasing its ties with the world's second largest economy. On the other, provocative statements made about China's stealth infiltration of Australian society and politics reinforce a sense of enmity about the "other." Although the two countries have signed a Comprehensive Strategic Partnership, the relationship with China at a government-to-government level can be strained at times. Perceptions in broader Australian society are equally mixed. As more Australian university students flock to China to embrace Chinese

history, culture, and language,¹⁹ many Australians believe China's infrastructure activities in Asia are part of a plan for regional domination. There is a veritable fragmentation in how the country sees its largest trading partner.

This paper aims to capture the major positions in the debates about China in the Australian public. It aggregates the views of Australian political elites, policymakers, business leaders, military officers, think tank analysts, and academics found in articles and speeches as well as in personal interviews with some.²⁰ It is important to recognize there is no singular "Australian" view of China's Indian Ocean presence, but there are poles within Australia's debate about China, which this paper endeavors to explain.

China in the Indian Ocean: Australia Reacts

Australia's concern about China's Indian Ocean presence can be grouped roughly into three overlapping areas: infrastructure development, increased military (particularly naval) presence, and the potential for conflict with India.

Australia holds ambivalent perceptions of China's increasing infrastructure involvement in the Indian Ocean region as part of the Belt and Road Initiative (BRI). Some analysts agree that China's investments are much needed in the region, that China must engage in foreign direct investment to keep growing, and that the economic aspects of BRI are underappreciated.²¹ Several others are wary that some dual-use projects are a Trojan Horse for the People's Liberation Army Navy (PLAN) to expand its presence overseas.²² Primarily, Australian analysts write that China's presence in Obock, Djibouti, gives it the ability to monitor US military activities there.²³ Collectively, reports of China's plans to build bases in Gwadar and Jiwani in Pakistan; plans for a deep sea port in Kyaukpyu, Myanmar; and more recently reports of a deal for Chinese presence at Cambodia's Ream Naval Base reinforce a sense of anxiety among

¹⁹ China was the top destination for Australian university students in 2017 and second after the United States in 2016 and 2015: Australian Consortium for "In-Country" Indonesian Studies (ACICIS), *Annual Report 2018, 2019*, <http://www.acicis.edu.au/ACICISAnnualReport2018.pdf>, p. 14.

²⁰ Interviews were conducted via phone, in person, or email correspondence between March and June 2019.

²¹ Interview with author, May 2019; Peter Cai, "Understanding China's Belt and Road Initiative," Lowy Institute, Mar. 2017, <https://www.lowyinstitute.org/publications/understanding-belt-and-road-initiative>, see in particular pp. 5–8.

²² Interviews with author, May and June 2019.

²³ David Brewster and Anthony Bergin, "China's Indian Ocean power play," *APPS Policy Forum*, Asia & the Pacific Policy Society, Aug. 9, 2017, <https://www.policyforum.net/chinas-indian-ocean-power-play/>, accessed June 20, 2019.

Australian observers.²⁴ One China expert said it is hard to separate BRI from President Xi's worldview in which China must become a dominant player through power projection.²⁵ One academic points out that focusing on China's intentions in countering US influence in Djibouti obfuscates the reasons why Djibouti might want Chinese presence there and merely fuels fears about "strategic competition."²⁶ Another assessment suggests that future Chinese base activity in areas closer to Australia, such as in Southeast Asia and the South Pacific, could "potentially dilute Australia's strategic influence in the region."²⁷

Some Australian voices see BRI as promoting regional peace and security²⁸ as well as encouraging good governance, including consensus around principles for investors and recipients and mediation.²⁹ Australians are also concerned about "debt trap diplomacy," which is perceived to be the case with Sri Lanka's Hambantota Port. Concerned about misinformation about BRI, one business figure said the Sri Lanka case was "painted as the poster child for everything that was bad" about the initiative.³⁰ Some Australian academics find criticism of Chinese behavior to be contrary to empirical evidence that demonstrates that China is not engaging in aggressive debt trap diplomacy in the South Pacific, an area of primary strategic importance to Australia.³¹ According to a recent study, Chinese lending accounts for less than half of South Pacific countries' debt, with the exception of Tonga.

Parts of the Australian strategic community express ambivalence about China's increased naval presence in the region to counter piracy and organized crime. On the one hand, China's

²⁴ See for example, Malcolm Davis, "China's Cambodia Gambit," *Strategist*, Australian Strategic Policy Institute, Jul. 29, 2019, <https://www.aspistrategist.org.au/chinas-cambodia-gambit/>, accessed Aug. 5, 2019.

²⁵ Interview with author, May 2019.

²⁶ Elizabeth Ingleson, "Worrying About the Belt and Road Initiative Provides Dangerous Justification for Strategic Competition," *Debate Papers*, United States Studies Centre, Nov. 13, 2018, <https://www.ussc.edu.au/analysis/the-debate-papers-should-the-united-states-be-worried-about-chinas-belt-and-road-initiative>, accessed Aug. 2, 2019.

²⁷ Email correspondence with author, June 2019.

²⁸ Bob Carr, "Making a Multilateral Belt and Road," *East Asia Forum*, Australian National University, Canberra, May 30, 2019, <https://www.eastasiaforum.org/2019/05/30/making-a-multilateral-belt-and-road/>, accessed Aug. 5, 2019.

²⁹ Shiro Armstrong, "Japan Joins to Shape China's Belt and Road," *East Asia Forum*, Australian National University, Canberra, Oct. 28, 2018, <https://www.eastasiaforum.org/2018/10/28/japan-joins-to-shape-chinas-belt-and-road/>, accessed Aug. 5, 2019.

³⁰ Interview with author, June 2019.

³¹ Rohan Fox and Matthew Dornan, "China in the Pacific: Is China Engaged in 'Debt-Trap Diplomacy'?" *Devpolicy Blog*, Australian National University, Nov. 8, 2018, <https://www.devpolicy.org/is-china-engaged-in-debt-trap-diplomacy-20181108/>, accessed Aug. 10, 2019.

increased provision of “public goods” is seen to be in the international community’s wider interests. Greater engagement with the PLAN could also provide the Australian Navy much-needed back door channels of communication as well as opportunities to build trust at an individual level. One analyst said these would be essential if there was ever an accident.³² On the other hand, some Australian analysts warned that China’s naval presence could be one day projected against our interests.³³ In particular, Australia’s economic prosperity is dependent on secure trade routes. China’s increased naval presence coupled with its expanding bases heightens concern about the security of these trade routes.³⁴ Such a presence across land and sea would make China a resident power in the Indian Ocean, with more reasons to involve itself in the security of the region.³⁵

A combination of China’s increasing proximity to Australia as well as military activity has intensified concerns in some quarters about the strategic threat. In June, the Chinese navy announced it had conducted a live-fire exercise in the South Indian Ocean, in international waters. The activity took place after returning from counter-drug trafficking operations in the Middle East and before a visit to Sydney Harbor. Although this activity is common in international waters, as security analyst Rory Medcalf noted, China had not done so south of Christmas Island before.³⁶ Some of the news reporting around this incident suggested anxiety about closer Chinese presence to Australian shores. Media reports that focused on the threat aspect of China’s military presence reinforced these concerns.

There are questions as to whether China can be a “responsible” stakeholder in the Indian Ocean region or whether its presence will lead to increasing rivalry with India and the US and thus greater risk of instability. More specifically, analysts state they are concerned about any potential vacuum if the US draws down.³⁷ Australia is also concerned about tension between

³² Interview with author, May 2019.

³³ Interviews with author, May 2019.

³⁴ Ironically, one Indian analyst notes that China’s Jiwani base plans appear to be driven by fears of a naval blockade of its own sea lanes of communication: Rajeswari Pillai Rajagopalan, *Diplomat*, Feb. 9, 2018, <https://thediplomat.com/2018/02/a-new-china-military-base-in-pakistan/>, accessed Aug. 2, 2019.

³⁵ David Brewster, “The United States Should Be Worried about China’s Belt and Road Initiative,” *Debate Papers*, United States Studies Centre, Nov. 13, 2018, <https://www.ussc.edu.au/analysis/the-debate-papers-should-the-united-states-be-worried-about-chinas-belt-and-road-initiative>, accessed Aug. 2, 2019.

³⁶ Nick Butterly, “Chinese Navy Boasts of Live-Fire Exercise off WA,” *West Australian*, June 8, 2019, <https://thewest.com.au/news/wa/chinese-navy-boasts-of-live-fire-exercise-off-wa-ng-b881223562z>, accessed June 13, 2019.

³⁷ Interviews with author, May and June 2019.

China and India escalating over border issues.³⁸ The prospect for separated spheres of influence, with China in the Pacific and India in the Indian Ocean, is not considered feasible. Like many of the other relationships in the Indo-Pacific, there is considerable bilateral cooperation and economic enmeshment between China and India. As one example of growing cooperation, in January 2019, the two countries held the eight Joint Working Group Meeting on Counter Terrorism in Beijing.³⁹ In Australia, there is no sense of direct military threat from China, but there are concerns about the risks of conflict that could escalate into nuclear attack.

Lastly, China also has a considerable presence in Western Australia. Of the considerable Chinese investment in Australia, investment in Western Australia is mostly in mining.⁴⁰ The two-way trade relationship is considerable albeit imbalanced. China is the destination for 46.1 percent of Western Australia exports but only the second largest source of imports after South Korea, at 12.3 percent.⁴¹ In 2018, Western Australia exported AUD 68.4 billion of merchandise to China, with the top exports being iron ore, gold, petroleum, lithium, and nickel ore.⁴² The state is the largest source of iron ore for China.⁴³ In terms of tourism, Western Australia received 61,000 visitors from China and over 8,400 students in 2018, making China the state's largest market for international students.⁴⁴ As explained in the following sections, China's involvement in Australia's economy, politics, and society is also a source of anxiety.

Why Does Australia View China in IOR Negatively?

Australia's ambivalent views of China are the product of a history that includes xenophobia and mistrust. More specifically, much of Australia's contemporary societal attitudes towards China have their origins in the country's colonial history. The Immigration Act of 1901, known informally as the White Australia policy, coupled with favorable migration policies for British citizens created an Anglo-Saxon outpost in southern Asia with a xenophobic outlook towards foreigners. In particular, this was instigated by a fear of "yellow hordes" from the north in the

³⁸ Government of Australia, *Foreign Policy White Paper*, p. 47.

³⁹ Ministry of External Affairs, "The 8th India-China Joint Working Group Meeting on Counter-terrorism," press release, Government of India, Jan. 30, 2019, https://mea.gov.in/press-releases.htm?dtl/30960/The_8th_IndiaChina_Joint_Working_Group_Meeting_on_Counterterrorism, accessed Aug. 1, 2019.

⁴⁰ Much of which is happening in Western Australia, even if a company is registered in eastern states.

⁴¹ Department of Foreign Affairs and Trade, "Western Australia Trade Fact Sheet," Commonwealth of Australia, 2019, <https://dfat.gov.au/trade/resources/Documents/wa.pdf>, accessed June 1, 2019.

⁴² Department of Jobs, Tourism, Science, and Innovation, "China," Government of Western Australia, 2019, <https://www.jtsi.wa.gov.au/about-the-state/asian-engagement/china>, accessed June 1, 2019.

⁴³ Ibid.

⁴⁴ Ibid.

form of Chinese gold miners and then reinforced by animosity towards the Japanese in World War II. This legislation was formally dismantled with the Whitlam government in 1972, but it left an enduring ambivalence in some parts of Australian society and politics towards Asia, including China. This manifested in the 1996 federal election as a backlash against multiculturalism and fears about Asian immigration.

Political ties have grown from a low base. Australia did not recognize the People's Republic of China when it was formed in 1949. However, Australia was one of the first Western nations to recognize China in 1972 after then opposition leader Gough Whitlam visited the country in 1971. Since then, Australia's ties with China have been built on pragmatic grounds, largely around trade and economics. Unlike its relationship with the US, its relationship with Beijing has far fewer emotional and historical dimensions. The Australian Department of Foreign Affairs and Trade states that the relationship is "based on strong economic and trade complementarities" and "a comprehensive program of high-level visits and wide-ranging cooperation."⁴⁵ Two-way trade is now worth \$195 billion for Australia.⁴⁶ In 2014, Australia and China signed a strategic agreement, and the following year, both countries agreed to elevate the relationship to Comprehensive Strategic Partnership.

Despite the positive growth trajectory, official government policy also cautiously frames China's rise and its more assertive behavior as a source of strategic risk. The 2016 Defence White Paper discusses that risk in careful language:

The relationship between the United States and China continues to evolve and will be fundamental to our future strategic circumstances. Territorial disputes between claimants in the East China and South China Seas have created uncertainty and tension in our region [...](paragraph 1.6)

Competition between countries and major powers trying to promote their interests outside of the established rules-based global order have implications for free and open trade and can lead to uncertainty and tension, raising the risk of military confrontation. (paragraph 1.12)

While China will not match the global strategic weight of the United States, the growth of China's national power, including its military modernization, means China's policies and actions will have a major impact on the stability of the Indo-Pacific to 2035. (paragraph 2.10)

⁴⁵ Department of Foreign Affairs and Trade, "China Country Brief," Commonwealth of Australia, 2019, <https://dfat.gov.au/geo/china/Pages/china-country-brief.aspx>, accessed June 4, 2019.

⁴⁶ Secretary of the Department of Foreign Affairs and Trade, Frances Adamson, "Remarks at Australia–China Reception," Australian Embassy in China, Apr. 25, 2019, <https://china.embassy.gov.au/bjng/Speech190425.html>, accessed May 7, 2019.

As China grows, it will continue to seek greater influence within the region. As a major power, it will be important for regional stability that China provides reassurance to its neighbors by being more transparent about its defense policies. (paragraph 2.12)

Some of these paragraphs could refer to states other than China; however, when one reads in between the lines and notes the numerous references to the rising power, it is clear that China is Australia's main strategic challenge. Indeed, Australian politicians have been increasingly vocal over the past year.⁴⁷

This strategic mistrust is reinforced by China's assertions of hard power (that is, military power) in the South China Sea towards countries such as the Philippines and Vietnam, among others. Although Australia is not a claimant state, the government has stated it is "particularly concerned by the unprecedented pace and scale of China's activities."⁴⁸

In April 2018, the PLAN was reported to have challenged three Australian ships in the South China Sea as they were transiting to Vietnam.⁴⁹

China's broader soft power activities in Southeast Asia and in the South Pacific, including BRI, are viewed in Australia with suspicion, as discussed earlier in this paper. For its part, the Australian government has had mixed views of BRI. Although the head of DFAT affirmed the Prime Minister's support for BRI's contribution to regional infrastructure needs, she underlined Australia's desire to engage only in projects that "align with international standards of governance, transparency, and debt sustainability."⁵⁰ Her comments reflected the words of then Trade Minister Steve Ciobo in 2017 when he emphasized that the benefits of BRI were maximized "when a transparent, collaborative, and planned approach is followed," requiring

⁴⁷ Liberal party parliamentarian and chair of parliament's Security and Intelligence Committee Andrew Hastie has delivered a number of speeches and published op-eds condemning China's authoritarianism as well as calling on the government to do more: see for example, Andrew Hastie, "We Must See China—the Opportunities and the Threats—with Clear Eyes," *Sydney Morning Herald*, Aug. 8, 2019, <https://www.smh.com.au/politics/federal/we-must-see-china-the-opportunities-and-the-threats-with-clear-eyes-20190807-p52eon.html>, accessed Aug. 10, 2019.

⁴⁸ Government of Australia, *Foreign Policy White Paper*, pp. 46–47.

⁴⁹ Andrew Greene, "Australian Warships Challenged by Chinese Military in South China Sea," *ABC News*, Apr. 20, 2018, <https://www.abc.net.au/news/2018-04-20/south-china-sea-australian-warships-challenged-by-chinese/9677908>, accessed June 10, 2019.

⁵⁰ Adamson, "Remarks at Australia–China Reception."

“a level playing field based on market principles and adherence to international best practice in financing.”⁵¹

Fears about domestic inference have significantly reinforced suspicions about China’s soft power. There have been multiple sources of such fears over the past few years. As one high-profile case, Labor politician Sam Dastyari publicly promised to support China’s South China Sea policy, in direct contravention of his party’s official position, at a press conference held with a Chinese businessman who had previously paid his legal bills.⁵² Other sources include a 99-year lease of the port of Darwin by Chinese company Landbridge, attempts by the State Grid Corporation of China to expand its involvement in Australia’s electricity transmission networks by bidding for NSW’s TransGrid, and the attempt by Huawei to participate in Australia’s 5G network (Huawei was eventually banned by the government). Former NSW premier John Brumby had been a board member of Huawei.⁵³ He had rejected the claim that the company has used customer data, arguing that the firm was owned by employees not the Chinese state.⁵⁴ A 2018 book entitled *Silent Invasion*, written by academic Professor Clive Hamilton, further fueled public debate about a Chinese takeover. In the book, Hamilton accuses the Chinese government of a systematic program of infiltration of Australian life—including politics, universities, and the church—and the Australian establishment of allowing such an infiltration in exchange for economic security.⁵⁵

Ambivalent attitudes towards China have appeared on both sides of politics. Former Labor Prime Minister Paul Keating called into question the undue levels of influence of intelligence agencies over the government’s China policy.⁵⁶ He was rebuked by the leader of the party and

⁵¹ Minister for Trade, Tourism, and Investment, The Hon Steven Ciobo MP, “Media Release on Belt and Road Forum for International Cooperation (BRF),” Commonwealth of Australia, May 14, 2017, https://trademinister.gov.au/releases/Pages/2017/sc_mr_170514b.aspx, accessed May 25, 2019.

⁵² Primrose Riordan, “Sam Dastyari Pledges to Support China on South China Sea Beside Labor Donor,” *Australian Financial Review*, Aug. 31, 2016, <https://www.afr.com/politics/sam-dastyari-pledges-to-support-china-on-south-china-sea-beside-labor-donor-20160831-gr5mwk>, accessed June 10, 2019.

⁵³ Brumby has since resigned but remains national president of the Australia China Business Council: Australian China Business Council, “President’s Message,” <http://www.acbc.com.au/President-message>, accessed June 11, 2019.

⁵⁴ Stephen Dziedzic and Holly Robertson, “Former Victorian Premier John Brumby Resigns from Huawei Board,” ABC News, Feb. 1, 2019, <https://www.abc.net.au/news/2019-02-01/former-victorian-premier-john-brumby-resigns-from-huawei-board/10772144>, accessed June 11, 2019.

⁵⁵ Clive Hamilton, *Silent Invasion: China’s Influence in Australia*, Richmond, VIC: Hardie Grant Books, 2018.

⁵⁶ Andrew Greene and Lucy Sweeney, “Bill Shorten Disagrees with Paul Keating’s Comments on China at Labor’s Election Campaign Launch,” ABC News, May 6, 2019, <https://www.abc.net.au/news/2019-05-06/federal-election-bill-shorten-disagrees-with-paul-keating-china/11082144>, accessed May 8, 2019.

other senior Labor politicians. Aside from Andrew Hastie, the government has also had a conservative Liberal politician publicly criticize the Prime Minister for failing to warn the public about the arrival of Chinese warships into Sydney in June 2019.⁵⁷

Years of vociferous public debate about Australia's treatment of China and allegations of Chinese influence led to the passing of foreign interference laws in June 2018. Retaliatory measures by China in the form of a diplomatic freeze towards Australia, however justified, have worsened perceptions. Observers have pointed to the combination of foreign interference legislation, criticism of China's activities in the South China Sea, and suspicions towards Chinese loans in the South Pacific that led to tensions in the bilateral relationship in 2018. As a result, Australian officials had difficulties arranging trips to China and meetings with counterparts, while some exporters such as wine companies faced delays getting product through Chinese customs. There was a reset in ties in November 2018 when Foreign Minister Marise Payne made an official visit.

The tumult in Australia's relations with China has filtered down to the Australian community. In June 2019, the Lowy Institute recorded its lowest level of Australian public trust in and warmth towards China in the poll's history.⁵⁸ Only 32 percent of Australians say they trust China to "act responsibly in the world," which is a 20-point fall since the previous year, and only 30 percent believe President Xi will do the right thing in global affairs.⁵⁹ Over the past 15 years of the poll, attitudes towards China's economy, people, and culture have been favorable, and the drop has been tentatively attributed to the public debate about foreign interference. Other notable figures include 74 percent who say the country is too economically dependent on China, 68 percent who say the government is allowing too much Chinese investment, and 79 percent who believe that "China's infrastructure investment projects across Asia are part of China's plans for regional domination." Although it is hard to measure the impact of government policy on Australian perceptions and vice versa, more hawkish policies towards China might play better in some electorates and could feature more prominently in future elections.

Australia's media still frames China as a "bogeyman." The traction that sensationalist reporting gains results in part from past stereotypes coupled with negative stories about restrictions of freedom, the repression of Uighurs, accusations of Chinese cyber-attacks on Australian government systems, the suspected theft by Chinese hackers of blueprints for the Australian

⁵⁷ Concetta Fierravanti-Wells, "Hold the Line on Beijing's Power Posturing," *Australian*, June 7, 2019, <https://www.theaustralian.com.au/commentary/hold-the-line-on-beijings-power-posturing/news-story/25ed88059e8fa0b994355c4999670d0a>, accessed Aug. 10, 2019.

⁵⁸ Kassam, "Lowy Institute Poll 2019."

⁵⁹ *Ibid.* In contrast, 52 percent of Australians polled trust the US to act responsibly while only 25 percent believe Donald Trump would do the right thing.

Secret Intelligence Organization's new headquarters in Canberra, and the arrest and "closed-door" trials of Australian citizens in China such as Stern Hu.

Where to from Here?

China's activities in the IOR yield important insights into how Australia responds to shifting power in the region and its pursuit of core interests. Although Australia has thus far muddled through, continuing to capitalize on economic ties with Beijing while also strengthening its defense against it, this bipolar approach might not work forever. The best path forward involves work at three levels: resolving some of the differences domestically within Australia; building strategic trust with China at the bilateral level; and working with other Indian Ocean states to strengthen institutions and governance at the regional level.

At the political level, Australia's response to China must endeavor to promote strategic interests, even if that means greater assertiveness, without fear of jeopardizing future economic growth. This is the conundrum facing Australian leaders. Part of the problem lies in the absence of a comprehensive China strategy that more adequately accounts for both security and economic perspectives. One interviewee noted that part of the Australian community was pining for a China that played by the "rules" but "that ship has sailed."⁶⁰ Another said Australia needed to learn from Southeast Asia by treating China as it is, not as they want it to be.⁶¹ Interviewees suggested that different groups (economic, business lobby, and security establishment) talk past each other and that Australia needs more nuanced discussion.⁶² Indeed, Australia is searching for a new and unified narrative on China. As the result of a China strategy based on a clear narrative, the Australian government would have clearer parameters in which to enact policy options, including in the Indian Ocean.

The second area of improvement is building deeper strategic trust with China. There might be limits to the levels of trust, but there is always value in trying. David Brewster argues that Australia has opportunities to lead in blue economy cooperation among Indian Ocean states, particularly where knowledge in maritime and climate science is concerned.⁶³ This kind of cooperation could include Chinese scientists and innovators. Overcoming trust shortages might also include the following practical steps: incrementally boosting intelligence and

⁶⁰ Interview with author, May 2019.

⁶¹ Interview with author, June 2019.

⁶² Interviews with author, May and June 2019.

⁶³ David Brewster, "Australia Can No Longer Just Muddle Through in the Indian Ocean," *Strategist*, Australian Strategic Policy Institute, Mar. 19, 2019, <https://www.aspistrategist.org.au/australia-can-no-longer-just-muddle-through-in-the-indian-ocean/>, accessed June 5, 2019.

information sharing, personal interfaces, and a broader understanding of Chinese culture. Current military exercises with China do not involve high-level warfighting or complex activities.⁶⁴ However, interviewees were generally supportive of greater inclusion of and activity with the PLAN. Some were concerned that training given to the PLAN will end up being used against Australia and its partners.⁶⁵ One interviewee highlighted that personal ties developed through military exercises were essential for back channel communication during times of crisis.⁶⁶ Where Australia is unable to directly include China, one interviewee suggested that the country should “influence” opportunities for inclusion in both economic and security areas.⁶⁷

The third area is strengthening institutions and governance in the IOR. As mentioned earlier, Indian Ocean governance forums are not as mature as Pacific Ocean ones. As such, institutions and norms are not as strong, nor is cooperation between IOR states as deep. Recent Foreign Minister and Defense Minister statements acknowledge both the Indian Ocean’s importance to Australia and a desire to do more.⁶⁸ An obvious first step towards more active Australian contribution to multilateral governance is through the Indian Ocean Rim Association, Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), and Indian Ocean Naval Symposium. Although these forums are relatively new, there is potential to breathe life into them over time with concerted participation and a clear agenda.

Relative to the Pacific Ocean, the Indian Ocean’s governance structures are not as well developed, leading one scholar to dub the area the “oceanic ‘wild west.’”⁶⁹ That said, Australia is keen to bolster governance efforts through participation in the Indian Ocean Region Association. Together with Indonesia, it also leads the Bali Process, a forum that promotes dialogue and cooperation on people smuggling, trafficking in persons, and related transnational crime. Although the latter is not exclusively focused on the Indian Ocean, the

⁶⁴ They include Exercise Kowari, a trilateral Australia-US-China survival exercise with 30 participants, and Exercise Pandaroo, a bilateral adventure training exercise. In 2018, China participated in the biennial multilateral exercise Kakadu run by the Australian Navy near Darwin.

⁶⁵ Interviews with author, May and June 2019.

⁶⁶ Interview with author, May 2019.

⁶⁷ Email correspondence with author, June 2019.

⁶⁸ Minister for Foreign Affairs Marise Payne, “The Indian Ocean: an Ocean that Matters,” Jan. 8, 2019, https://foreignminister.gov.au/articles/Pages/2019/mp_ar_190108.aspx, accessed Aug. 25, 2019.

⁶⁹ Brewster, MDA, p. 303.

majority of members are neighbors of Australia and Indonesia and are proximate to the Indian Ocean where transnational human security issues are common.⁷⁰

Conclusion

Overall, Australia is deeply concerned about China's expansion in the Indian Ocean. As discussed above, the IOR is an area of key strategic interest for the island continent, particularly to ensure unfettered maritime access and because of territories such as the Cocos and Christmas Islands nearby. Although various sectors of the Australian community see China's investment in regional infrastructure as part of much-needed development, it is also viewed with suspicion. It is difficult to find a single narrative in the Australian community that wholeheartedly welcomes an increase in Chinese military presence.

Much of this anxiety is due to historically ambivalent relations with China. Contemporary relations have been marred by charges of foreign interference, coercion against partners in the South China Sea, and negative media about Beijing's authoritarian practices. There are often calls for encouraging China to be a responsible stakeholder in the international system, but few specificities about how this works in practice. Indeed, Australian leaders must balance carefully between deepening economic partnership with (if not dependence on) China while remaining firm and condemning acts of instability in the South China Sea. They must highlight the seriousness of cyber-attacks against the Australian community without pointing the finger directly at Beijing.

Concern about China in the IOR is not likely to dissipate soon. Although the US is likely to remain the dominant military power in the region, a reallocation of resources to other policy priorities would be unfavorable for Australia.⁷¹ A drawdown of US forces could prompt China to further re-evaluate its force posture in the IOR. To that end, Australia is doing what it must amid these changes in the early twenty-first century. It must find a new, coherent narrative and unified approach to its largest trading partner because, when it comes to Australia's future, all silk roads lead to Beijing.

⁷⁰ Bali Process, "Membership," <https://www.baliprocess.net/membership/>, accessed June 7, 2019.

⁷¹ Brewster and Medcalf, "Cocos and Christmas Islands," p. 157.

Bangladesh: Bangladesh's Perspective vis-à-vis Chinese Maritime Presence in the IOR

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Key Points:

- The paper examines Bangladeshi views of China's commercial and naval presence in the Indian Ocean region (IOR) through the lens of Dhaka's engagement with Beijing's maritime activities in the form of naval cooperation and port-building endeavours. Strategic issues are often treated as too sensitive for public discussion in Bangladesh, so this examination relies on recorded history, leadership remarks, and credible media reportage.
- On that basis, the paper posits that notwithstanding the profound political polarisation between two broad strands (i.e., proponents of secular, cultural-linguistic identity led by the ruling Awami League (AL), and adherents of Bangladesh's Muslim-Bengali identity led by the Bangladesh Nationalist Party (BNP)), elite opinion has displayed a consistent cross-party consensus on the advantages of maintaining strong economic and security links to China. This has been a common policy refrain over the past four decades, irrespective of the policy orientations of elite factions in power.
- Dhaka has, however, displayed sensitivity to Indian and Japanese concerns over China's presence in maritime Bangladesh, cancelling its own proposals for building the Sonadia deep-sea port with Chinese aid and instead accepting Japanese offers to build a similar project in nearby Matarbari.
- A comparable compromise in distributing 19 components of the Payra deep-sea port among Chinese, Indian, and other Asian and European contractors suggests that as a "soft state" subsisting amid competitive giants, Bangladesh has engaged in balancing diverse compulsions to chart a "safe" developmental course.

Introduction

China has become our largest trading partner, and we consider China as a trusted partner in realizing our dreams too. China is the leading generator of our many mega-projects in terms of finance, capitalization, and technology. We are planning to elevate the

relationship to a newer height with the much-awaited visit of President Xi Jinping.⁷² Sheikh Hasina, October 2016

Bangladesh, with its favorable geographic location and huge population, market-potential, and cooperation space, is an indispensable partner for China to advance the Belt-and-Road Initiative and production capacity cooperation in South Asia and the Indian Ocean region.⁷³ Xi Jinping, October 2016

Last year, during my visit to China, I requested the Chinese Government to present two frigates with helicopters to the Bangladesh Navy. The Government of China agreed....Meanwhile, two ultra-modern missile-armed large patrol craft are being built in China.⁷⁴ Sheikh Hasina, March 2011

It will be a great achievement if China agrees to use our Chittagong port, which we want to develop into a regional commercial hub by building a deep seaport in the Bay of Bengal.⁷⁵ Dipu Moni, March 2010

On December 30, 2018, Bangladeshis voted in violent and controversial parliamentary elections, in which the Awami League-led ruling coalition of Prime Minister Sheikh (*sic*)⁷⁶ Hasina won 288, or 96 percent, of the 298 seats being contested.⁷⁷ Although Hasina and her aides insisted the landslide reflected popular endorsement of her government's economic success, the opposition coalition called on the Election Commission to "declare this farcical election void and demand a fresh election under a neutral government."⁷⁸ The opposition coalition was led by Kamal Hossain, who was a former Awami League stalwart as well as the political confidante of Hasina's late father Sheikh Mujibur Rahman, who was Bangladesh's founder-president. Hossain was also the lead drafter of the country's constitution. These conflicting perspectives reflected deep-seated and longstanding domestic divisions.

⁷² Sheikh Hasina quoted in Liu Chuntao, "Bangladesh PM Says Chinese President's Visit to Usher in New Era in Bilateral Cooperation." Xinhua, Oct. 12, 2016.

⁷³ Xi Jinping, "China-Bangladesh Cooperation Will Bear Golden Fruits," *Daily Star*, Oct. 14, 2016.

⁷⁴ Sheikh Hasina, "Address on the Occasion of the Commissioning of BNS *Dhaleswari* and BNS *Bijoy*," Prime Minister's Office (PMO), Mar. 5, 2011.

⁷⁵ Dipu Moni quoted in "Bangladesh to Persuade China to Use Chittagong Port," *Reuters*, Mar. 14, 2010.

⁷⁶ *Sheikh* is an Arabic honorific attributed to men who lead tribes or clans or communities; for women, the title is *Sheikha*. However, in Bangladesh only the *Sheikh* title is known and used, even for females.

⁷⁷ Devadeep Purohit, "Hasina: Why This Result? Why Not?" *Telegraph*, Jan. 1, 2019; Julhas Alam and Emily Schmall, "Bangladesh's Awami League Wins Landslide Victory: Opposition Rejects Result," *East Asia Forum*, Dec. 31, 2018.

⁷⁸ *Ibid.*

Profound political polarization within Bangladesh mirrored increasingly acute *systemic* vs. *subsystemic*⁷⁹ cleavages shaping Bangladesh's external milieu. As has been widely noted, China's rapid "national rejuvenation" has triggered intense international security *systemic*-level tensions with the pre-eminent power maintaining the post-Soviet order (i.e., the US) and, secondarily, with actors allied or aligned with the US.⁸⁰ Within the South Asian regional *subsystem*, the pre-eminent power, India, has also engaged in competitive rivalry with China, especially since their October 1962 border war which rendered Beijing the principal source of Delhi's strategic insecurity.⁸¹ Focused on deriving maximum possible economic/commercial benefits, especially from the US, China, India, and others, Bangladesh sought to chart a carefully balanced course vis-à-vis the US-PRC-India strategic triangle.⁸²

Two of Dhaka's key foreign interlocutors, the European Union and the US, were troubled by the turn of events and "denounced election violence (and) irregularities."⁸³ Prime Minister Narendra Modi of India, in contrast, promptly and warmly felicitated Hasina on her victory.⁸⁴ Chinese President Xi Jinping and Premier Li Keqiang, too, conveyed their congratulatory

⁷⁹ Regional *subsystems*, defined as components of the more comprehensive international security *system*, are described in *South Asian Insecurity and the Great Powers*, eds. Barry Buzan, Gowher Rizvi, and Rosemary Foot, (New York: Palgrave Macmillan, 1986), 3-33; William Thompson, "The Regional Subsystem: A Conceptual Explication and a Propositional Inventory," *International Studies Quarterly* 17, no.1 (Mar. 1973), 89-117; Karl Kaiser, "The Interaction of Regional Subsystems: Some Preliminary Notes on Recurrent Patterns and the Role of Superpowers," *World Politics* 21, no. 1 (Oct. 1968), 84-107.

⁸⁰ *National Security Strategy of the United States of America*, White House, Dec. 2017; Office of the Secretary of Defence, *Summary of the National Defense Strategy of the United States of America*, DOD, 2018; Daniel Coats, *Worldwide Threat Assessment of the US Intelligence Community*, DNI, Feb. 13, 2018; OSD, *Nuclear Posture Review*, DOD, Washington, Feb. 2018.

⁸¹ P. S. Raghavan, "The Dragon Beckons Again," *The Hindu*, Apr. 25, 2018; Shyam Saran, *How India Sees the World: From Kautilya to 21st Century*, (Delhi: Juggernaut Books, 2017), 58; Shri P. Chidambaram, "India's National Security – Challenges and Priorities," (presentation, K. Subrahmanyam Memorial Lecture, Ministry of Defence (MoD)/Institute of Defence Studies and Analysis (IDSA), Delhi, India, Feb. 6, 2013); Tien-sze Fang, *Asymmetrical Threat Perceptions in India-China Relations. International Relations in South Asia*, (Oxford: Oxford University Press, Jan. 2013).

⁸² C. Uday Bhaskar, "What Bangladesh PM Hasina's Victory Means for the India-China Power Play in South Asia," *South China Morning Post*, Dec. 31, 2018; Ishrat Hossain, "Bangladesh Balances Between Big Brothers China and India," *East Asia Forum*, June 6, 2018; Saimum Parvez, "China in South Asia: Bangladesh Walks the Tightrope," *South Asian Voices*, Oct. 3, 2017; Mahfuz Anam, "Bangladesh's Crucial Balancing Act," *The Star*, Nov. 15, 2016.

⁸³ Ruma Paul and Zeba Siddiqui, "EU, US Denounce Bangladesh Election Violence, Irregularities," *Reuters*, Jan. 2, 2019.

⁸⁴ Indrani Bagchi, "PM Modi Congratulates Hasina, Delhi Eyes Dhaka as Key to Act East Plan," *Times of India*, Jan. 1, 2019.

missives to Hasina.⁸⁵ This contrasting response to Bangladesh's electoral outcomes, and the fact that Dhaka's diplomatic engagement (including that with China) was marginal to the campaign and virtually never discussed at rallies addressed by leaders, indicated elemental differences in focus and priorities. That both Beijing and Delhi, at strategic loggerheads elsewhere, warmly welcomed Hasina's success against the backdrop of Bangladesh's febrile and polarized politics, a function of conflicting ideational narratives,⁸⁶ suggested deeper processes in play than those probably reflected in diplomatic cables and media commentaries.

Bangladesh presented itself, with arguable success, as a moderate Muslim country focused on pursuing developmental goals using democratic-capitalist pathways. Its constrained geophysical, economic, and demographic circumstances appeared to lend an acuity to its developmental drives, while its partners pursued a diverse combination of specific interests, pitting one patron against another. Having been dependent since its violent birth on external resource flows, Dhaka has had to demonstrate sensitivity to the conflicting goals driving its "development-partners." Despite having to deal with contrasting normative frameworks and perspectives animating its external interlocutors, Bangladesh appears to have remained focused on its economic pursuits while maintaining a relatively benign environment. As strategic rivals, China and India warmly welcomed the controversial renewal of the AL's electoral mandate. When the US, China's *systemic*-competitor and India's strategic-defender, slammed that very outcome, popular explanations of Bangladesh's engagement with these actors, especially China, likely betrayed either superficiality or a misunderstanding of the dynamics driving those ties.

With secular, linguistic-cultural parameters defining center-left tendencies led by the AL, and confessional-Bengali nationalism defining center-right elements led by the BNP, divergent foundational narratives powered Bangladesh's domestic political polarization. That elemental dichotomy, obstructing the fashioning of national ideational coherence, added to Bangladesh's myriad challenges.⁸⁷ Described as the world's largest delta drained by dozens of tributaries and distributaries comprising the Ganges/Padma, Brahmaputra/Jumna, and Meghna/Surma river systems, the eastern three-fifths of the Bengali-speaking Bengal region in Bangladesh packs around 166 million people within 144,000 sq. km (55,598 sq. miles). It is the most

⁸⁵ "Chinese President, PM Greet Sheikh Hasina on AL's Landslide Victory," *Daily Star*, Dec. 31, 2018.

⁸⁶ S. Mahmud Ali, *Understanding Bangladesh*, (New York: Columbia University Press, 2010), ch. 1.

⁸⁷ Md Nazrul Islam and Md Saidul Islam, *Islam, Politics and Secularism in Bangladesh: Contesting the Dominant Narratives*, MDPI Social Sciences, Mar. 3, 2018; Lailufar Yasmin, "Religion and After: Bangladeshi Identity Since 1971," *Open Democracy*, Apr. 19, 2013; Ahmed Shafiqul Huque and Muhammad Yeahia Akhter, "The Ubiquity of Islam: Religion and Society in Bangladesh," *Pacific Affairs* 60, no. 2 (Summer 1987), 200-225.

densely populated non-city state.⁸⁸ Geographic, demographic, and socio-economic challenges explain some of Bangladesh's policy priorities.⁸⁹ With its economy growing at around 6 percent annually for over a decade, Bangladesh's GDP reached \$249.72 billion in 2017; over the July 2017 to June 2018 financial year, per capita GDP grew from \$1,544 to \$1,677.⁹⁰ Notwithstanding political tensions and natural disasters, growth was seemingly driven by consistent policy focus irrespective of the ruling faction's origins, ideology, and personality traits. Political-economic focus informed diplomacy generally, and the economic and military relationship with China in particular, over four decades. This paper examines these apparently, at least partially, symbiotically aligned trajectories.

Bangladesh's China Links

The People's Liberation Army Navy's (PLAN's) first foreign voyage between November 16, 1985, and January 19, 1986, saw two surface ships sailing to the Bay of Bengal and the Arabian Sea, making "friendship port calls" at Chittagong in Bangladesh, Colombo in Sri Lanka, and Karachi in Pakistan.⁹¹ Although none of these ports emerged as covert PLAN bases, a subsequent DOD-contracted report described them as part of China's "string of pearls," and the description proved so resonant and evocative that it stuck.⁹² Bangladesh's experience with

⁸⁸ "Bangladesh," *Encyclopedia of the Nations*, accessed Nov. 6, 2018, <https://www.nationsencyclopedia.com/Asia-and-Oceania/index.html>. The CIA World Factbook states that Bangladesh's total area is 148,460 km² with land area of 130,170 km² (CIA World Factbook, accessed Nov. 6, 2018, <https://www.cia.gov/library/publications/the-world-factbook/fields/2147.html>). Official census data showed the 2015 population at 158.9 million (Bangladesh Bureau of Statistics, "Bangladesh Statistics 2017," Ministry of Planning). World Population Reviews placed Bangladesh's 2018 population at 166,969,109, with a density of 147,570 per square km (World Population Review, accessed Nov. 6, 2018 <http://worldpopulationreview.com/countries/bangladesh-population/>). K. Farid, J. Ahmed, P. Sarma, and S. Begum, "Population Dynamics in Bangladesh: Data Sources, Current Facts and Past Trends," *Journal of Bangladesh Agricultural University* 9, no. 1 (2011), 121-130.

⁸⁹ Lia Sieghart and David Rogers, "Bangladesh: The Challenges of Living in a Delta Country," World Bank, May 19, 2015.

⁹⁰ "Bangladesh GDP," Trading Economics, accessed Nov. 6, 2018, <https://tradingeconomics.com/bangladesh/gdp>; "Bangladesh GDP Per Capita," CEIC, accessed Nov. 6, 2018, <https://www.ceicdata.com/en/indicator/bangladesh/gdp-per-capita>.

⁹¹ P. Huang, "Chinese Naval Commander Meets Bangladesh Counterpart," China Military, Nov. 16, 2016; "Bangladesh Navy: Chittagong Port," Global Security, Sept. 8, 2017.

⁹² Blake Herzinger, "Submarines in the Bangladesh Navy: Acquired Deterrence or Strategic Misstep?" *Diplomat*, Dec. 21, 2016; Richard Marshall, Jr. "The String of Pearls: Chinese Maritime Presence in the Indian Ocean and its Effect on Indian Naval Doctrine," (master's thesis, Naval Postgraduate School, Dec. 2012); Mukul Devichand, "Is Chittagong One of China's 'String of Pearls'?" BBC, May, 17, 2010; Juli MacDonald, A. Donahue, and B. Danyluk, *Energy Futures in Asia*, Booz Allen Hamilton/DOD, Nov. 2004.

efforts to build a deep-sea harbor at its major and shallow-draught port, Chittagong, offered an example of the *sub-systemic/systemic* dynamics affecting what began as a commercial enterprise designed to help economic growth. While Dhaka saw Beijing as a willing source of finance and technical support in mitigating a crucial economic bottleneck (support it failed to obtain from elsewhere), South Asia's pre-eminent power, India, and the *systemic primate*, the US, viewed China as the source of their gravest insecurity.

This dichotomy triggered tensions between Dhaka's urgent economic needs and its anxiety to also maintain benign relations with India and the US. As this paper illustrates, drivers motivating Bangladeshi elite consensus vis-à-vis collaboration with China—a dynamic seen in Dhaka as perfectly rational and benign—has been suspected by Delhi to be malign, given Beijing's contentious *systemic-level* encounter with Washington and Delhi. This divergence stressed tensions between what Bangladeshi elite factions—their deep divisions on other issues notwithstanding—saw as essential, and the views of significant external others. It began in late-2009 when, with a view to transforming itself into a regional maritime trade hub, Bangladesh granted access to its two seaports (both shallow-draught anchorages) Chittagong in the south-east and Mongla in the south-west to India and landlocked Nepal and Bhutan. Prime Minister Hasina made a similar offer during a March 2010 visit to Beijing.

Foreign Minister Dipu Moni explained Dhaka's hopes to politely inveigle China into using, modernizing, expanding, and deepening the country's main port: "It will be a great achievement if China agrees to use our Chittagong port, which we want to develop into a regional commercial hub by building a deep-sea port in the Bay of Bengal."⁹³ That goal energized Bangladesh's quest to establish a deep-sea port and unblock shipping logjams at its two existing harbors servicing rapidly expanding merchandise trade. An early-1980s initiative advised by the World Bank (WB) precipitated an expansive project.⁹⁴ The WB stressed the widening gulf between demand and capacity. Leaders of the sector experiencing the most rapid growth, readymade garments exports, and their advisers urged action towards harbor-congestion mitigation and improved shipping efficiency.⁹⁵

⁹³ Diou Moni quoted in: "Bangladesh to Persuade China to Use Chittagong Port," *Reuters*, Mar. 14, 2010.

⁹⁴ South Asia Transportation Division, "Bangladesh: Chittagong Port Project," World Bank, Apr. 16, 1982.

⁹⁵ "Garments Owners Urge Govt to Ensure Efficient Ports, Stable Power and Gas Prices to Remain Competitive in Global Market," *Textile Today*, Oct. 9, 2017; A. Berg, S. Hedrich, S. Kempf, and T. Tochtermann, *Bangladesh's Ready-made Garments Landscape: The Challenge of Growth*, (Frankfurt: McKinsey, Nov. 2011); South Asia Department, "A Briefing Note on the Port Sector in Bangladesh," World Bank, Feb. 15, 2007,

Security and Economic Intimacy

Chittagong handled 30.5m tons of bulk cargo and 1.1m TEUs in 2010, and Dhaka then hoped to build a \$8.7bn deep-sea port in Chittagong, raising its capacity to 100m tons and 3m TEUs respectively by 2055.⁹⁶ Given the history of bilateral relations, Dhaka considered China central to this vision. During her visit in March, Hasina broached several proposals, building on the list of major projects China was already financing and implementing. She ended her trip in Kunming, where the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor, one of several longitudinal spurs linking the latitudinal Euro-Asian Silk Road Economic Belt (SREB) and 21st Century Maritime Silk Road (MSR) alignments, had germinated and was being nurtured. Hasina discussed Bangladesh's Chittagong deep-sea port vision with Chinese leaders in both Kunming and Beijing.

She restated strong support for the China-proposed Kunming-Chittagong highway: "Bangladesh is ready to put in its best efforts to increase regional connectivity and fight against poverty and other regional problems" and, in that context, "We planned to develop the deep-sea port which would benefit all the countries in the region, including China." Owing to resource constraints, she urged Beijing to help. Premier Wen Jiabao responded positively. Dipu Moni insisted that a deep-sea port in Chittagong would help trade for Bangladesh, south-western China, Myanmar, Nepal and Bhutan, and north-eastern India: "It is not true that if we have good relations with India, we cannot build up a relationship with China."⁹⁷ Vice President Xi Jinping, in Dhaka three months later, agreed to build the deep-sea port.⁹⁸

A senior Indian military analyst explained Delhi's anxiety: "We can look at it as China assisting Bangladesh where it needs help, but from a geo-strategic point of view, we are certainly seeing an expanding footprint that undermines India's salience in the South Asian region."⁹⁹ Critics' concerns deepened in 2011. While commissioning two naval patrol platforms, refurbished locally with Chinese assistance¹⁰⁰, Hasina revealed, "Last year, during my visit to China, I requested the Chinese Government to present two frigates with helicopters to the Bangladesh

⁹⁶ "Bangladesh to Persuade China to Use Chittagong Port, *Reuters*, Mar. 14, 2010.

⁹⁷ Dipu Moni quoted in: Ananth Krishnan, "China Offers to Develop Chittagong Port: Dhaka Allays New Delhi's Concerns Over Ties with Beijing," *The Hindu*, Sept. 20, 2010; Bangladesh Sangbad Sangstha, "Deep-sea Port to Benefit all Neighbours: Hasina," *Daily Star*, Mar. 22, 2010.

⁹⁸ United News of Bangladesh, "China to Help Build Deep-sea Port," *Daily Star*, June 15, 2010.

⁹⁹ Arun Sahgal in Ananth Krishnan, "China Offers to Develop Chittagong Port: Dhaka Allays New Delhi's Concerns Over Ties with Beijing," *The Hindu*, Sept. 20, 2010.

¹⁰⁰ Decommissioned Royal Navy Castle-class corvettes bought second-hand and converted to mount Chinese-supplied AK-176 main gun and C-704 anti-ship missiles

Navy. The Government of China agreed....Meanwhile, two ultra-modern missile-armed large patrol craft are being built in China.”¹⁰¹ This level of intimacy, manifest in the prime minister asking her Chinese counterparts for expensive, modern, and potent naval gifts, given the trajectory of Sino-Bangladeshi ties, appeared “normal” to Dhaka.

Evolution of Bangladesh-China Multidimensional Engagement

Hasina and her predecessors built on the foundations laid by President Ziaur Rahman during his 1977 visit to China, abandoning an alignment with the Indo-Soviet axis forged in an August 1971 alliance. Bangladesh-China ties were cemented in 1978 when Vice Premier Li Xiannian and Foreign Minister Huang Hua visited Dhaka, offering \$58.3m in aid and a five-year trade agreement.¹⁰² By 1980, when Zia made his third trip to China, it had become the principal source of military *materiel*.¹⁰³ President H.M. Ershad’s repeated visits, Beijing’s infrastructure assistance, and military provision deepened ties. In December 2002, during Prime Minister Khaleda Zia’s visit to China, the partners signed a “defense cooperation agreement,” subsuming hitherto piecemeal contracts for hardware, servicing of this gear, capacity-building and technology transfer for light ordnance fabrication, and personnel training.¹⁰⁴

Khaleda Zia’s May 2004 visit to China boosted military and economic links. In April 2005, Premier Wen Jiabao announced an “all-round cooperative partnership” in Dhaka.¹⁰⁵ Later, reopening the trans-Himalayan Nathu-La trade route with India, Beijing expressed the hope that by using its Burimari land-port on the Indian border, Bangladesh would benefit from expanded terrestrial trade.¹⁰⁶ In 2006, China enlarged its Asia-Pacific Trade Agreement to include Bangladesh,¹⁰⁷ which began exporting ready-made garments (RMG) to China, by then the largest source of Dhaka’s imports. Bangladesh then received counter-terrorism aid, satellite-imagery receivers, agricultural advisers, and more modern ordnance.

¹⁰¹ Sheikh Hasina, “Address on the Occasion of the Commissioning of BNS *Dhaleswari* and BNS *Bijoy*,” Prime Minister’s Office, Mar. 5, 2011.

¹⁰² Mohammad Abdul Halim and Kamal Uddin Ahmed, “Foreign Affairs,” in *The Zia Episode in Bangladesh Politics*, ed. Habib Zafaralluha (New Delhi: South Asian Publishers, 1996) 135; Mohammad Amjad Hossain, “Foreign Policy Under Ziaur Rahman,” *Daily Star*, May 31, 2008.

¹⁰³ S. Ali, *Understanding Bangladesh*, (New York: Columbia University Press, 2010), 133.

¹⁰⁴ PTI, “China, Bangladesh Sign Landmark Defence Pact,” *Times of India*, Dec. 25, 2002.

¹⁰⁵ Shanglin Luan, “Chinese, Bangladeshi FMs Hold Talks,” Xinhua, June 6, 2006.

¹⁰⁶ L. Zhu, New Corridor Opens to Boost Sino-Bangladesh Trade, Xinhua, Nov. 17, 2005.

¹⁰⁷ Shanglin Luan, “Tariff Cuts on Imports from 5 Asian Nations,” Xinhua, Aug. 18, 2006.

As the rotating Chair of the South Asian Association for Regional Cooperation (SAARC), a Bangladeshi initiative comprising eight regional states,¹⁰⁸ Dhaka welcomed Beijing as an observer. China offered post-graduate scholarships, built a \$400m digital telecom network requested in 2004, and enabled a tripartite accord on building Bangladesh-Myanmar-China road links facilitating the BCIM's construction.¹⁰⁹ Security ties, too, evolved. In 2007–2008, facing maritime disputes with Myanmar over contested EEZ boundaries in the Bay of Bengal, Dhaka sought Beijing's intercession, restoring calm.¹¹⁰ A decade later, Dhaka benefited from Beijing's ministerial-level triangular diplomacy vis-à-vis Bangladesh's Rohingya refugee crisis triggered by Myanmar's military action. That engagement produced an agreement to start selective and gradual repatriation of the Rohingyas to Myanmar.¹¹¹

Bangladesh's "Forces Goal 2030" Vision

In the military realm, Dhaka's challenge resided in balancing its national security imperatives vis-à-vis Sino-Indian competition. With the economy growing at 6 percent, political polarization dividing 160m Bangladeshis threatening state-building, and an aspiration-capability mismatch driving many Bangladeshis abroad, Dhaka simultaneously juggled many balls. Bangladesh's terrestrial and maritime borders with India and Myanmar were often tense.¹¹² Against that backdrop, in 2009 Defense Minister Hasina approved the Armed Services "Forces Goal 2030," the first post-independence formal deterrent/defensive modernization program. It included ORBAT/TO&E expansion and procurement of mainly Chinese-origin

¹⁰⁸ Afghanistan, Bangladesh, Bhutan, India, Nepal, the Maldives, Pakistan, and Sri Lanka

¹⁰⁹ Shanglin Luan, "China, Bangladesh, Myanmar Agree on Road-Connectivity, Xinhua, July 31, 2006.

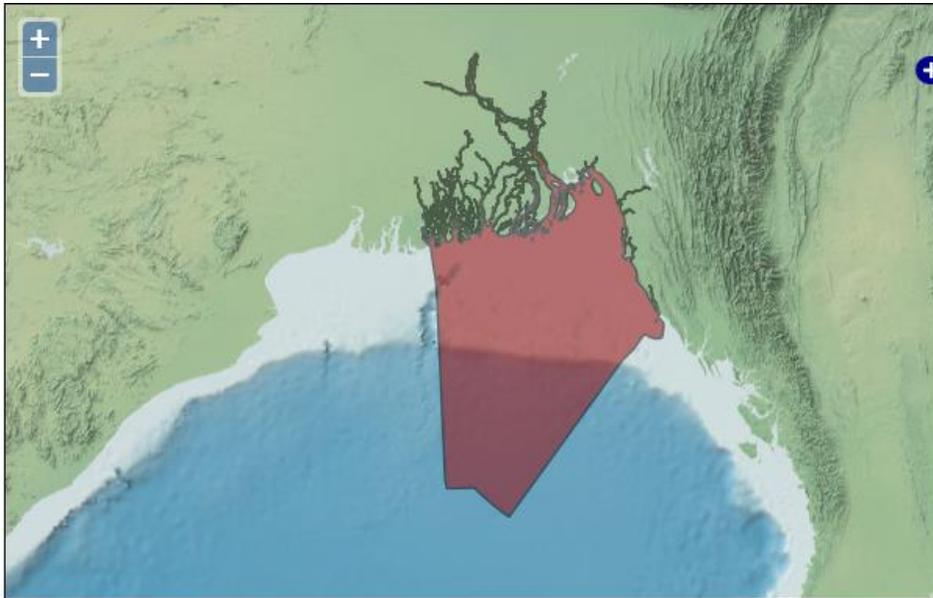
¹¹⁰ S. Ali, *Understanding Bangladesh*, (New York: Columbia University Press, 2010), 266-267.

¹¹¹ Paul Ruma, "Bangladesh, Myanmar Agree to Begin Rohingya Repatriation by Mid-November, *Reuters*, Oct. 30, 2018; "Bangladesh, Myanmar Ministers Sit in Beijing as China Starts Mediating Rohingya Repatriation," *BDNews24*, July 8, 2018; "China Pledges Help in Rohingya Return," *Daily Star*, June 30, 2018; B. An, "Peace Role in Myanmar Sought," *China Daily*, Nov. 25, 2017.

¹¹² "Human Rights Monitoring Report on Bangladesh," Odhikar, Nov. 2, 2018; Mark Rosen and Douglas Jackson, *Bangladesh v. India: A Positive Step Forward in Public Order of the Seas*, CNA, Sept. 2017; UNB, "Bangladesh-Myanmar Border Still Tense," *Businessnews24BD*, June 1, 2014; Pranab Panday, "Bangladesh and Myanmar Resolve Longstanding Maritime Dispute," *East Asian Forum*, Apr. 26, 2012; AP, "Island Claimed by India and BD Sinks Below Waves," *Guardian*, Mar. 24, 2010; "Myanmar Border Tense Again: Yangon Restarts Barbed Wire Fencing, Mobilises Troops," *Daily Star*, Oct. 3, 2009; Abdus Sattar Molla, "South Talpatty-New Moore Dispute," *Daily Star*, Oct. 25, 2008; "BSF Killing: Bangla Border Tense," *Times of India*, Apr. 18, 2005; Wasbir Hussain, Shishir Gupta, and Harinder Baweja, "Barbaric Killing of BSF Jawans Puts India-BD Relations Under Severe Strain," *India Today*, May 7, 2001.

hardware.¹¹³ Bangladesh Navy (BN), responsible for defending the hitherto contested EEZ, drew the most attention with its modernization plans:¹¹⁴

Figure 2. Bangladesh EEZ



Source: Flanders Marine Institute (2018), marineregions.org

¹¹³ “Recent Qualitative and Infrastructural Development Achieved by the Armed Forces (Bangla),” *Armed Forces Day Journal*, ed. M. Brig-Gen Islam (Dhaka: Armed Forces Division, Nov. 21, 2018), 21-25; “Armed Forces’ Modernisation (Bangla),” *ibid.*, 75-78; “PM: Bangladesh Wants Peace, Not War,” *Dhaka Tribune*, Feb. 27, 2018.

¹¹⁴ S. Ahmed, “Maritime Strategy in the Context of Bangladesh’s National Interests (Bangla),” *Armed Forces Day Journal*, ed. M. Brig-Gen Islam (Dhaka: Armed Forces Division, Nov. 21, 2018), 28-38; M. Saifuddin, “The Role of the Air Force in Building Naval Aviation and New Horizons in Mutual Cooperation (Bangla),” *Ibid.*, 47-50; M. Hassan, “Civil-Military Collaboration: A Participatory Approach to Manage (sic) Maritime Resources,” *Ibid.*, 79-91; K. Ullah, “Non-traditional Maritime Security Threats in the Bay of Bengal: Challenges and Wayout – A Regional Approach,” *Ibid.*, 136-146; Shakil Bin Mushtaq, “Bangladesh’s Ambitious Military Modernization Drive,” *Diplomat*, Jan. 9, 2018; “Forces Goal 2030,” IPFS, 2016, accessed Nov. 4, 2018, https://ipfs.io/ipfs/QmXoypizjW3WknFijnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Forces_Goal_2030.html

Planned immediate procurement

- Two Type 035G refurbished submarines
- Two Type 053H2 frigates
- Two ex-USCG Hamilton class cutters (Excess Defense Articles)
- Four Type 056 corvettes
- Two *Durjoy*-class (648 tons) LPCs built in China
- Two *Durjoy*-class LPCs built in Khulna
- Five *Padma*-class (350 tons) OPVs built in Khulna
- Two *Khan Jahan Ali*-class oil-tankers built locally
- Two Dornier 228NG naval Aviation aircraft
- Two AugustaWestland AW109 helos
- Two AugustaWestland AW159 helos

Planned future acquisition

- Two FFGs from RoK/PRC
- An oceanographic survey vessel
- At least one marine salvage vessel
- Five (?) minesweepers
- A total of six *Durjoy*-class LPCs built in Khulna
- A total of 27 locally built *Padma*-class OPVs

Given the low base from which the BN began building up, this might appear substantial, but empirical comparisons with assets deployed next to Bangladesh's shores by Indian and Myanmar counterparts demonstrated that BN's ability to threaten either was minimal.¹¹⁵ Dhaka was aware of deepening collaboration between Indian and US forces vis-à-vis China across the IOR and beyond, and of the close professional links to Myanmar forces maintained by Indian and Chinese services. Notwithstanding these almost overwhelming aspects of its regional reality, BN's counterparts expressed outrage at Dhaka's efforts to build a three-

¹¹⁵ *Military Balance*, ed. James Hackett (London: IISS, 2017), 274-275, 291-293, 316.

dimensional deterrent capability.¹¹⁶ That reaction explained Bangladesh's subliminal defensive insecurity over an inability to prevent repeated violations of its land, sea, and airspace by neighboring forces.¹¹⁷ Hasina's 2010 visit to China, following one to India, stressed defense cooperation and deep-sea infrastructure. After Delhi rejected her plea, she announced in 2013 the acquisition of several naval vessels, including two submarines, from "a friendly country."¹¹⁸

Delhi was outraged. A former Chief of Naval Staff blasted the decision: "Given Bangladesh's economic situation and the fact that it is surrounded on three sides by India, the acquisition of submarines is not only illogical but actually an act of provocation as far as India is concerned. Obviously this transfer is a step further in China's strategy of encircling India with its client-states."¹¹⁹ A serving IN commander, too, was blunt: "Why would Bangladesh need submarines? This decision by the government there is a matter of concern for us. We also suspect that Chinese submarines are sneaking into Indian territorial waters in the Bay of Bengal region, though none has been detected yet. This is reason enough for greater naval presence in the region."¹²⁰ Dhaka's efforts to boost maritime security forced it to balance its diplomacy within the fluid framework of the Indo-Bangladeshi-Chinese *strategic triangle*.¹²¹ It played its weak hand with some dexterity, but subliminal defensive insecurity and great power tensions fashioned a complicated geopolitical landscape on which Dhaka pursued its developmental and

¹¹⁶ Saurav Jha, "The Bay of Bengal Naval Arms Race," *Diplomat*, Dec. 30, 2016; Sanjeev Miglani "Indian leader Heading to Bangladesh with China on His Mind," *Reuters*, May 28, 2015; Asma Masood, "India-Bangladesh-China Relations: A Complex Triangle," *Myanmar Business Today*, Mar. 30, 2015.

¹¹⁷ Ryan Smith, "The Trouble with Bangladesh's Military," *Diplomat*, Mar. 10, 2018; "Dhaka Protests as Myanmar Helicopters Violate Bangladesh Airspace," *BDNews24*, Sept. 1, 2017; "Bangladesh Mutiny: Video Shows Outsiders Killing Officers," *News18*, Mar. 4, 2009; Randeep Ramesh, "Bangladesh and Burma Send Warships into Bay of Bengal," *Guardian*, Nov. 4, 2008; "BDR, BSF Clash on Akhaura Border," *VoA*, Apr. 16, 2005; "India Accuses Bangladesh of War Crimes," *CNN World*, Apr. 27, 2001; "India-Bangladesh Border Battle," *BBC South Asia*, Apr. 18, 2001.

¹¹⁸ PTI, "Bangladesh PM Defends Decision to Buy Two Chinese Submarines," *Times of India*, July 13, 2017; "Bangladesh Navy to Get 2 Submarines," *Asian Defence*, Mar. 1, 2013.

¹¹⁹ A. Prakash quoted in Vivek Raghuvanshi, "Purchase of Chinese Subs by Bangladesh 'An Act of Provocation' Toward India," *Defense News*, Nov. 23, 2016.

¹²⁰ Jayanta Gupta, "Indian Navy Concerned Over Bangladesh's Decision to Buy Two Submarines from China," *Times of India*, Dec. 2, 2013.

¹²¹ S. Mahmud Ali, *US-Chinese Strategic Triangles* (Heidelberg: Springer, 2017); Yuichi Nitta and Yuji Kuronuma, "India Inks Maritime Partnership Deals with Myanmar," *Asian Review*, Sept. 7, 2017; R. Singh, "Indo-Myanmar Strategic Partnership," *South Asia Defence & Strategic Review* 10, no. 4 (Sept-Oct 2016); S. Ali, *Understanding Bangladesh*, (New York: Columbia University Press, 2010), 308-322.

defensive/deterrent interests while avoiding foreign entanglements. This has been a complex challenge.

Bangladesh's Deep-sea Troubles

The deep-sea port projects advanced against that backdrop. Bangladesh's \$60bn foreign trade, fueled by RMG exports and growth, suffered from Chittagong and Mongla's shallow anchorages that required slow, expensive, and disruptive lighterage for most cargo. Chittagong could service vessels with a maximum draught of 9.5 m at high tide; Mongla could not berth vessels of over 8 m draught at high tide.¹²² Official analyses, conducted with help from UNESCAP, the ADB, and the WB, underscored the urgency of expanding harbor capacity while building new, deeper-draught anchorages.¹²³ Riverine topography and legacy transport infrastructure limited Chittagong and Mongla to serving Bangladesh's eastern and western halves, respectively, with little crossover capacity.

Surveys identified two areas south of the two extant ports with deeper-draught potential. Invited by Dhaka's Metropolitan Chamber of Commerce and Industry (MCCI) and the Chittagong Port Authority (CPA), and endorsed by Bangladesh's Ministry of Shipping, Japan's Pacific Consultant International conducted a feasibility study around Chittagong in 2006–2009. It identified Sonadia Island, which is 130 km south of Chittagong and lies between the Cox's Bazar resort town and Maheshkhali Island in the Bay of Bengal, as the most suitable site for building a deep-sea port.¹²⁴ The Shipping Minister urged Bangladesh's "development-partners" to help finance and build the proposed port, but to no effect. Following Hasina's 2010 plea to Beijing, China agreed to help, and in 2013, Chinese engineers surveyed the Sonadia site, apparently triggering the Japanese government's interest in maritime Bangladesh. Meanwhile, congestion at the Chittagong port grew apace. In 2016–2017, it serviced 3,092 ships, handling 79.982m tons of cargo and 25.04m TEU, i.e., 92 percent of Bangladesh's external trade and 98 percent of its container traffic.¹²⁵ CPA data and supplementary data outlined the growth in Chittagong's work-load:¹²⁶

¹²² "Payra Port: Deal Signed for Dredging," *Daily Star*, Jan. 15, 2019.

¹²³ *Strategic Master Plan for Chittagong Port*, ADB, Sept. 2015; Fahmida Akhtar, *Development of Port Infrastructure: Bangladesh Perspective*, Ministry of Shipping GoB/UNESCAP, 2016; CPA, *Bangladesh: Chittagong Port Trade Facilitation Project*, ADB, Feb. 10, 2015; Kellogg Brown & Root, *CPA Strategic Plan: Chittagong Port Efficiency Improvement Project*, ADB, Mar. 2008.

¹²⁴ "MCCI Suggests Cut in Costs of Deep-sea Port," *Daily Star*, May 13, 2009; "Deep-sea Port Feasible: Minister Urges Multilateral Lenders to Finance Project," *Daily Star*, Apr. 13, 2009.

¹²⁵ Z. Aziz, *Annual Report 2016-2017*, (Chittagong: CPA, 2018), 5.

¹²⁶ *Ibid.*, 28; HPC, *Strategic Master Plan for Chittagong Port Final Report, Part 1*, (Chittagong: ADB/CPA, Sept. 21, 2015), 1-7.

Table 2. Chittagong Port's Cargo-Handling Record

Year	Cargo	Containers	Vessels Served
2017	78,208,580MT	2,566,597 TEU	3,370
2016	69,625,888MT	2,332,892 TEU	3,015
2015	59,293,358MT	2,024,207 TEU	2,709
2014	49,934,265MT	1,731,219 TEU	2,410
2013	44,266,278MT	1,541,517 TEU	2,156

Hamburg Port Consultancy, engaged by the ADB, projected Chittagong's container traffic to grow from 1.5m TEU in 2013 to 2.9m TEU in 2020, peaking at 5.6m TEU in 2036. Assuming that a deep-sea port at Sonadia would be operational from 2026 on, it would handle 50 percent in Bangladesh's container traffic by 2043, reaching 5.1m TEU. HPC/ADB assuming that large vessels would call at Sonadia while ships served by Chittagong would continue to need feeder vessels.¹²⁷ The study underscored Chittagong's looming capacity deficit and the urgency of completing the construction of a deep-sea harbor.¹²⁸

Table 3. Chittagong's Projected Container Capacity Deficit

2014 (Year)	2015	2016	2017	2018	2019	2020	2021	2022
1,700 (Capacity 1000, TEU)	1,700	1,750	2,360	2,370	2,380	2,390	2,400	2,400
1,594 (Forecast Base Need)	1,594	1,956	2,168	2,398	2,646	2,901	3,170	3,452
--- (Capacity Deficit)	64	206	---	28	268	511	770	1052

Bangladeshi officials selected the bid submitted by China Harbor Engineering Company (CHEC), a China Communications Construction Company (CCCC) subsidiary, to build the deep-sea port. Hasina was due to visit Beijing in June 2014 to issue the work order to CHEC,¹²⁹ but although the joint statement issued during her trip included five projects and Beijing's offer to

¹²⁷ Ibid., 6.

¹²⁸ Ibid., 13.

¹²⁹ "Chinese Firm to Construct Sonadia Seaport," *Prothom Alo*, June 4, 2014.

build “a Chinese Economic and Industrial Zone in Chittagong,” it did not mention the port.¹³⁰ Bangladeshi officials did not formally explain the change in their deep-sea port building decision, but Indian analysts posited that Dhaka rejected CHEC’s plans to “design, execute, and operate” the \$14bn port.¹³¹ Indo-Japanese diplomacy contributed.

Hasina’s trip to Tokyo, just before she flew to Beijing, proved decisive. After Japanese Prime Minister Shinzo Abe briefed her on “the situation in the South China Sea,” both leaders “underscored the importance of the Freedom of Navigation and agreed that international disputes and issues should be resolved peacefully and all relevant countries should adhere to relevant international law” and “globally agreed norms and practices.” They “underscored the importance of the freedom of overflight over the high seas.” Japan offered help with “creating sustainable employment” from Bangladesh’s marine-economy, specifically in fishery and other marine resources, “renewable energy, oceanographic research, shipping, and tourism.” Hasina’s support for Japan’s inclusion as a UN Security Council member forged the Japan-Bangladesh Comprehensive Partnership, securing 600bn yen in Japanese aid over the next five years.

Hasina listed specific projects seeking Japanese finance; Abe agreed, offering to transfer “clean coal technology.”¹³² The Hasina-Abe accord on maritime issues reflected “an apparent drive by Abe to keep China in check as Beijing tries to extend its military clout in the East and South China Seas.”¹³³ In China just days later, Hasina failed to issue the much-anticipated deep-sea port work order. The reversal was rewarded during Abe’s September 2014 visit to Dhaka in his “Bay of Bengal Industrial Growth Belt (BIG-B)” initiative, pledging help in “developing infrastructure and improving energy supply and investment environment.”¹³⁴ To support Japan’s UN Security Council candidacy, Hasina withdrew Dhaka’s own. The BIG-B initiative

¹³⁰ Ministry of Foreign Affairs, “Joint Statement between the People’s Republic of China and the People’s Republic of Bangladesh on Deepening the Closer Comprehensive Partnership of Cooperation,” State Council, June 11, 2014.

¹³¹ Joyeeta Bhattacharjee, “Sheikh Hasina’s China visit: An Assessment,” *Observer Research Foundation*, June 19, 2014.

¹³² Shinzo Abe and Sheikh Hasina, “Joint Statement: Japan-Bangladesh Comprehensive Partnership,” Ministry of Foreign Affairs, May 26, 2014; Reiji Yoshida, “Bangladesh, Japan Seal Aid Deal, Agree to Nuclear Power Talks,” *Japan Times*, May 26, 2014.

¹³³ *Ibid.*

¹³⁴ Japanese Embassy, “Japan-Bangladesh Summit Meeting,” Ministry of Foreign Affairs, Sept. 6, 2014.

comprised several strands, framing Tokyo's efforts to transform Chittagong by building the Matarbari deep-sea port, associated power stations, and ancillary facilities:¹³⁵

- Reliable energy and power supply to industry
- Fostering connectivity linking Chittagong to build it up into a regional node and trade hub
- Promoting domestic and foreign direct investment in job-generating industry
- Enhancing sustainable socio-economic development

In May 2015, anxious to “tamp down China’s influence in Bangladesh” with offers of military supplies and economic/infrastructural aid, Indian Prime Minister Narendra Modi visited Dhaka.¹³⁶ China had long been the largest source of military *materiel* to Bangladesh and had built major infrastructure projects since the 1980s. Although Beijing was upgrading the Chittagong port—allegedly a “pearl” in China’s “string,”¹³⁷ Chittagong hosted PLAN vessels for only port calls and short-duration drills. Bangladeshi officials saw Beijing as “the best option” for building the Chittagong deep-sea port, but Hasina appeared sensitive to Indo-Japanese concerns.¹³⁸ She accepted Tokyo’s offer to build a deep-sea port at Matarbari, 25 km from Sonadia, the site Dhaka had proposed to Beijing. The Japan International Cooperation Agency (JICA) extended 80 percent financing for a \$4.6bn port complex and four 600 MWe coal-fired power plants with \$3.7bn in 30-year loans at 0.1 percent interest. Sumitomo and Marubeni built the project.¹³⁹

Planning Minister Mustafa Kamal explained: “Matarbari is designed in such a way that it will be comprehensive, with power plants, an LNG terminal and a port. Matarbari is sufficient, we may have to give up the other port project.”¹⁴⁰ Hasina’s aides privately conceded that since June

¹³⁵ Jagaran Chakma, “Big-B Initiative: The Bay of Bengal Industrial Growth Belt,” *The Independent*, Apr. 2, 2017.

¹³⁶ Sanjeev Miglani, “Indian Leader Heading to Bangladesh with China on His Mind,” *Reuters*, May 28, 2015.

¹³⁷ “China, India and Japan Eye Bangladesh’s Project to Build a Deep Water Port,” *News In Asia*, Dec. 23, 2016; Zia Hasan, “Deep Politics of Deep-sea Ports,” *Dhaka Tribune*, June 16, 2016; Amitava Mukherjee, “Is Bangladesh the Newest Addition to China’s ‘String of Pearls?’” *Geopolitical Monitor*, July 28, 2014; Richard Marshall, Jr. “The String of Pearls: Chinese Maritime Presence in the Indian Ocean and its Effect on Indian Naval Doctrine,” (master’s thesis, Naval Postgraduate School, Dec. 2012), 46; Mukul Devichand, “Is Chittagong One of China’s ‘String of Pearls?’” *BBC*, May 17, 2010.

¹³⁸ “India’s Modi Hopes to Tamp Down China’s Influence in Bangladesh,” *Reuters*, May 27, 2015.

¹³⁹ Sanjeev Miglani and Ruma Paul, “Bangladesh Favors Japan for Port and Power-plant, in Blow to China,” *Reuters*, Sept. 10, 2015.

¹⁴⁰ Mustafa Kamal quoted in *ibid.*

2014, the Sonadia deep-sea port project had “faced uncertainty as major regional and global powers joined hands together to restrict China’s involvement with the project.” These powers felt “threatened” by “Chinese dominance in the pan-Pacific territory in terms of port-related investment.”¹⁴¹ Prime Minister Modi, too, proved persuasive against Dhaka accepting Beijing’s help with the port.¹⁴² Hence Dhaka’s reversal. The shift manifested Bangladesh’s vulnerability to, and efforts to manage, the fallout from great power rivalry.¹⁴³

Dhaka’s policy change reflected *systemic transitional fluidity*, triggered by intensifying processes of “global power-shift” steadily eroding America’s post-Soviet unipolar *primacy* as other actors, especially China, acquired the means and displayed the will to pursue their interests in challenging the *primate’s* authority and preferences.¹⁴⁴ As emerging powers vied for lifting themselves within the global power hierarchy while status-quo-oriented actors challenged them, the global power-relational dynamic acquired a measure of fluidity.¹⁴⁵ As a weak *peripheral* player, Bangladesh had to manage the regional reverberations from this competitive dynamic while pursuing its developmental goals. Dhaka’s decision to cancel the Sonadia deep-sea port project it had proposed to China, and accept the Japanese-sponsored Matarbari project instead, was balanced with plans to build a \$3bn deep-sea port at Payra on the west bank of the Rabnabad Channel near the confluence of Galachipa-Tetulia Rivers in

¹⁴¹ Kiran Stacey, “China Investment in Bangladesh Worries India,” *Financial Times*, Aug. 6, 2018; Mizan Rahman “China to Build Deep-sea Port for Bangladesh,” *Gulf Times*, Apr. 16, 2015.

¹⁴² “A New Direction for China’s Belt and Road,” *Bloomberg*, Nov. 3, 2018; Constantino Xavier quoted in Srinivas Mazumdar, “India Aims to Woo Bangladesh Away from China,” *Deutsche Welle*, Apr. 7, 2017; Ankit Panda, “India Plucks a Pearl from China’s ‘String’ in Bangladesh?” *Diplomat*, June 7, 2015.

¹⁴³ Forrest Cookson, Tom Felix Joehnk, “China and India’s Geopolitical Tug of War for Bangladesh,” East Asian Forum, Apr. 11, 2018; “China, India and Japan Eye Bangladesh’s Project to Build a Deep-water Port,” *News In Asia*, Dec. 23, 2016; Zia Hasan, “Deep Politics of Deep-sea Ports,” *Dhaka Tribune*, June 16, 2016.

¹⁴⁴ Helmut Anheier, *The End of Postwar Germany*, Project Syndicate, Jan. 18, 2019; Gulnur Aybet, “We Must Work Together to Build a New World Order. This is How We Can Do it,” World Economic Forum, Dec. 3, 2018; Samir Saran, “The Collision of These 3 Geographies is Creating a New World Order,” World Economic Forum, Nov. 1, 2018; Ho Kwon Ping, “China Is Replacing the US in a New Global Order, Whether the World Likes It or Not,” *South China Morning Post*, Sept. 19, 2018; K. Schake, “Unravelling Order, Uncertain Future? The Demise of Multilateralism Is Overstated,” *International Security Forum*, Mar. 13, 2017.

¹⁴⁵ S. Mahmud Ali, *US-China Strategic Competition: Towards a New Power Equilibrium*, (Heidelberg: Springer, 2015), ch.2; Jan-Frederik Kremer, “Global Power Shift: Theoretical Perspectives and Approaches,” (presentation, Annual Convention of the International Studies Association, Montreal, Mar. 16, 2011); *Global Power Shifts and Strategic Transition in Asia*, eds. N. Sisodia and V. Krishnappa (Delhi: IDSA, 2009); Jessica Mathews, “Power Shift,” *Foreign Affairs* 76, no.1 (Jan/Feb 1997), 50-66;

south-western Bangladesh.¹⁴⁶ British consultants estimated that Payra's final costs could rise to \$20bn.¹⁴⁷

Xi Jinping's October 2016 state visit elevated China-Bangladesh ties to "a strategic partnership of cooperation," with 27 projects worth \$24.45bn and joint ventures worth \$13.6bn being agreed. Dhaka endorsed the BRI, receiving strong support for its developmental plans. Chinese funding compared well with Narendra Modi's 2015 offer of a \$2bn line of credit.¹⁴⁸ Xi's gifts built on a history of large infrastructure projects, notably "friendship bridges" spanning the delta's myriad rivers, financed and erected since the 1980s. The biggest of these was the 6 km, \$3.7bn Padma Bridge on which Beijing spent over \$3bn, with Dhaka funding the remainder; this bridge exemplified the depth of Sino-Bangladeshi economic cooperation.¹⁴⁹ After the World Bank raised concerns over alleged corruption in managing the planning stage of the Padma Bridge project in 2012, Dhaka withdrew its request for help,¹⁵⁰ later seeking and obtaining Beijing's assistance. When Dhaka sought bids from engineering firms to build the Padma Bridge, only the China Major Bridge Engineering Company, a subsidiary of the China Railway Group, bid for it. In late-May 2014, Dhaka awarded the contract to the bidder, although cost revisions, delays, and procedural complexities took longer to resolve.¹⁵¹ This would be the single largest Chinese-financed infrastructure project built by Chinese firms in Bangladesh, but there were many others.

By late-2018, Chinese state-funded offers to Dhaka hit \$31bn, with another \$11bn in private investment, troubling Delhi.¹⁵² Indian anxiety colored implementation of the Payra Port project. Payra would relieve congestion at Mongla and Chittagong, support transit trade, and

¹⁴⁶ F. Akhtar, "Development of Port Infrastructure: Bangladeshi Perspective," Ministry of Shipping, in UNESCAP, *Strengthening Transport Connectivity From/To Port for Selected Countries*, conference report, Apr. 2018.

¹⁴⁷ "Bangladesh Opts to Make Payra a Deep-sea Port," JOC.com, Nov. 21, 2017.

¹⁴⁸ Sultana Yesmin, "The Changing Dynamics of China-Bangladesh Relations," *Daily Star*, Nov. 11, 2018; Ruma Paul, "China Signs Deals Worth Billions with Bangladesh as Xi Visits," *Reuters*, Oct. 14, 2016; Arafat Kabir, "Chinese President Xi Jinping's Visit to Bangladesh Gives Boost to Bilateral Relations," *Forbes*, Oct. 14, 2016; "Bangladesh, China Sign 27 Deals as President Xi Visits Dhaka," *BDNews24*, Oct. 14, 2016.

¹⁴⁹ Kiran Stacey, "Chinese Investment in Bangladesh Rings India Alarm Bells," *Financial Times*, Aug. 7, 2018; Rejaul Karim Byron and Tuhin Shubhra Adhikary, "Padma Bridge Cost to Rise Again," *Daily Star*, June 6, 2018; Shafiqul Islam, "China EximBank to Fund Padma Bridge Rail Link Project," *Dhaka Tribune*, Oct. 29, 2017.

¹⁵⁰ A. Ferguson and M. Mahbub, "Statement on Padma Multipurpose Bridge Project," World Bank, Feb. 1, 2013; D. Theis, "World Bank Statement on Padma Bridge," World Bank, June 29, 2012.

¹⁵¹ "Chinese Firm to Build Padma Bridge," *Daily Star*, Feb. 15, 2017; "Padma Bridge Project is Awarded to a Chinese Firm," Economist Intelligence Unit, May 30, 2014.

¹⁵² Kiran Stacey, "Chinese Investment in Bangladesh Rings India Alarm Bells," *Financial Times*, Aug. 7, 2018.

boost development in a neglected zone. Although Chittagong handled over 90 percent of Bangladesh's maritime trade, Mongla also recorded increased traffic volumes, with the number of foreign vessels calling rising from 282 in FY 2012–2013 to 784 in FY 2017–2018; containers handled similarly increased from 20,712 in FY 2015–2016 to 43,000 in FY 2017–2018. Expansion of Mongla, especially as transit trade with India, Nepal, and Bhutan gained traction, would be necessary, but not sufficient.¹⁵³ Given the country's division into distinct zones by the three river systems with constrained inter-zonal connectivity, Chittagong, even with a deep-sea port being built in Matarbari, could efficiently service the shipping needs of only the eastern half of Bangladesh. Western Bangladesh needed its own deep-sea anchorage. Hence, the need for the Payra deep-sea port.¹⁵⁴

Phase-1 of the project's three phases included a 2,000-metre jetty terminal and backup facilities, dredging for channel navigability, river training, two 660 MWe coal-powered stations, a coal terminal, and road links to Khulna and Dhaka.¹⁵⁵ Four Chinese SoEs bid for two of the port's 19 components;¹⁵⁶ Dhaka chose CHEC and China State Construction Engineering (CSCEC). Under the \$600m contract, CHEC began building the main port infrastructure worth \$140m, while CSCEC, responsible for the channel, also constructed housing, medical, and educational facilities. Payra launched partial operations in August 2016, although major units would only be ready in 2023.¹⁵⁷ The port would be completed in 2030.¹⁵⁸ China was not alone in building the 6,562 acre, \$11bn–\$15bn port.¹⁵⁹ Indian, British, Belgian, Dutch, and Danish firms applied to build 13 FDI-funded components. The remainder involved government-to-

¹⁵³ Md Hedait Hossain, "Foreign Ships, Containers Tripled," *Dhaka Tribune*, Nov. 11, 2018; "Govt Takes Mega Project for Mongla Port Development," *The Independent*, July 7, 2018; "Record Number of Foreign Ships Arrive at Mongla Port in December," *Dhaka Tribune*, Jan. 1, 2018.

¹⁵⁴ "Bangladesh Opts to Make Payra a Deep-sea Port," JOC.com, Nov. 21, 2017.

¹⁵⁵ Fahmida Akhtar, "Development of Port Infrastructure: Bangladeshi Perspective," Ministry of Shipping, in UNESCAP, *Strengthening Transport Connectivity From/To Port for Selected Countries*, conference report, Apr. 2018; Public-Private Partnership Authority, "3rd Sea Port: Payra Port Coal Terminal," PMO, Oct. 4, 2017.

¹⁵⁶ Tuhin Ahmed, "Development of Payra Sea Port: Strategic Factor Analysis," (master's dissertation, Bangladesh Maritime University, Dhaka, Apr. 2017, ch.3).

¹⁵⁷ M. Hazarika, "China's CHEC and CSCEC to Develop Payra Deep-sea Port in Bangladesh," *Ship Technology*, Dec. 11, 2016; Shohel Mamun, "Bangladesh Signs MoU with China on Payra Deep-sea Port Construction," *Dhaka Tribune*, Dec. 9, 2016.

¹⁵⁸ Tuhin Ahmed, "Development of Payra Sea Port: Strategic Factor Analysis," (master's dissertation, Bangladesh Maritime University, Dhaka, Apr. 2017, ch.3).

¹⁵⁹ A. Khan, "Payra Port Work Speeds Up," *Bangladesh Post*, Sept. 17, 2018; Hasibul Aman, "Payra Port Project Cost May Triple," *Daily Sun*, Mar. 20, 2018.

government contracts for which Dhaka sought finances from Tokyo, Seoul, and Singapore.¹⁶⁰ Procedural, legal, and funding delays dogged implementation. The crucial 75 km-long, 100–125 m deep channel-dredging contract was issued to Belgium’s Jan de Nul only in January 2019. When completed in 46 months, the channel would allow vessels of 12m–25m draught to dock at high tide.¹⁶¹

The Payra Port project envisaged the construction of a 4 km-wide channel, potentially a 11 km-long jetty, naval and coast guard stations, new coal-fired power plants, an LNG plant, and road and railway links to Dhaka, 309 km (192 miles) to the north. As of early 2019, in addition to the basic infrastructure including administrative buildings, residential units, multipurpose multi-storied buildings, and a 38-acre service yard being built by CHEC and CSCEC, preliminary work on five FDI-financed components included in the first of four phases was either underway or was about to begin:¹⁶²

- Capital and maintenance dredging of the main channel
- Container terminals x 2
- Dry bulk terminal x 1
- 200 MWe coal-fired power plant

India, determined to challenge China so close to its Kolkata and Haldia ports, energetically bid to participate, focusing on a multipurpose terminal financed under its own line of credit.¹⁶³ Delhi expressed interest directly after Dhaka established the Payra Port Authority in 2014 and sanctioned \$143.37m for immediate construction. Delhi offered \$750m out of its \$4.5bn line of credit to Dhaka to build a multipurpose terminal at Payra. India Ports Global, a public-private joint venture, offered to “design, fund and build” Payra on its own, although Bangladesh sought assistance from a wide range of Asian and European partners. Part of Indian anxiety was commercial. Delhi urged Dhaka to use Kolkata and Haldia for transshipment of exports/imports

¹⁶⁰ A. Khan, “Payra Port Work Speeds Up, *Bangladesh Post*, Sept. 17, 2018; “Master Plan for Payra Deep-sea Port on the Cards,” *Daily Star*, Sept. 20, 2017.

¹⁶¹ “Payra Port: Deal Signed for Dredging,” *Daily Star*, Jan. 15, 2019; Fahmida Akhtar, *Development of Port Infrastructure: Bangladesh Perspective*, Ministry of Shipping GoB/UNESCAP, 2016.

¹⁶² A. Khan, “Payra Port Work Speeds Up, *Bangladesh Post*, Sept. 17, 2018; “Master Plan for Payra Deep-sea Port on the Cards,” *Daily Star*, Sept. 20, 2017.

¹⁶³ A. Khan, “Payra Port Work Speeds Up, *Bangladesh Post*, Sept. 17, 2018

to and from Europe. Having begun building the Payra Port and expanding Chittagong and Mongla Ports, Dhaka politely declined.¹⁶⁴

According to Indian analysts, Delhi offered to “take up the project though it may not be financially viable,” the reason being that “since the Payra seaport is a strategically important project, India does not want its adversary China to build a maritime infrastructure just next to the country’s coastline.”¹⁶⁵ This Indian perspective resonated with Bangladesh’s interest in securing the construction of as much FDI-funded infrastructure as possible within a competitive milieu.¹⁶⁶ Japan’s position vis-à-vis China generally, and BRI/MSR specifically, moderated as US-PRC-Japan dynamics betrayed fluidity. Shinzo Abe, returning Li Keqiang’s earlier trip to Tokyo, visited Beijing with a 500-strong business entourage, pledging a “new era” of cooperation, including in third-party infrastructure building, widely interpreted to indicate Tokyo’s willingness to consider BRI/MSR collaboration.¹⁶⁷ As Abe reached Tokyo, Indian counterpart Narendra Modi arrived there to boost Indo-Japanese economic and strategic coordination.

Given the delicate balancing act considered necessary, Hasina felt constrained to try to allay Indian anxiety. Hosting Indian journalists at her official residence, she assured Delhi that Dhaka’s ties to Beijing were benign: “We want investment and cooperation from whoever offers it. We want development of the country. We have to think about our people as they are the beneficiaries of development. India has nothing to be worried about it.”¹⁶⁸ After nine years spent at the helm of national affairs, Hasina felt confident in offering such forthright reassurances to a country, which many of her compatriots viewed as overbearing. Despite

¹⁶⁴ Pratim Ranjan Bose, “India Asks Bangladesh to Use Kolkata, Haldia as Transshipment Ports,” *Hindu Businessline*, Oct. 11, 2018; “Bangladesh Resists Pressure to Allow Indian Exports,” *JoC.com*, Oct. 15, 2018.

¹⁶⁵ Rupak Bhattacharjee, “Payra Port Development Will Enhance India-Bangladesh Ties,” *South Asia Monitor*, Jan. 20, 2017.

¹⁶⁶ Humayan Kabir, “BD to Construct Multipurpose Terminal Under 3rd Indian LoC,” *Financial Express*, Dec. 14, 2017.

¹⁶⁷ B. An, “China-Japan Ties at ‘Historic’ Point,” *China Daily*, Oct. 27, 2018; J. Liang, “China, Japan Sign Currency Swap Agreement,” *People’s Daily*, Oct. 26, 2018; Tetsuchi Kajimoto, “China-Japan Sign Three-Year FX Swap Deal to Strengthen Financial Stability, Business Activity,” *Reuters*, Oct. 26, 2018; Christopher Bodeen and Emily Wang, “China-Japan Drawing Closer Amid Trade Pressure from US,” *Associated Press*, Oct. 26, 2018; Kantei, “Prime Minister in Action: Visit to China,” Oct. 25, 2018.

¹⁶⁸ Sheikh Hasina quoted in PTI, “India Has Nothing to Worry About China-Bangladesh Ties, Says Sheikh Hasina,” *Indian Express*, Feb. 21, 2018.

profound domestic dissonance among Bangladeshis on other issues, this perspective appeared to reflect a general consensus.¹⁶⁹

How reassured India's national security elite felt was unclear, but Dhaka remained focused on economic development. Its Planning Ministry and the Asian Infrastructure Investment Bank (AIIB) noted that China had been "extending investment and grants towards Bangladesh's socio-economic development" in such sectors as infrastructure-building, telecommunications, Information and Communication Technology, industry, power and fuels, transportation, railways, agriculture, disaster-management, health, and education. So far, in this context, "the AIIB has extended credit worth nearly \$225m for two power-sector projects." Bangladesh sought and obtained AIIB project finance; its efforts to that end would continue.¹⁷⁰

Conclusion

Preliminary inferences:

- The general perception of Bangladesh being strategically "played" by China into becoming an unwitting pawn in Beijing's geopolitical rivalry with India and the US is not particularly well-understood in Dhaka.
- Bangladesh's profoundly challenging demographic, economic, and domestic political reality colors the policy discourse and frames policy-making processes. Perceptions of China and its varied activities in the IOR and elsewhere are formed against that backdrop.
- An ideationally polarized polity of 166m people seeking opportunities for a better life within a small, riverine, and historically agro-based delta perennially facing myriad challenges can hardly engage in competitive dynamics currently roiling the *subsystemic* and *systemic* ecology. At the immediate and regional level, Bangladesh has to find, operationalize, and sustain a *modus vivendi* with India without threatening a popular sense of sovereign independence. In the wider region, Dhaka senses an imperative to secure available Chinese financial/technical aid to build up its economy without

¹⁶⁹ Ishrat Hossain, "Between Big Brothers China and India," *Dhaka Tribune*, June 23, 2018; R. Hariharan, "Perspectives on India's Relations with Smaller Neighbors," South Asia Analysis Group, June 5, 2018; Forrest Cookson and Tom Felix Joehnk, "China and India's Geopolitical Tug of War for Bangladesh," East Asian Forum, Apr. 11, 2018; B. Z. Khasru, "Why Bangladesh Feared Indian Invasion After 1975 Coup," *Indian Defence Review*, Dec. 24, 2017; Rashed Uz Zaman, "Can Bangladesh Turn Its Burdensome Geography into a Blessing?" East Asian Forum, Sept. 1, 2017.

¹⁷⁰ Economic Relations Department, "Ongoing Project List," Ministry of Planning, Oct. 14, 2018; L. Song, "AIIB Invests to Help Bangladesh Address Power Shortages," AIIB, Feb. 26, 2018.

triggering hostility from India, Japan, or the United States. Given the structural tensions presently affecting great power relations, this engenders conundrums.

- Bangladesh's core policy drivers are basically survivalist, defensive, and developmental. China has been a key source of economic, infrastructural, and security assistance since 1977. At the time, the *dominant system* comprising great powers featured bipolar US-USSR tensions at the *systemic core*, with China a tacit US ally working closely in anti-Soviet covert campaigns across Asia, Central America, Latin America, the Horn of Africa, and Southern Africa. India was an ally of the Soviet Union. Recovering from a calamitous war, Bangladesh struggled to survive.
- While great power relational dynamics were transformed in 1989–1991, Bangladesh's basic quests—which focused on self-defense and development—evolved; lacking capacity, it betrayed no competitive drives. Nonetheless, with the Sino-Indian-US strategic triangle gaining salience, Dhaka has had to display a nuanced and sophisticated ability to secure benefits from all sides while precluding active hostility from any.
- The fact that national leadership springing forth from across the political spectrum has sustained—indeed progressively reinforced—relations with China over four decades indicates a rare elite-level consensus on a benign perception of Chinese policy and presence.
- Feeling no threat to its independence or sovereignty from China, Bangladesh evinces little loss of sleep over PLAN's IOR presence. However, it has indicated consonance with Japanese concerns over Chinese conduct in the SCS/ECS, and it has been responsive to Indian anxiety.
- Bangladesh's economic motivations driving deep-sea port projects explained its quest for help from traditional sources, such as China. Indian and Japanese anxiety, expressed vigorously at the highest levels and supplemented with alternative aid, led Dhaka to abandon Sonadia for Matarbari and issue contracts to Chinese firms, and firms from other countries, to build the Payra deep-sea port.
- In short, given the elemental dissonance dividing the *dominant system* comprising competitive great powers (i.e., China being seen as a rival by America and its allies, Bangladesh's acute and urgent need to respond to its growing populace's burgeoning demands and rising expectations, and its limited capacity to pursue autarky), Dhaka is doing all it can to retain a measure of autonomous agency by growing its economy and building defensive/deterrent capability while keeping powerful and mutually antagonistic major powers reasonably satisfied.

Djibouti: How Does Djibouti View Trends in China's Commercial and Military Presence in the Indian Ocean region?

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The Horn of Africa is so varied that researchers, media, and politicians pick the aspects they want from it to make it general. This diversity of geography, history, population, politics, and culture has made the region prone to conflict within and between its societies. And these differences have allowed foreign powers to play alternative policies with the region.

This region has also been at a historical crossroads. Traders have travelled across the region from north to south and from west to east. Empires have grown and others have disappeared. Islam and Christianity intersected and took root in the region. The Horn of Africa coastline is

overlooking the Red Sea, the Gulf of Aden, and the Indian Ocean, making its position a strategic point. This position has enabled its inhabitants to engage in trade with the Arabian Peninsula for thousands of years.

However, due to the geostrategic importance of this location, the studies have that underrated it have always paid the price for neglecting it, while the powers that have tried to manipulate it have always been extremely disappointed. The region has in recent decades become the Achilles' heel of maritime security.

In this paper, we will discuss the geostrategic importance of the region and demonstrate that its location is an international trade hub—an advantage that China has very well understood. We will of course focus on the role played by the small Republic of Djibouti, which has taken advantage of this eminently strategic position, turning it into a useful comparative advantage in trade and in securing the region.

With only one million inhabitants spread over a large area roughly the size of New Jersey, Djibouti represents a global geostrategic challenge. It is ideally placed at the entrance to the Red Sea, is one of the last decolonized countries in Africa, has been independent since 1977, and daily sees 20 percent of world trade passing off its coast. The Djiboutian authorities were able to offer this strategic location to the great powers, who eagerly engaged by installing their armies on the spot to ensure the security of their maritime supplies.

Although these powers are comfortable with the arrangements and pay little attention to the internal situation in Djibouti, they have few, if any, allies in the Indian Ocean.

The Djibouti government sells its stability in a region where instability has been ruling for several decades, with inter-ethnic clashes in Ethiopia, totalitarianism in Eritrea, the conflict in Yemen, and not to mention the war, humanitarian crisis, and piracy in Somalia. In this context, the strategic importance of Djibouti has become crucial.

Djibouti hosts bases of the military power of the United States, France, Japan, Germany, Italy, and Spain. The Chinese, more specifically the Chinese People's Liberation Army (PLA), were the last to settle in the suburbs of Djibouti City in August 2017 for an annual rent of \$20 million dollars.¹⁷¹

On Tuesday August 1, 2017,¹⁷² the People's Republic of China (PRC) officially opened in Djibouti—its first permanent military base abroad. The Beijing authorities welcomed the event, revealing a significant change in their foreign and defense policies. The international

¹⁷¹ "Ismail Omar Guelleh, "Djibouti n'est pas à vendre," *JeuneAfrique.com*, Apr. 25, 2018.

¹⁷² "Défense & Sécurité, "M. Ali Hassan Bahdon inaugure la base de soutien de l'APL à Doraleh."

community, particularly the United States and France but also the Indian and Japanese rivals, are trying to understand the geopolitical consequences of this Chinese venture.

The inauguration of the Chinese base coincided with the 90th anniversary of the establishment of the PLA, which was celebrated with great fanfare.¹⁷³ It follows the Sino-Djibouti agreement of May 2015 and the first shipment of Chinese troops to Djibouti on July 11, 2017.¹⁷⁴ China could deploy on the spot 1,000 permanent soldiers and 10,000 potential men until 2026 at least, with possibly special forces and PLA aircraft. The construction of the naval base began in February 2016 and has been fully operational since 2018.

The Chinese Defense Ministry presents the base as merely a logistical facility and anti-piracy and humanitarian interventions staging area. But the satellite observations of the base paint a different picture. The Chinese built deep-water berths to accommodate large ships and have what looks like an airfield or heliport, arms, ammunitions, an aircraft depot, dormitories for troops, and a command and control center.

Figure 3. Satellite image of the Chinese People's Liberation Army base in Djibouti

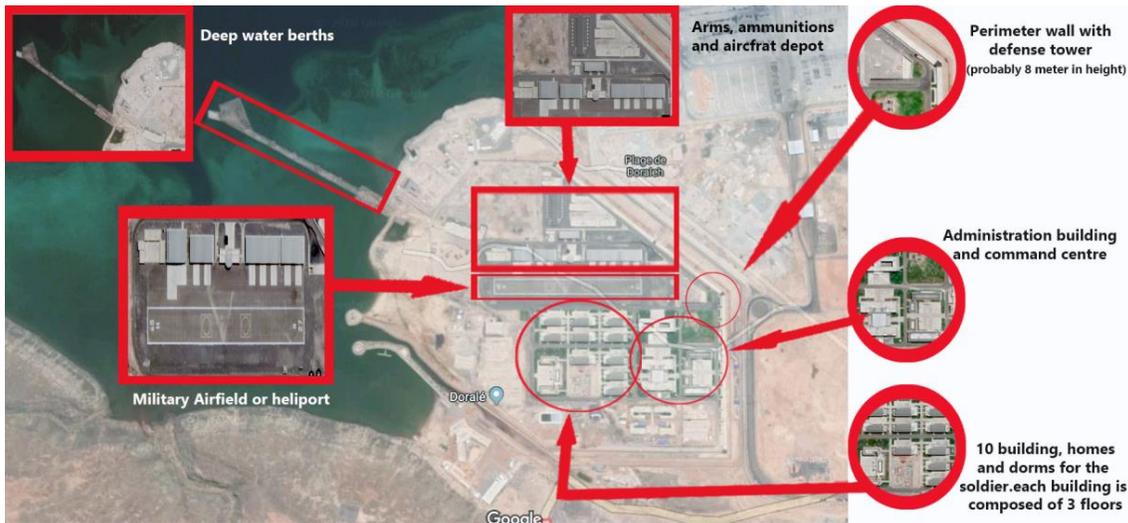


Source: Google map data

Figure 4. Details of the satellite image of the Chinese People's Liberation Army base in Djibouti

¹⁷³ “Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on March 31, 2015,” https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1250815.shtml.

¹⁷⁴ “Foreign Ministry Spokesperson Hong Lei’s Regular Press Conference on January 21, 2016,” https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1333741.shtml.



Source: Compilation based on Google map data

China’s military presence is logical given China’s dependence on raw materials imported from Africa. This insertion is all the more crucial in light of the Belt and Road Initiative, the mega commercial project of President Xi Jinping that will run along the East African coast. Djibouti will be a key point of passage, with no less than eight ports under construction that are all financed by Chinese capital. It will also establish an entry point to East Africa, where China hopes to sell its domestic production—particularly to Ethiopia and its 105 million inhabitants¹⁷⁵ (2017).

To do this, Beijing has built a modern electric railway line that connects Djibouti to the Ethiopian capital, Addis Ababa. Two airports are expected to break ground financed by Chinese holdings. One of the airports will be connected to the Chinese port and free trade zone to facilitate rapid transportation of produced goods to landlocked African countries Rwanda, Ethiopia, Central Africa, South Sudan, and other countries. The second airport will be located to the north of Djibouti handling Chinese tourists. This infrastructure will employ a largely idle Djiboutian population. The World Bank reported 47 percent unemployment in 2017 with a quarter of the population living in extreme poverty despite 6.5 percent economic growth. These massive Chinese investments would benefit one of the poorest populations in Africa.

The Chinese military base adjoins the new Doraleh Multipurpose Port and the free zone of Djibouti City, both built by the Chinese. The Doraleh port, built for \$580 million and

¹⁷⁵ “Military Parade Held to Mark PLA 90th Birthday,” Ministry of National Defense, http://eng.mod.gov.cn/focus/2017-07/30/content_4787153.htm.

inaugurated on May 23, 2017, is a multimodal deep-water port that can accommodate large cargo carriers of all types. These two infrastructures built next to the Chinese base are models of transportation and logistics infrastructure unique not only in the Horn of Africa, but even in Africa.

Figure 5. Doraleh Multipurpose port (DMP)



Source: Port of Djibouti

The Djibouti international free trade zone inaugurated on July 5, 2018, is considered to date to be the largest free zone on the African continent. The construction of this huge zone of 4,800 hectares should cost \$3.5 billion. The pilot phase of the zone was launched in the 240 hectares of land and costed \$370 million to build. It consists of four industrial clusters—trade and logistics, export processing, business and financial services, manufacturing, and duty-free merchandise retail.

Figure 6. Inauguration of Djibouti International Free Trade Zone (DIFTZ)



Source: Presidency of the Republic of Djibouti

This transformation of Djibouti into a crossroads of trade, transport, and logistics is also taking place in the industrial and port complex south of Djibouti City, dedicated mainly to the export of gas discovered and exploited by the Chinese in the Somali region of Ethiopia. A chain of ports will be built by China to complement two ports located in the north of the country, one of which exports salt and its derived raw materials (Port of Goubet), and the other exclusively exports potash discovered in the northern region of Ethiopia (Port of Tadjourah).

Figure 7. New port of Tadjourah dedicated to export potash



Source: Port of Djibouti

Figure 8. Port of Goubet exports salt and its derived raw materials



Source: Port of Djibouti

Djibouti is satisfied with the deepening partnership with Beijing through obtaining additional assistance in the military field (training and equipment of the Djiboutian armed forces),

development aid (construction of basic infrastructure such as hospitals and schools), and finally a massive training of Djiboutian public servants.

Table 4. Bilateral aid

China	United States of America
Donation for the construction of health infrastructures	Child survival and health
Donation for the construction of educational infrastructures	Development assistance
Donation for the construction of sports infrastructure and youth development	Foreign military financing
Donation of health equipment	International military education and training
Donation of educational equipment	International narcotics control and law enforcement
Granting economic aid	Food assistance
Food assistance	
Sets up medical caravan	
Awarding scholarship	
Granting loans to construct infrastructure	

Source: Compilation based Djibouti-China and Djibouti-US cooperation

Differences exist in Djibouti’s cooperation with the US and China. As indicated in Table 1, the spectrum of Chinese aid compared to the US’s is much wider. China’s assistance is manifested in donating high-visibility infrastructure projects for health, education, and sports and in some cases furnishing and equipping them. China has also been generous with economic aid.

Table 2 shows the monetary difference of these relations. There is a sizable difference between the aid provided by the Americans and the aid brought by the Chinese to the Djiboutian government.

Table 2 portrays total aid and loans provided by China and the US. In 14 years (2001–2015), China provided to the Republic of Djibouti with \$239,429,314.19, while the United States provided \$156,220,000 in 15 years. China clearly outweighed the US in providing aid by \$83,209,314. Starker contrast is seen in the loans provided by the two countries to Djibouti: China provided Djibouti a total loan of \$1,895,009,573.63 while the US provided none.

Table 5. American and Chinese aid and loan to Djibouti

	<i>Periods</i>	<i>Number of years</i>	<i>Total in dollars</i>	<i>Loan</i>
<i>China</i>	<i>2001–2015</i>	<i>14 years</i>	<i>\$239,429,314.19</i>	<i>\$1,895,009,573.63</i>
<i>United States of America</i>	<i>2002–2017</i>	<i>15 years</i>	<i>\$156,220,000</i>	<i>\$0</i>

Source: Compilation based on US-Djibouti and China-Djibouti cooperation

The Western countries were wary, especially the United States, about China’s military base. In March 2017, General Waldhauser, commander of Africom, spoke before the Senate Armed Services Committee on the real nature of this base.¹⁷⁶ European states such as France were moderate in their evaluation, and France watched the developments of Chinese activities near

¹⁷⁶ “Chinese Naval Fleet Concludes Visit to Djibouti,” Ministry of National Defense, http://eng.mod.gov.cn/news/2017-07/02/content_4784401.htm.

its own military hold. However, neither France nor any other power was indifferent to the first exercises of the PLA in Djibouti in November 2017.¹⁷⁷

Figure 9. Chinese People's Liberation Army firing exercise in Djibouti



Source: Chinese People's Liberation Army

A Multifform Chinese Strategy Now with a Global Vocation

This Djibouti base is a part of the "Chinese dream" of its leader Xi Jinping, which includes the vision of China as a great world maritime power. However, threats against the same Chinese interests abroad are now considered imminent dangers.

Beijing has also deployed 2,021 peacekeepers in Africa (to South Sudan, Mali, Darfour, Democratic Republic of the Congo, and Western Sahara).

Figure 10. Chinese army contributions by mission and personnel type

¹⁷⁷ "United States Africa Command," <https://www.africom.mil/media-room/transcript/28738/transcript-africom-commander-delivers-2017-annual-posture-statement-to-the-sasc>.

UNIFIL	<i>United Nations Interim Force in Lebanon</i>
MINUSMA	<i>United Nations Multidimensional Integrated Stabilization Mission in Mali</i>
UNAMID	<i>United Nations - African Union Hybrid Operation in Darfur</i>
MONUSCO	<i>United Nations Organization Stabilization Mission in the Democratic Republic of Congo</i>
MINURSO	<i>United Nations Mission for the Referendum in Western Sahara</i>
UNFICYP	<i>United Nations Peacekeeping Force in Cyprus</i>
UNTSO	<i>United Nations Truce Supervision Organization</i>

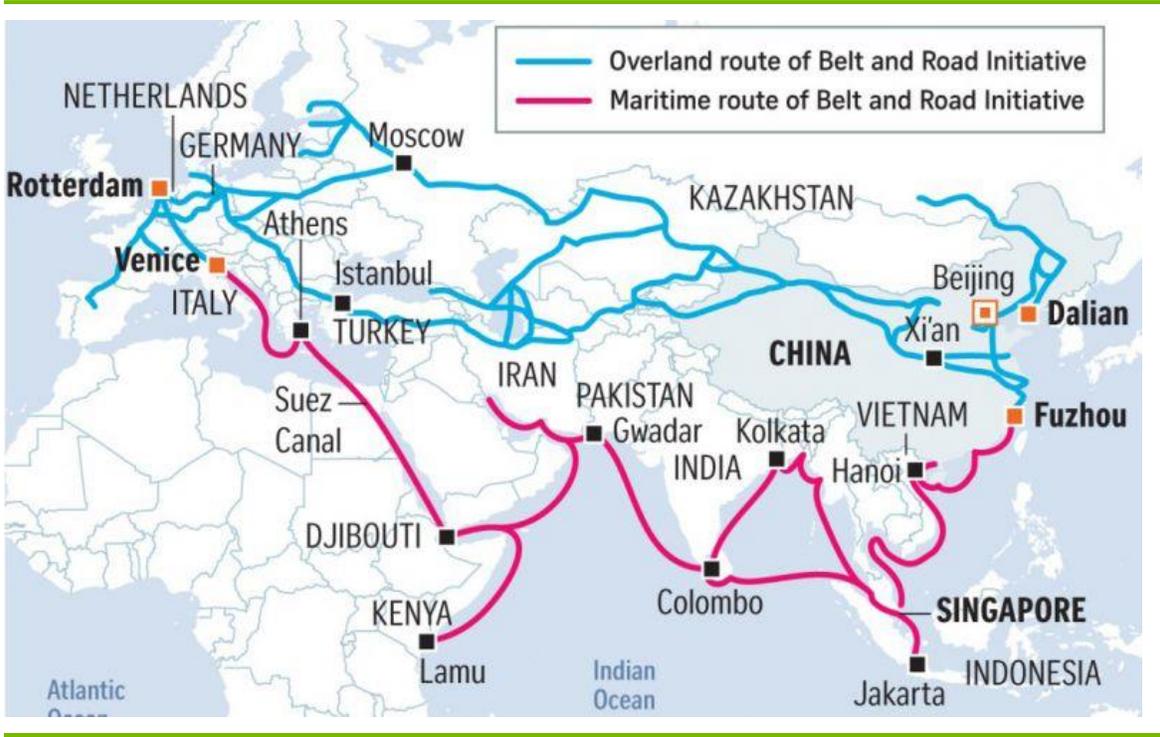
Source: United Nations (UN)

The Chinese authorities also learned some lessons from the 2011 Libyan crisis. The evacuation of its nationals from Yemen to Djibouti in March 2015¹⁷⁸ accelerated military negotiations with Djibouti. Moreover, the military-commercial character of this establishment reflects the dual approach of China in its foreign policy. In 2013, Xi Jinping¹⁷⁹ launched the commercial Silk Road, renamed the Belt and Road Initiative.

¹⁷⁸ “Live-Fire Exercises Conducted by PLA Base in Djibouti – China,” China Daily, http://www.chinadaily.com.cn/china/2017-11/25/content_34966883.htm.

¹⁷⁹ “President Xi Jinping Delivers Important Speech and Proposes to Build a Silk Road Economic Belt with Central Asian Countries,” https://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgitfhshzzfh_665686/t1076334.shtml.

Figure 11. Belt and Road Initiative

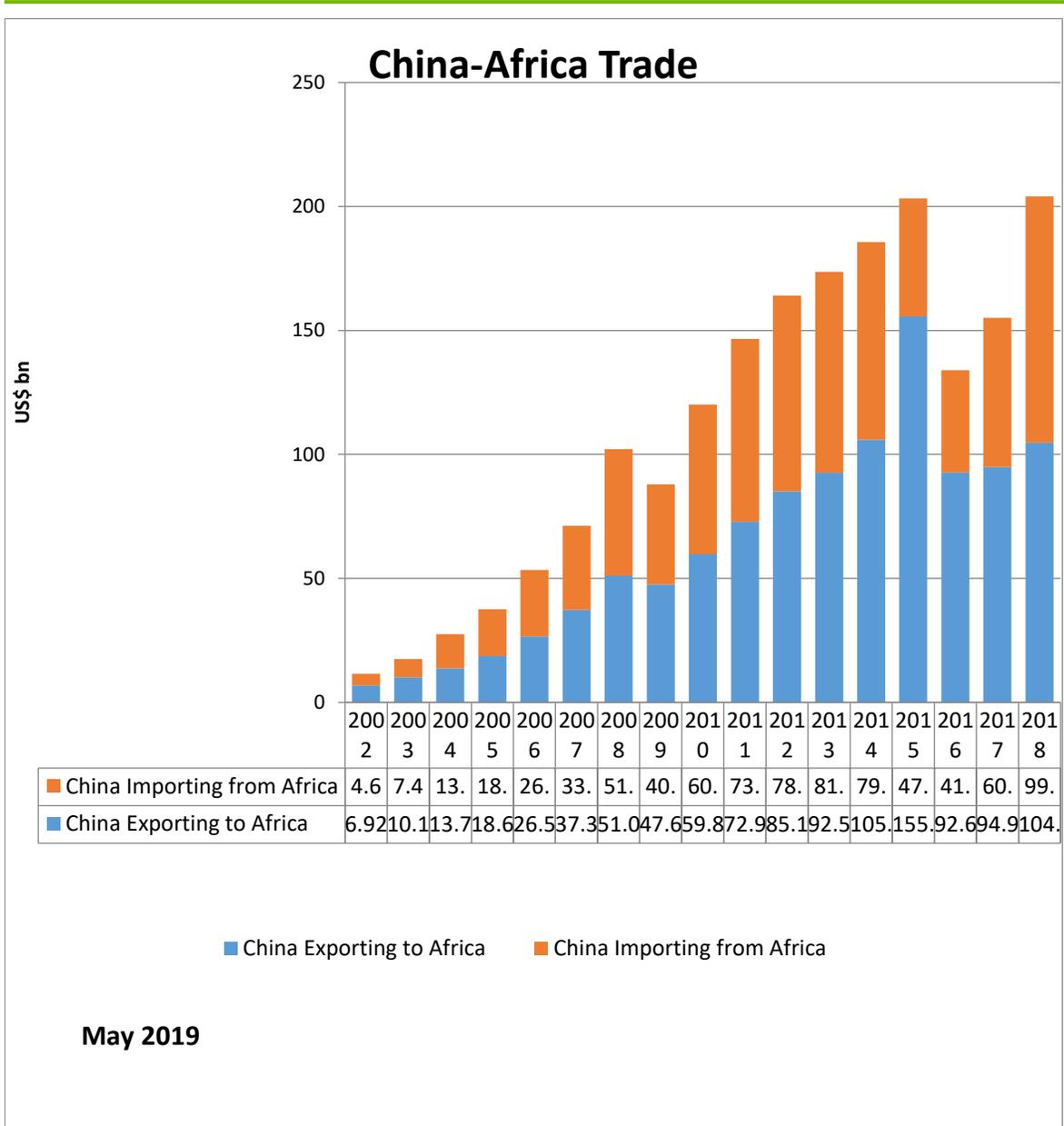


Source: thenerveafrica.com

The maritime component of the initiative consists of establishing a network of port infrastructures, sometimes for dual use, and connecting to land routes along the China-Indian Ocean-Europe and Africa route. More than 50 percent of the investments in Djibouti are destined for the Belt and Road Initiative, including \$2.5 billion dollars for the railway linking the port of Djibouti to Ethiopia. This interest in Africa, of which China has become the leading donor since 2009, goes hand in hand with strengthening military cooperation and Chinese arms and commodities sales. These relations are often described as neocolonial "Chinafrica" because of their asymmetrical nature, with Beijing's imports being made up of 80 percent raw materials, including oil and uranium.¹⁸⁰

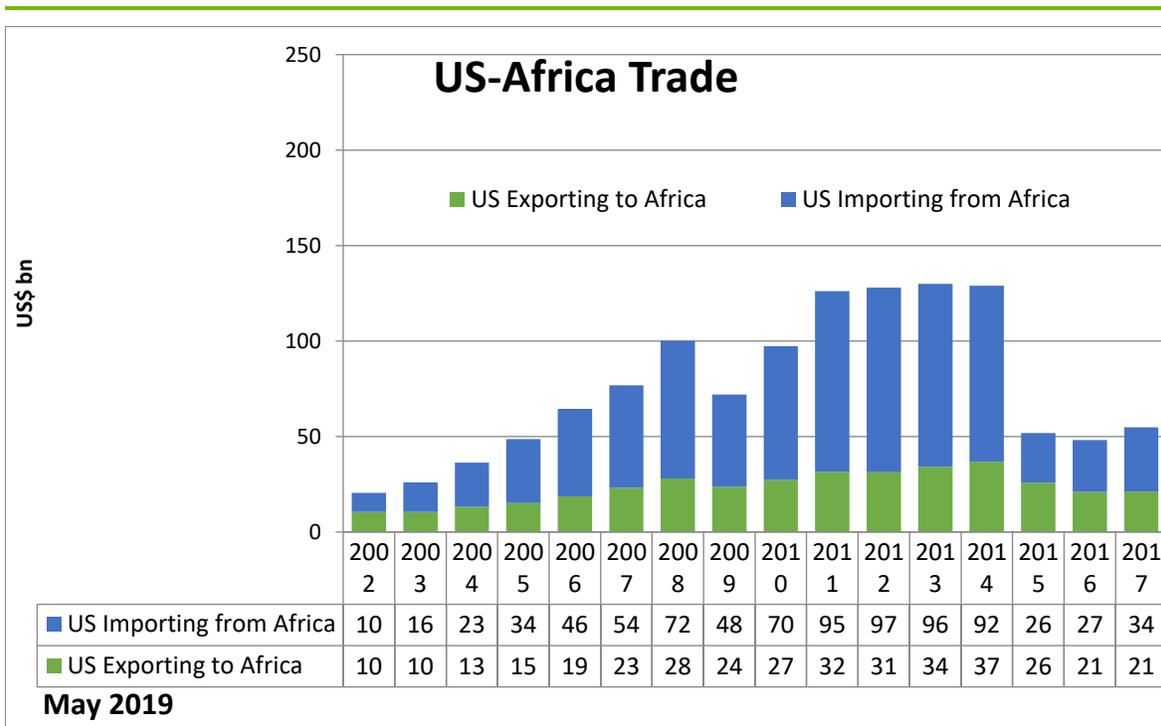
¹⁸⁰ "The Belt-and-Road Initiative and the Rising Importance of China's Western Cities," <https://www.asiagreen.com/de/news/the-belt-and-road-initiative-and-the-rising-importance-of-china-s-western-cities>.

Figure 12. China-Africa trade



Source: China-Africa Research Initiative

Figure 13. US-Africa trade



Source: China-Africa Research Initiative

Djibouti "offered for rent to the highest bidder"?

Djibouti profits from renting its geostrategic location to foreign powers, earning up to \$153 million a year.

Table 6. Foreign military base revenue in Djibouti

<i>Country</i>	<i>Rent amount per year</i>	<i>Creation date</i>
<i>United States of America</i>	<i>\$63,000,000</i>	<i>June 17, 2002</i>
<i>France</i>	<i>\$33,700,000</i>	<i>Since the creation of Djibouti</i>
<i>Italy</i>	<i>\$33,700,000</i>	<i>October 23, 2013</i>
<i>Japan</i>	<i>\$3,500,000</i>	<i>July 5, 2011</i>
<i>China</i>	<i>\$20,000,000</i>	<i>August 1, 2017</i>
<i>Spain</i>	<i>The rent is included in the French rent</i>	
<i>Total leases</i>	<i>\$153,900,000</i>	

Source: Compilation based on information from foreign ministry

China’s position has been reinforced by anti-terrorist and anti-piracy campaigns since 2001–2008. Diplomatic relations with the People’s Republic of China date back to 1979, but a rapprochement occurred after the PLAN used the Djibouti port to resupply fuel and food in 2008 as part of its mission to fight against piracy off the coast of Somalia. This relationship evolved into a strategic security and defense partnership in February 2014. According to the Chinese Foreign Ministry Spokesperson in a press conference in 2016:

Vessels have been sent by China to the Gulf of Aden and the waters off the Somali coast for escort missions in recent years. In fulfilling escort missions, we encountered real difficulties in replenishing soldiers and resupplying fuel and food, and found it really necessary to have nearby and efficient logistical support. China and Djibouti consulted with each other and reached consensus on building logistical facilities in Djibouti, which will enable the Chinese troops to better fulfill escort missions and make new contributions to regional peace and stability. The nature of relevant facilities is clear, which is to provide logistical support to Chinese fleets performing escort duties in the Gulf of Aden and the waters off the Somali coast.¹⁸¹

¹⁸¹ “Data: China-Africa Trade,” China Africa Research Initiative, <http://www.sais-cari.org/data-china-africa-trade>.

Beyond a Chinese royalty of \$20 million a year, the Djiboutian government benefits from mainly counterparties, including the lack of criticism of trade agreements with Beijing, which became its first supplier and investor.

The other major key players present in Djibouti, namely the United States, Japan, and France, doubt the defensive use of this Chinese installation. Since 2002, the US Army has had in Djibouti its only permanent military hold in Africa, with 4,000 men at Camp Lemonnier. Washington uses it mainly to conduct operations using drones taking off from Shebelley, and to conduct operations using Navy Seals against Al Qaeda in Yemen and neighboring Somali Shebabs. In 2014, the rent was revalued at \$63 million a year for a potential term of 20 years, and Americans announced \$1.4 billion in expenditures on their infrastructure.¹⁸²

The China-Djibouti partnership excludes any interference by the Republic of Djibouti in maritime movements within the Chinese military enclave.

China's political and economic power in the world also goes through the desert micro-state of Djibouti, occupying a key position in the strategic strait of Bab-el-Mandeb. Djibouti is a major maritime crossroad between Africa, the oil-rich Middle East, the Indian Ocean, and the Red Sea leading via the Suez Canal to the European Union, which is China's largest trading partner.

As the world's largest importer of oil (with 90 percent of its exports transiting by sea), Beijing seeks to better defend its main arteries of trade contributing to its internal stability. Moreover, Djibouti is the mirror of China's African policy in which diplomacy, commercial cooperation, and military cooperation interact. Its aim is to use the Republic of Djibouti as a secure interface to and from the African hinterland, as a common market of eastern and southern Africa (COMESA) in particular, and as a new growth driver for a Chinese economy overcapacity.

¹⁸² E. Schmitt, "US Signs New Lease to Keep Strategic Military Installation in the Horn of Africa," *New York Times*, Jan. 19, 2018.

Figure 14. COMESA countries members



Source: tuniscop.com

The People's Republic of China broadens its regional sphere of influence by linking its investments to the goodwill of the African states concerned. Beijing is also increasing the appeal for an agreement to acquire a new military intervention capability on site thanks to its base. This will enable the pre-positioned units to fight more effectively against piracy, which is now in decline, and to defend Chinese local interests. These reasons are real but serve first to legitimize the new military establishment. The People's Liberation Army is more concerned to gain operational experience and to obtain an autonomous capacity for distant and prolonged projection.

The deep-sea port of Doraleh would allow the reception of China's carriers and submarines, even if their performance is to be relativized. Ultimately, the level of deployment of China in Djibouti will reveal its true military ambitions. Finally, as recalled by Xi Jinping on October 18, 2017, Beijing refines its stature of a great world power through its presence in Djibouti while flattering the nationalism of its population.¹⁸³ Despite its position of multilateral cooperation for regional stability, China prefers de facto bilateral relations, and its peacekeepers in Africa are often located where its interest lies. All this could make China a plausible alternative to Western partnerships both in Africa and the Middle East.

Djiboutian stability is crucial for the outside powers to fully benefit from their in-situ positioning. By authorizing several foreign bases, the Djiboutian government is attempting to pursue a policy of balance between the powers so that it does not depend exclusively on any

¹⁸³ "Xi Jinping's Report Delivered at the 19th National Congress of the Communist Party of China," Oct. 2017.

one. The resulting financial windfall is increasing but also creating exposure to terrorist attacks, including one in Djibouti City in May 2014.

The Djiboutian government would like to shore up its power by reducing this dependence and internal tensions by developing an African logistic, telecommunications, and trade hub as Singapore did. However, only China is willingly able to provide the necessary funding. The Republic of Djibouti is exposed to over-indebtedness that Beijing is using for geopolitical cost by negotiating its military establishment, among others. However, China is aware of the interest of making Djibouti a showcase of its "Maritime Silk Road," breaking with the negative image of "Chinafrique."

On November 23, 2017,¹⁸⁴ Djibouti's president was the first African head of state to be received by Xi Jinping since his re-election in October 2017. The United States, Japan, and France consider Djibouti as a symbol of the Chinese rise that Washington hoped to prevent by spending and defense cooperation in the Republic of Djibouti. In addition, Americans are wary of military espionage with the arrival of the Chinese army in Djibouti. Nevertheless, the technical and operational superiority of the US Navy still weighs on the major axes of Chinese supply.

Finally, France fears an eviction effect gradually relegating it to a second-class status that risks losing its privileged strategic access. This would disrupt its regional military apparatus, Djibouti being its only East African training and joint projection platform to Africa, the Middle East, and the Indian Ocean. More broadly, the perception of a decline in French influence in Africa would weaken its rank as a world power.

¹⁸⁴ "Xi Jinping Holds Talks with President Ismail Omar Guelleh of Djibouti," Embassy of the People's Republic of China in the United States of America," <http://www.china-embassy.org/eng/zgyw/t1514073.htm>.

France: France's Vision of China's Commercial and Military Presence in the Indian Ocean Region

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Key Points:

- France's wariness of China's presence in the Indian Ocean is part of a broader trend marked by a growing strategic distrust between Paris and Beijing. President Macron has explicitly articulated the notion that China challenged France's vision of the world and its interests in the Indian and Pacific oceans.
- Many in the French establishment have been especially uncomfortable with China's commercial and military presence in Djibouti, a strategic outpost where France used to have a strong foothold.
- France has sought closer coordination with its allies and partners to project a common front in the face of China. It has worked with the UK, as well as Australia, the US, and Japan, to enhance its naval presence in the Indo-Pacific. As far as the Indian Ocean is concerned, France has primarily focused on its strategic partnership with India.

Introduction

French interests in the Indian Ocean are both significant and multifaceted. In the southwestern Indian Ocean, France has sovereignty over the islands of La Réunion and Mayotte, where approximately one million French citizens live. These islands, which have the status of *département d'outre-mer*, have allowed France to claim a status as a resident nation of the Indian Ocean and as a member of the Indian Ocean Commission.¹⁸⁵ France also has sovereignty over the uninhabited Scattered Islands, which are strategically located in the Mozambique Channel. Altogether, La Réunion, Mayotte, and the Scattered Islands account for an exclusive economic zone (EEZ) of 1 million sq. km. (including an extensive, albeit contested, EEZ in the Mozambique Channel). Added to this, there are the French Southern and Antarctic Territories, with an EEZ of about 2 million sq. km. Altogether, the Indian Ocean accounts for 26 percent of France's total EEZ.

¹⁸⁵ The IOC was created in 1982, and its members are Réunion, Madagascar, Mauritius, the Comoros, and the Seychelles.

France also deploys significant military capabilities in the western Indian Ocean. Its sovereignty forces stationed in Réunion and Mayotte are composed of naval and air assets and tasked with ensuring the protection and surveillance of the EEZ in the southwestern and southern Indian Ocean.¹⁸⁶ France also maintains a permanent military presence in the northwestern Indian Ocean, with a historic base in Djibouti that to this day remains the most important pre-positioned base of the French army, with 1,400 personnel. Since 2009, France has operated a new base in the United Arab Emirates, which hosts six multirole Rafale combat aircrafts. On average, France deploys 4,100 personnel to maintain its military presence in the Indian Ocean.

Because it operates an extended network of military assets in the Indian Ocean and in the Pacific (in New Caledonia and French Polynesia) and has a permanent seat at the UNSC, France sees itself as a power with legitimate interests and responsibilities in Asian affairs. Over the past decade in particular, Paris has shown growing interest in Asian maritime affairs and commitment to the security of the Indian and Pacific oceans. Admittedly, until then (i.e., in the 1990s and 2000s), the French approach had mostly been of an economic and diplomatic nature and had centered primarily on building a close relationship with China and, to a lesser extent, with India.¹⁸⁷

But since the late 2000s, Paris has seen its interests in Asia not just through an economic lens, but also through a security one. French state agencies have published a series of official documents articulating their views on the issue, and more recently under the governments of Messrs. Hollande and Macron, the French presidents as well as their Defense Ministers have exposed their vision through a number of public declarations and statements. This growing corpus of official documents and statements provide good material for analysis. This paper examines the evolution of the French narrative on the Indian Ocean as well as France's perceptions of China's growing influence in this region.

France's Growing Security Concerns about the Indian Ocean and China

This section concentrates on the 2007–2017 period, which spans the 5-year terms of Presidents Sarkozy and Hollande. It shows that over this decade, France became increasingly committed to the security of the Indian Ocean as well as concerned about China's maritime ambitions.

¹⁸⁶ With two surveillance frigates equipped with one helicopter each, one multi-mission ship, two patrol vessels including one polar patrol vessel, and two tactical transport aircrafts. Ministry for the Armed Forces, *France and Security in the Indo-Pacific*, 2018, <https://www.defense.gouv.fr>.

¹⁸⁷ France established a strategic dialogue with China in 1996 and a strategic partnership with India in 1998.

France as a stakeholder in the security of the Indian Ocean

France started to formalize a narrative on its security interests in the Indian Ocean in the late 2000s. Reflecting this trend, the 2008 White Paper on Defense and National Security written under the Sarkozy government anticipated a growing French military involvement in the Indian Ocean. A major factor accounting for this anticipation was the threat perception emanating from the so-called “arc of instability,” a geopolitical concept “running from the Atlantic to the Indian Oceans” that concentrated a wide array of security risks (related to terrorism, drug trafficking, nuclear proliferation, and piracy) and that included “the most likely zones of conflict directly involving French and European interests.”¹⁸⁸ From an operational point of view, France’s growing commitment to maritime security in the northwestern Indian Ocean was evident in the French Navy’s participation in Combined Task Force 150 (CTF-150) since 2002 and in the European Union (EU)-led operation Atalanta to combat piracy off the coast of Somalia since late 2008. Also in 2008, France eagerly joined the Indian Ocean Naval Symposium (IONS) as a founding member.¹⁸⁹

The other factor accounting for the French focus on the Indian Ocean in the late 2000s was more eastward-oriented. As explained in the 2008 White Paper, a French presence in this Ocean “could serve as a stepping-stone to extending our presence and co-operation into Asia.”¹⁹⁰ The next White Paper released in 2013 under the Hollande government put more emphasis on this vision of the Indian Ocean as a springboard to Asia and as a fulcrum of world trade flows. It stated:

The security of the Indian Ocean, a maritime access to Asia, is a priority for France and for Europe....As a transit region for international trade, the Indian Ocean is at the heart of world strategic challenges, as illustrated by the permanent presence of the US, Asian, and European navies.¹⁹¹

In other words, this new assessment made the Indian Ocean even more important to French and European security interests. It also insisted on the fact that as “a neighboring power in the Indian Ocean,” France had a special role to play in the area and wanted to endorse its responsibilities through “the development of privileged relations with India.”

¹⁸⁸ The White Paper Commission / Commission sur le Livre blanc sur la défense et la Sécurité nationale, *Le Livre blanc sur la défense et la sécurité nationale*, 2008, Odile Jacob, Paris.

¹⁸⁹ The Combined Task Force-150 is a multinational coalition that patrols the northwestern Indian Ocean as part of the global war on terrorism. IONS is a forum originally initiated by India to promote maritime cooperation among the littoral states of the Indian Ocean.

¹⁹⁰ The White Paper Commission, *op. cit.*

¹⁹¹ The White Paper Commission / Commission sur le Livre blanc sur la défense et la sécurité nationale, White Paper on *Defence and National Security*, 2013, <https://www.defense.gouv.fr/english/dgris/defence-policy/white-paper-2013/white-paper-2013>.

Moreover, during his term (2012–2017), President Hollande gave the Defense portfolio to J.Y. Le Drian, a well-established politician with in-depth expertise in military and security affairs. Under his stewardship, the Defense Ministry began several initiatives to articulate French interests in Asian security issues. For instance, just two weeks after assuming office as Defense Minister in June 2012, Le Drian decided to lead the French delegation to the Shangri La Dialogue, a major conference of policy-makers and security experts on Asian security. Since then, every French Defense Minister has made it his or her duty to personally attend the Singapore-based annual gathering and to reiterate the message that France, as a resident power of the Indian and Pacific oceans, is deeply committed to peace and stability in these regions. Then, in 2014, the Defense Ministry released a special brochure—the first of its kind—to explain the French view of security in the Asia-Pacific. In the brochure’s forewords, Le Drian highlighted the importance of the sea-lanes of communications (SLOCs) “from the Yellow Sea to the Arabo-Persian Gulf,” describing them as “vital both for Asia and Europe,” and reminded that France was “committed to the principle of freedom of navigation.”¹⁹²

France’s emerging concerns about China’s maritime assertiveness

In its 2008 White Paper, the French defense establishment repeatedly touched upon the issue of China’s military modernization, made only brief mention of China’s forays in the Gulf and Africa, and did not broach the issue of China’s presence in the Indian Ocean as such. The 2013 White Paper on Defense and National Security was even more concerned about the pace of China’s defense modernization, including power projection capabilities, and took due note of “China’s claim to sovereignty over the entire South China Sea.”¹⁹³ But it did not say much about China’s presence in the Indian Ocean, even though this phenomenon was quite evident by then. Indeed, China had deployed a quasi-permanent naval presence in the western Indian Ocean as part of its anti-piracy operations since late 2008 and had actively engaged the states of the region.

However, the political class was prompt to express serious concern about China’s activities in the Indian Ocean. In late 2011, the Senate Committee on Foreign Affairs, Defense, and Armed Forces released a report that raised the prospects of France marginalization in Asia and Oceania, as a result of China’s future hegemony. The report observed: “Between our will to prevent China from emerging as a hegemonic power in the area (Asia and Oceania) and the risk to be evicted as a result of the strong US engagement, the way is narrow for France as for

¹⁹² Ministry of Defense, *France and Security in the Asia-Pacific*, 2014, <https://www.defense.gouv.fr/content/.../file/PlaquetteAsiePacifique2014ENBD.pdf>.

¹⁹³ The White Paper Commission, *op. cit.*

Europe” (author’s translation).¹⁹⁴ In 2012, the same Senate Committee released another report that was even more alarmist about China’s maritime activism. It described China’s port projects in Myanmar, Pakistan, Bangladesh, Sri Lanka, and Mozambique as part of a strategy to secure its SLOCs in the Indian Ocean, while emphasizing that freedom of navigation was already a major challenge in the South China Sea. The report bluntly stated: “What is at stake are our interests throughout the Indian Ocean and Pacific.”¹⁹⁵ There could be no clearer way to articulate the notion that China challenged French interests in the Indian Ocean.

This growing concern about China’s maritime assertiveness was accompanied by two other changes in the French posture. The first one consisted of mitigating the Sino-centric nature of France’s Asia policy.¹⁹⁶ While admitting that China would remain a major economic partner, by the early 2010s, France saw the need to diversify its engagement and launched strategic partnerships with Indonesia (2011), Australia (2012), Singapore (2012), Vietnam (2013), and Japan (2013), in addition to deepening its older strategic partnership with India. The second change appeared in France’s tougher posture on the principle of freedom of navigation and implicit criticism of China’s behavior in the South China Sea. The change in tone was especially stark when Defense Minister Le Drian asserted at the 2014 Shangri La Dialogue: “First there is the question of the rule of law. I do underline here the special significance of the principles of the freedom of navigation and over-flight in international waters, to which France is deeply attached, as many among you” (author’s translation).¹⁹⁷ As Defense minister (until 2017), Le Drian would use the same tougher tone in his addresses at the Shangri La Dialogues and reaffirm as much as possible France’s attachment to law at sea. To give substance to these declarations, from 2014 on the French Navy sailed regularly in the South China Sea to assert the principle of freedom of navigation.

President Macron’s Explicit Strategic Distrust of China

Although President Macron has followed the approach of his predecessors, he has certainly adopted a more vocal and firm stand vis-à-vis China. Indeed, the new president has explicitly

¹⁹⁴ Carrère & allii, *Révision du livre blanc sur la défense et la sécurité nationale : quelles évolutions du contexte stratégique depuis 2008 ?* Rapport d’information no. 207, Dec. 16, 2011.

¹⁹⁵ Lorgeoux, Trillard, *Maritimisation: la France face à la nouvelle géopolitique des océans*. Rapport d’information no. 674, Jul. 17, 2012, <http://www.senat.fr/notice-rapport/2011/r11-674-notice.html>

¹⁹⁶ Huotari & allii, *Mapping Europe-China Relations: A Bottom-up Approach*, 2015, https://www.ifri.org/sites/default/files/atoms/files/etnc_web_final_1-1.pdf.

¹⁹⁷ Le Drian, *Déclaration sur la prévention et la gestion des conflits, à Singapour*, June 1, 2014, <http://discours.vie-publique.fr/notices/143001233.html>.

articulated the notion that China has challenged France's vision of the world and its interests in the Indian and Pacific oceans.

Macron's rebuke of China's "hegemonic" tendencies

In the few years following the launching of the Belt and Road Initiative (BRI), between 2013 and 2017, French officials generally responded in a positive, albeit vague, way to the Chinese concept. While reiterating the French interest in the project, President Macron proved more assertive on the conditions of cooperation under the BRI framework.¹⁹⁸ During his first visit to China in January 2018, he strongly insisted on the need for China to develop BRI projects less unilaterally, saying candidly:

The new silk roads should meet the objectives that we have set ourselves for the common goods....They can't be the road of a new hegemony that would somewhat put in a state of subjugation the countries they cross." (Author's translation)¹⁹⁹

The concern about Chinese hegemonic tendencies has indeed been a distinct feature of President Macron's foreign policy narrative. The President articulated it in an important speech to the French diplomatic corps in 2018, saying, "While being an active participant to the traditional multilateral game, China promotes its own vision of the world, its own vision of a reinvented multilateralism, more hegemonic" (author's translation).²⁰⁰ He also mentioned it while visiting India, Australia, and New Caledonia; in these three instances, he asserted that neither the Indian Ocean nor the Pacific Ocean could be allowed to become "spaces of hegemony."²⁰¹ These remarks eventually led the Chinese Foreign Ministry spokeswoman Hua Chunying to denounce "groundless accusations."

President Macron has also called on his EU partners to put up a common front to seek fairer competition conditions and trade reciprocity in the face of China. His call for a "European awakening" eventually led to a marked change, with the European Commission publishing an EU-China strategic outlook in March 2019 that bluntly described China as an "economic

¹⁹⁸ France has not yet signed a memorandum of understanding on the Silk Road.

¹⁹⁹ Macron, Transcription du discours du Président de la République au palais de Daminggong, Beijing, Jan. 9, 2018, <https://www.elysee.fr/emmanuel-macron/2018/01/09/transcription-du-discours-du-president-de-la-republique-au-palais-de-daminggong>

²⁰⁰ Macron, *Discours du Président de la République à la conférence des Ambassadeurs*, Paris, Aug. 27, 2018, <https://www.elysee.fr/emmanuel-macron/2018/08/27/discours-du-president-de-la-republique-a-la-conference-des-ambassadeurs>

²⁰¹ Macron, Joint media briefing: Statement by the French President, New Delhi, Mar. 10, 2018, <https://in.ambafrance.org/joint-media-briefing-statement-by-the-French-President-15342>; Speech at Garden Island Naval Base, Sydney, May 2.

competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance.”²⁰² A few weeks later, in another show of European unity in the face of China, the French President Macron convened German Chancellor Merkel and European Commission President Juncker to his meeting with President Xi. On this occasion, Mr. Macron pressed China not to seek to divide the EU, in the backdrop of Italy’s as well as several central and eastern European states’ endorsement of BRI. The Chinese leader replied in a similar tone and warned against mutual distrust in the China-EU relationship.

All in all, under the Macron government, there has been a growing realization that China has challenged French interests, values, and vision of the world on many issues. This is the reason why the president has made it clear that France would have to defend its liberal values and uphold the rules-based international order. This commitment has to be seen in a larger context, in which France has become very concerned about the weakening of the international liberal order. In the French perspective, President Trump’s unilateralism and China’s promotion of an alternative, Sino-centric model of globalization have been seen as two disquieting trends that have contributed to destabilizing the values of multilateralism and of a rules-based order.

France’s specific concerns about China’s presence in the northwestern Indian Ocean

Although the 2008 and 2013 White Papers did not say much about China’s forays into the Indian Ocean, the 2017 Defense and National Security Strategic Review fully tackled the issue. The report noted that China had established a permanent presence in a matter of a few years, with “an operational base in Djibouti and a support facility in Gwadar (Pakistan)” and saw this development as part of “China’s strategic ambition to develop a long-term naval influence in a maritime area extending from the South China Sea to the whole Indian Ocean.”²⁰³ It thus stated that, as far as the Indian Ocean was concerned, “China’s growing naval presence represent(ed) a new strategic challenge.” It also added that France shared the concerns of such Indian Ocean littoral states as Australia and India with respect to China’s growing activities. As a conclusion, the report recommended, “Holding a strategic dialogue with China that is both clear-eyed and demanding” and closely monitoring “rising Chinese military capabilities and their potential consequences in new areas of interaction in Africa (Djibouti) and in the Indian Ocean.”

China’s opening of a military base in Djibouti in 2017 has been a wake-up call for Paris. Many in the French establishment have been especially uncomfortable with China’s presence in a

²⁰² European Commission, *EU-China: A Strategic Outlook*, Strasbourg, Mar. 12, 2019, <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>.

²⁰³ The Strategic Review Commission, *Defence and National Security Strategic Review*: <https://otan.delegfrance.org/2017-Strategic-Review-of-Defence-and-National-Security>, 2017.

country where France used to have a strong foothold. Following an assessment mission to Djibouti in March 2018, some members of the Senate Committee on Foreign Affairs, Defense and Armed Forces, clearly expressed their anxiety. They noted that China's presence was strong locally because it was both civilian and military: not only did China have a military base, it had also invested in the development of large infrastructure projects as part of its BRI initiative, including in major sections of Djibouti's port and of the Addis-Djibouti railway line. Djibouti was now so indebted that, in their view, there was a risk of China gaining control of the infrastructures it helped build. Their report actually described China's strategy of lending with no restriction to financially fragile countries as a "deliberate return to a kind of imperialism the European powers themselves resorted to in the 19th century, which makes it possible to take control of a country through its infrastructures" (author's translation).²⁰⁴ In this regard, the French Senators proved as worried as US National Security Adviser John Bolton, who denounced China's "strategic use of debt to hold states in Africa captive to Beijing's wishes and demands."²⁰⁵

The main message of the Senate Committee was to urge the government to maintain France's historic influence in the strategic outpost of Djibouti and to help this country avoid an exclusive relationship with China. Significantly, in March 2019, Macron visited Djibouti to signal France's plan to reinforce its presence there. He extended his trip to Kenya and Ethiopia, two states that have joined China's BRI. In the three countries, he promoted a model of development assistance that aimed at financial sustainability, local jobs creation, and a balanced and transparent partnership in the hope of differentiating the French practices from the Chinese ways. In Ethiopia (the regional heavyweight), Macron signed a defense agreement to help this country develop a future Navy (which would have to be based in Djibouti, Somalia, or Eritrea). In other words, Macron has sought not only to regain some ground against China in Djibouti, but also to secure a French strategic foothold in the horn of Africa, well beyond France's traditional area of influence. It is significant that the French president maintained this trip to Eastern Africa even while the prolonged domestic crisis over the "yellow vests" forced him to cancel a number of other visits overseas (including a scheduled address at the June 2019 Shangri La Dialogue).

²⁰⁴ Senate Committee on Foreign Affairs.../ Commission des Affaires étrangères, de la Défense et des Forces armées du Sénat, *Evaluation du rôle de la présence française à Djibouti*, May 23, 2018, <http://www.senat.fr/compte-rendu-commissions/20180521/etr.html#toc6>.

²⁰⁵ Bolton, *Remarks on the Trump Administration's New Africa Strategy*, Washington, DC, Dec. 13, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-national-security-advisor-ambassador-john-r-bolton-trump-administrations-new-africa-strategy/>.

The French Approach: Hedging Against China?

As explained by President Macron and the French diplomacy, France's priority with respect to China is to strengthen the comprehensive strategic partnership, but in such a way as to "rebalance" bilateral ties and to achieve "greater reciprocity."²⁰⁶ At the same time, France has started to adjust its strategic positioning on at least two accounts: first by stepping-up its deployments in the Indo-Pacific and second by exploring potential minilateral formats of cooperation with its partners and allies.

Stepping up military engagement in the Indo-Pacific

Another innovation introduced under the Macron presidency is the endorsement of the Indo-Pacific concept promoted by Japan, Australia, and the US.²⁰⁷ In this vast geopolitical area, France has primarily sought to position itself as a supporter of a "stable, law-based, and multipolar order" as well as a potential "mediating power" in an environment marked by strategic rivalries and unilateralist trends.²⁰⁸ It has also defined the Indo-Pacific as an inclusive space, so as to avoid the anti-Chinese overtones of the US interpretation of the concept. It has insisted on the necessity to promote strong and effective regional organizations, thus reiterating the centrality of ASEAN, while requesting full membership in the Indian Ocean Rim Association (IORA) and ASEAN Defense Ministers Meeting + (ADMM+).

France may try to develop a nuanced version of the Indo-Pacific, yet the very fact that it has adopted a concept promoted by the US, Japan, and Australia and rejected by China clearly denotes a bias. Moreover, in another rebuttal of Chinese behavior, France has stepped up its operations in the maritime areas claimed by China to further emphasize its attachment to international law at sea. For instance, five French ships sailed in the South China Sea region in 2017, and in June 2018 a French maritime task group conducted a joint patrol through the Spratly Islands along with the UK. France's patrols eventually led to an incident with China in early April 2019, as the Chinese navy intercepted a French frigate that was making a passage through the Taiwan Strait. With respect to this incident, Defence Minister Florence Parly clarified the French position in very unambiguous terms at the 2019 Shangri La Dialogue:

...we will go about this issue in our own, steady, non-confrontational, but obstinate way. We will continue to sail more than twice a year in the South

²⁰⁶ Ministry for Europe and Foreign Affairs, *White Paper: 2030 French Strategy in Asia-Oceania – Towards an Inclusive Asian Indo-Pacific Region*, 2018, https://www.diplomatie.gouv.fr/IMG/pdf/livre_blanc-com-fr-eng_cle876fb2-1.pdf.

²⁰⁷ Until then, France would rather speak of Asia and Oceania, or the Indian Ocean region and Pacific.

²⁰⁸ Ministry for Europe and Foreign Affairs, *op. cit.*

China Sea. There will be objections, there will be dubious man oeuvres at sea. But we will not be intimidated into accepting any fait accompli, because what international law condemns, how could we condone?²⁰⁹

France has also made a point of demonstrating its capacity to operate regularly in the vast Indo-Pacific, despite its budgetary constraints and overstretched military. In August 2018, the French Air Force held a large-scale exercise in Southeast and South Asia. Three Rafale fighters, one A400M troop transporter, and a C135 refueling tanker flew from Australia to India, with several stops along the way (to Indonesia, Malaysia, Vietnam, and Singapore). As stated by the Air Force, the objective was “to contribute to the reinforcement of France’s presence in this zone of major strategic interest.”²¹⁰ In 2019, the French carrier strike group made its way through the Indo-Pacific on a four-month deployment and included various European as well as British, US, and Australian escort vessels along the way. Finally, as part of its unfolding Indo-Pacific engagement, France has undertaken to modernize its aging naval forces posted in Réunion. While paying a visit to the island in April 2019, Chief of Naval Staff Admiral Prazuck confirmed that two new ocean patrol vessels would be posted there in the next few years, and their surveillance capabilities would be enhanced with the addition of drones and space assets over the next decade. As explained by Admiral Prazuck, this modernization plan aimed to transform Réunion into a major node for the French Indo-Pacific strategy.

Networking with partners and allies

As part of its Indo-Pacific outreach, France has sought to enhance cooperation with other “likeminded” powers. Two states of the Indian Ocean—India and Australia—have stood out, which should come as no surprise because France has built strong strategic partnerships with them since 1998 and 2012. A closer look at the narratives describing the two partnerships shows the centrality of such notions as shared wartime history, shared democratic values, and a common commitment to a free and open rules-based regional order. Moreover, these partnerships have somehow developed along the same lines, with defense cooperation playing a critical role and leading to major arms deals (as reflected by the USD 40 billion deal concluded with Australia in 2016 to supply 12 new submarines). Maritime cooperation has also featured as a central area of cooperation, with France concluding mutual logistical support agreement with each country in 2018.

As stated by President Macron, the French ambition is to develop regular trilateral discussions out of these two parallel partnerships. The French President even called for a “Paris-Delhi-

²⁰⁹ Parly, *Asia’s Evolving Security Order and Its Challenges*, Singapour, June 1, 2019.

²¹⁰ Armée de l’Air, *Mission Pegase in the Asia-Pacific Region from 19 August to 4 September 2018*, 2018, <http://www.bruxelles2.eu/wp-content/uploads/2018/08/missionpegase2018dosspress@def1808.pdf>.

Canberra axis” on the occasion of his visits to Australia and New Caledonia in May 2018.²¹¹ The problem, however, is that the strategic horizon of the two partnerships is not exactly the same. With Australia, cooperation has traditionally been oriented toward the South Pacific Ocean. In keeping with the 1992 FRANZ Agreements, France coordinates with Australia and New Zealand to provide civil and military assistance to Pacific island countries affected by natural disasters. Moreover, France is a member of the Quadrilateral Defense Coordination Group with the United States, Australia, and New Zealand, which also coordinates security efforts in the Pacific.

As far as the Indian Ocean is concerned, France has primarily focused on its partnership with India, a country deeply worried about China’s influence in the region. Since their first joint exercise in 2001, the French and Indian Navies have forged close ties and deepened interoperability. Moreover, in March 2018, France and India concluded a Joint Vision on the Indian Ocean, in which they confirmed their intent to protect the freedom of navigation and prevent any hegemony in the region.²¹² The two states also finalized a reciprocal logistics support agreement in 2018, whereby France could open its naval base in Djibouti and Réunion to Indian ships. Maritime domain awareness has emerged as another area of close cooperation, with the two countries’ space agencies co-developing a surveillance satellite system focused on the Indian Ocean, and with France posting a liaison officer to India’s newly created data fusion center for the Indian Ocean Region (IFC-IOR).

Although France has clearly chosen India as its partner of choice to promote peace and security in the Indian Ocean, it has also sought closer cooperation with the US, the UK, and Japan to extend its footprint in the larger indo-pacific. Significantly, in 2017, France held the first combined exercises with the US, Japanese, and British militaries in the Western Pacific. On this occasion, the Mistral-class amphibious assault ship hosted American and Japanese marines, as well as two British Merlin choppers and their crews. Then, in mid-May 2019, the French aircraft carrier FS Charles de Gaulle conducted naval exercises with Japan, Australia, and the United States in the Bay of Bengal. This was also their first-ever combined naval exercise.

Conclusion

France’s wariness of China’s commercial and military presence in the Indian Ocean is part of a broader trend marked by a growing strategic distrust between Paris and Beijing. Although in the 2000s France mostly focused on China’s military modernization and assertiveness in its maritime surroundings, since the 2010s, it has become concerned about China’s growing influence in Europe itself, as well as in the Indian Ocean. China’s promotion of BRI since 2013

²¹¹ Macron (2018), *Speech at Garden Island Naval Base*, *op. cit.*

²¹² *Joint Strategic Vision of India-France Cooperation in the Indian Ocean Region*, New Delhi, Mar. 10, 2018.

and creation of a logistic base in Djibouti in 2017 have clearly added to France's suspicion. More to the point, China's competing influence has been felt most acutely in Djibouti, a historic backyard France may have somewhat taken for granted. In this strategic outpost, however, President Macron has tried to counter China's presence and regain some influence.

But more often than not, rather than act alone, France has sought closer coordination with its allies and partners to project a common front in the face of China. Along with Germany, it has pushed the EU to adopt a tougher stance on China's trade and investment practices. In the military area, it has worked with the UK, as well as Australia, the US, and Japan to enhance its naval presence in the waters of the Indo-Pacific. As far as the Indian Ocean is concerned, France has mostly focused on its strategic partnership with India. At the same time, France has maintained the position that China remains an important partner for trade and investments, as well as on global issues such as climate change. So far, Sino-French economic and diplomatic relations have not borne the brunt of their strategic divergences, even though China has definitely kept a close look on France's new activism in the Indo-Pacific.²¹³

²¹³ "How Will France's Growing Naval Presence in Asia Affect Its China Ties?" *World Politics Review*, June 3, 2019.

India: China in the Indian Ocean Region: An Indian Perspective

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Key Points:

- A Chinese 'string of pearls' in the Indian Ocean might have been an exaggeration when it was first mooted but was useful for the Indian strategic community to use as a means to focus public and government attention on China.
- Today, however, the 'string of pearls', appears to be taking concrete shape with the help of China's Belt and Road Initiative and alongside a rapid expansion of China's naval capabilities.
- China's anti-piracy operations are less about providing a global good and more about establishing presence and capacity in the Indian Ocean Region.
- China has supported its ingress into South Asia and the Indian Ocean Region under the Belt and Road Initiative with extensive military-to-military ties with countries of the region including military equipment sales as well as an active effort in shaping local and regional narratives through diplomacy and propaganda.

This essay seeks to examine current Indian views of the Chinese presence in the Indian Ocean Region (IOR). It begins with a brief background of how China's maritime activities came to attention in India and why this attention took the path it did. It then looks at Indian assessments of Chinese activity in the IOR and the concerns around these with particular focus on the wider implications of China's Maritime Silk Road (MSR), part of its Belt and Road Initiative (BRI). The final section looks at what the Chinese approach has been in dealing with Indian concerns suggesting that neither the Chinese nor the Indians trust each other enough on issues related to the maritime dimensions of their bilateral relationship.

Background: Revisiting the 'String of Pearls'

A very significant portion of China's hydrocarbon imports and its commercial trade passes through the Indian Ocean. The actual numbers are not as important here as the fact that for India respect for international law implies there can be no objection to Chinese presence in the IOR for purposes of trade and commerce. Significant Chinese military presence in the IOR is of comparatively recent origin even if the concept of the 'string of pearls' – an American-origin

term referring to potential Chinese military bases ringing India from Myanmar to Pakistan – has been around for a while. But even at the height of talk of the ‘string of pearls’ through most of the second half of the 2000s, it was not easy to find within the Indian Navy itself the view that this ‘string’ actually existed. Indian Navy officials always appeared to exude a quiet confidence that the Chinese capabilities such as they existed did not merit such alarmist talk.

Talk of the ‘string of pearls’, nevertheless, helped focused attention in India on the larger geopolitical challenges posed by an economically rising China. This ‘string of pearls’ trope was especially successfully in this regard for a number of reasons.

One, given the overhang of the 1962 conflict which took place on land and which has been widely interpreted as ending in a defeat for India, attention to China was something that was somewhat stuck in the past because the attention had hitherto been on the land boundary. However, currently on this front, the narrative was that the Indian government and Army were on top of things both diplomatically and from a military point of view. Boundary negotiations were on and while physical infrastructure and military capability along the India-China boundary left much to be desired on the Indian side, the consensus was that 1962 would not be repeated.²¹⁴ The ‘string of pearls’ threat from the ocean was therefore, something of a novel one, and the attention it received was perhaps the result of the desire to avoid being taken in by the same complacency about Chinese intentions that led to defeat of the Indian Army in 1962. Thus, even though there was no military dimension yet visible in any of the ‘pearls’, it was always assumed that the Chinese were going to eventually build up military assets and turn their attention to India. At least one ‘pearl’ did not even exist – an island in the Maldives archipelago that was named Marao. Others such as the Coco Islands in Myanmar were discovered to have nothing more than a run-down Myanmar military facility.²¹⁵

Two, talk of the ‘string of pearls’ was also useful to focus attention on the Indian Navy itself, considered the ‘Cinderella’ service with the least capital and human resources at its command of the three Indian armed services. India’s general sea blindness post-Independence has been a matter of some concern in the strategic community even though the Indian Navy did play a significant role in India’s the last major conventional war, the 1971 conflict with Pakistan. There is, in general, a lack of awareness of India’s maritime history or even of its maritime neighbours, with school textbooks not referring to the naval-driven expansion of such south

²¹⁴ While the Indian authorities were not unaware of Chinese expansion of infrastructure in Tibet, it took until the opening of the Qinghai-Tibet Railway to Lhasa in 2006 before confidences were shaken and questions raised within the media and wider strategic community. But even this process was slow and the responses in terms of infrastructure development on the Indian side have yet to match the Chinese pace.

²¹⁵ The angst in India over the latter was particularly severe given the fact that the islands were apparently once owned by a Tamil-origin family and had been taken over by the then Burmese government only in the 1960s. The episode was seen in sections as typical of India’s shortsighted approach to matters of strategy and planning.

Indian empires as the Cholas to Southeast Asia in the 11th century and of the significant naval capabilities of the Mughals, the Marathas and sundry other South Indian kingdoms that kept European colonial ambitions at bay for a time. Thus, the focus on China even if through a largely fabricated ‘string of pearls’ helped bring the Indian Navy and its capabilities into greater focus.

This is not to say that the Indian Navy did not go about its regular tasks, including that of military diplomacy, capably or that it was an insignificant player in the IOR. But it probably took until China’s anti-piracy task forces to the Gulf of Aden beginning at the end of 2008 and their quick scaling up in terms of numbers and quality of ships and personnel used, before it became evident that the entry of a fast-growing economic powerhouse like China in the Indian Ocean would significantly alter the balance of power in the region. It was also soon obvious that the Indian Navy was not investing fast enough in the capabilities it would need to counter this Chinese rise and potential ingress into the IOR.

As things stand today, it is precisely this situation that appears to be coming to pass. While the Indian Navy may be credited for the fact that among the three Indian armed services, it has the highest rate and quality of indigenous design and production of its requirements, the Indian Navy chief appeared to refer in January 2019 with some envy to the fact of the Chinese PLA Navy’s (PLAN) rapid buildup saying, ‘No Navy has grown as rapidly in the last 200 years as the Chinese navy. They’ve added 80 new ships in the last five years. So the Chinese navy is a force and it’s a force that is here to stay.’²¹⁶ At the same time, there is also a certain degree of equanimity in the Indian Navy about the new reality, which is the result of long years of familiarity with the idea of the ‘string of pearls’ and the concerns around it.

China in the IOR: An Increasing Confidence

The context for the Indian Navy chief’s comment comes not so much from the older ‘string of pearls’ theory as much as it does from China’s twin actions of launching the its anti-piracy task forces by the PLAN and of the MSR in 2013 under its BRI.

From the Indian point of view, the anti-piracy task forces created new considerations that needed to be taken into account. China’s ‘grey zone’ operations in the South and East China Seas, in which it has carefully and gradually pushed the limits while managing to stay below the threshold of provoking major response or retaliation by the big naval powers in the region,

²¹⁶ Observer Research Foundation. 2019. “Raisina 2019 | Indo-Pacific: Ancient Waters and Emerging Geometries.” *YouTube*, 9 January. <https://www.youtube.com/watch?v=C5oWaK-HdYA>. The news was picked up prominently in China, too. *Huanqiu Shibao*. 2019. “Yindu haijun zongcanmouzhang cheng Zhongguo haijun 5 nian zengzhang 200 nianlai qiansuoweiyou.” 10 January. <https://new.qq.com/omn/20190110/20190110A0FG8B.html>.

are now widely acknowledged and better understood. However, it could be argued that China's anti-piracy task forces in the IOR are also a case of 'grey zone' operations. Ostensibly in the IOR as part of a global goods initiative in the form of anti-piracy, some of these Chinese escorts have been accompanied by submarines, which are clearly weapons of war.²¹⁷ Another Indian commentator has also suggested that China's 'three warfares' strategy of media, psychological and legal warfare should be considered as part of China's gray zone methods.²¹⁸ Taken together, these clearly signal the Chinese putting meat to the old challenge – apparently by a PLA general – that the Indian Ocean was no longer 'an ocean of the Indians'.²¹⁹

Indian concerns on this score vis-à-vis China must be understood also from the point of view Indian experiences dealing with it as a neighbour, over the negotiating table and in international multilateral forums over decades. In other words, Indian analysts have seldom been carried away as the Americans or the West in the belief that China would reform, democratize or open up as a result of greater engagement with the outside world. India has always been ahead of the curve particularly, in assessing Chinese political challenges and threats for what they were, even if its views were not always heeded. The latest example is, of course, the Indian Ministry of External Affairs statement of 13 May 2017 on the eve of the first Belt and Road Forum in Beijing, which highlighted problems of transparency, financial accountability and environmental standards among others²²⁰ that have subsequently been borne out by evidence out of Sri Lanka, Malaysia and a host of other smaller nations, many of them in the IOR.

From an operational point of view, it was also clear from the beginning that the PLAN was going into the relatively low-level task of combatting piracy at sea with naval vessels and weaponry far in excess of what was needed. Even the presence of Chinese submarines in the IOR has been

²¹⁷ For a Chinese response to the use of submarines in anti-piracy operations, see Jacob, Jabin T. 2018. "China's Evolving Strategy in the Indian Ocean Region: Risks in China's MSR Initiative." In *India and China at Sea: Strategic Competition in the Maritime Domain*, edited by David Brewster, 208-223. New Delhi: Oxford University Press.

²¹⁸ Abhijit Singh, "Deciphering grey-zone operations in maritime-Asia." *Issue Briefs and Special Reports*, Observer Research Foundation, 3 August 2018, <https://www.orfonline.org/research/42978-deciphering-grey-zone-operations-in-maritime-asia/>.

²¹⁹ Quoted in Bodansky, Yossef. 1995. "Beijing's Surge for the Strait of Malacca." Freeman Center for Strategic Studies. http://www.freeman.org/m_online/bodansky/beijing.htm.

²²⁰ Ministry of External Affairs, Government of India. 2017. "Official Spokesperson's response to a query on participation of India in OBOR/BRI Forum." *Media Briefings*, 13 May. <http://mea.gov.in/media-briefings.htm?dtl/28463/Official+Spokespersons+response+to+a+query+on+participation+of+India+in+OBORBRI+Forum>.

justified blandly and illogically on the grounds of anti-piracy operations.²²¹ And yet, other than criticizing Sri Lanka for hosting Chinese submarines in 2014,²²² India has not been able to materially change the situation in a way that has constrained PLAN movement in the IOR.

And as is standard practice, the Chinese have moved on multiple prongs. For instance, military supplies to IOR littorals are on the increase. To take the case of just South Asia, there is a major submarine building project with Pakistan with at least four 041 Yuan-class submarines being built jointly in Karachi as part of US\$5 billion deal of eight submarines in total.²²³ In mid-November 2016, China also supplied the Bangladesh Navy with its first ever submarines – two Type 035G refurbished Ming-class diesel submarines. Chinese media commentary on the deal referred frequently to Indian unease²²⁴ in effect confirming Indian apprehensions that the deal was more than just about equipping a coastal country with what might be considered a genuine need. Among these, of course, is the fact that the Bangladeshi navy will use Chinese training to run their submarines and in the process provide a degree of regular and justified access to China to the Bay of Bengal.²²⁵

There is also a far subtler but no less significant accretion in Chinese access to the IOR evident in China's training and education outreach to countries in the region. A case in point is a 2014 MoU between the South China Sea Institute of Oceanology (SCSIO) of the Chinese Academy of Sciences and the University of Ruhuna in southern Sri Lanka establishing the China-Sri Lanka Joint Centre for Education and Research (CSL-CER). Besides academic staff and student exchange, the centre also has a fully-automated weather station, and a joint observatory for wave and tidal measurements. What is significant here is the nature of the SCSIO, which is one of China's top institutions in the field and 'national defense safety construction projects'. These projects include environmental protection of island and reef engineering projects in features

²²¹ On being posed the question by Indian media, a Chinese military official, Senior Colonel Wei Xiaodong asked why submarines could not perform anti-piracy missions. Chinese media also pointed out that the Indians raised no questions about the Dutch deploying a submarine in an anti-piracy operation in September 2010. *Huanqiu Shibao*. 2019. "Yindu haijun zongcanmouzhang cheng Zhongguo haijun 5 nian zengzhang 200 nianlai qiansuoweiyou." 10 January. <https://new.qq.com/omn/20190110/20190110A0FG8B.html>.

²²² Shihar Aneez and Ranga Sirilal. "Chinese submarine docks in Sri Lanka despite Indian concerns." *Reuters*, 2 November. <http://in.reuters.com/article/sri-lanka-china-submarine-idINKBN0IM0LU20141102>.

²²³ Syed, Baqir Sajjad. 2015. "China to build four submarines in Karachi." *Dawn*. 7 October 2014, <http://www.dawn.com/news/1211363>.

²²⁴ *Xinbo Junshi*. "Mengjiala haijun jieshou liang sou Zhongguo 035G qianting ling Yindu bu'an." 15 November 2016, <http://mil.news.sina.com.cn/china/2016-11-15/doc-ifxxsmic6303893.shtml>.

²²⁵ Blake Herzinger, "Submarines in the Bangladesh Navy: Acquired Deterrence or Strategic Misstep?" *The Diplomat*, 21 December 2016, <http://thediplomat.com/2016/12/submarines-in-the-bangladesh-navy-acquired-deterrence-or-strategic-misstep/>.

in the South China Sea that China has illegally occupied.²²⁶ Given the close linkages between China's research institutions and its national security and military apparatus and their objectives, there is reason for India to worry.

It is not clear if Indian naval officials for all their confidence in their own capabilities and professional judgment that the PLAN was nowhere near as capable as the Indian Navy itself, anticipated this kind of relatively easy ingress and constant access the PLAN would have in the IOR. To their credit, the Indian Navy has also by and large quickly acknowledged the changed situation and factored this in successive documents on maritime doctrine and strategy since.

However, deep thinking about doctrine by naval planners cannot make up for superficial attention to the larger strategic implications of China's MSR by India's political class.

The MSR/BRI: Winning the Narrative

The MSR provides added ballast to not just Chinese efforts at the PLAN level but also to political and diplomatic tasks of winning over countries to doing what the Chinese wish them to do. This the MSR achieves via physical infrastructure development projects financed and executed by the Chinese government and its companies in a wide swathe from Southeast Asia to East Africa and all around India's South Asian neighbourhood. While this is unexceptional given the massive physical infrastructure deficit in the IOR littoral (including not least, India, itself), the fact that a lot of this infrastructure is directed at developing port infrastructure and transport links connecting ports and the hinterland raises questions of eventual Chinese control over these assets.

That Chinese control over ports in the IOR is a real possibility is evident in at least two instances. The most prominent one is, of course, the case of Hambantota in Sri Lanka, which has over the course of two separate political administrations in Colombo moved from Sri Lankan control to a 99-year lease to the Chinese.²²⁷ The second example comes from Kenya where the terms of a Chinese financed railway suggest that Nairobi could be forced to hand over assets such as those under the Kenya Ports Authority, including Mombassa port, in case

²²⁶ For more details see Jacob, Jabin T. 2019. "Political Crisis in Sri Lanka: China and the Maritime Dimension." National Maritime Foundation, New Delhi, 1 February. <http://maritimeindia.org/ViewProfile/636845977769000724.pdf>.

²²⁷ BBC, "Sri Lanka signs deal on Hambantota port with China." 29 July 2017, <http://www.bbc.com/news/world-asia-40761732>.

of a default on payments.²²⁸ Gwadar, in Pakistan's Balochistan province, and one of the original pearls in the 'string of pearls' is another case in point that is frequently mentioned as being under threat of Chinese takeover given doubts about its economic viability. These concerns are not just Indian ones anymore but also Pakistani ones especially since the launch of the China-Pakistan Economic Corridor (CPEC) and Gwadar's special place in it.²²⁹ Consider also the fact that the Chinese have moved to try and win the Indonesians over when their President, Joko Widodo, launched his Global Maritime Fulcrum idea to develop Indonesia's maritime resources and leverage its locational advantages.²³⁰

The MSR (and the BRI itself) is also a nimble-footed project in diplomacy and propaganda that goes far beyond simply Chinese economic development projects in developing countries of the Third World. The Chinese under Xi Jinping as the General Secretary of the Communist Party of China (CPC) are actively seeking to shape the political discourse in BRI host countries in favour of Chinese positions on a range of issues from the question of Taiwan's place in the international community and role in international organizations to challenging Western norms and ideas in the running of the current global order. Thus, the Chinese are not only challenging UNCLOS in the South China Sea but also seeking to win support for its point of view and actions.²³¹ China's economic success is also emboldening authoritarians everywhere to believe not only that a powerful nation backs them in the belief that their domestic politics is their business and no one else's but also that there is a model of economic development that can be built on central direction and control of economic assets and human resources rather than on free-market principles or democratic accountability.

²²⁸ According to one newspaper that accessed the contract agreement on the Mombasa-Nairobi Standard Gauge Railway, a clause read, "Neither the borrower (Kenya) nor any of its assets is entitled to any right of immunity on the grounds of sovereignty or otherwise from arbitration, suit, execution or any other legal process with respect to its obligations under this Agreement, as the case may be in any jurisdiction". Okoth, Edwin. SGR pact with China a risk to Kenyan sovereignty, assets. Daily Nation, 13 January 2019, <https://www.nation.co.ke/news/Hidden-traps-in-SGR-deal-with-China/1056-4932764-ebw46r/index.html>.

²²⁹ See for example, Tirmizi, Farooq and Syeda Masooma. 2017. "Pakistan's next economic crisis." *Pakistan Today Profit*, 20 February. <http://profit.pakistantoday.com.pk/2017/02/20/pakistans-next-economic-crisis/> and Khurram Husain, "Lessons of Hambantota." *Dawn*, 28 June 2018. <https://www.dawn.com.cdn.ampproject.org/c/s/www.dawn.com/news/amp/1416611>.

²³⁰ *China Daily*, "Full text of China-Indonesia joint statement." 8 May 2018, <http://www.chinadaily.com.cn/a/201805/08/WS5af14611a3105cdcf651ca3f.html>.

²³¹ It might be noted here, that on the question of military activities in the Exclusive Economic Zone, the Chinese and Indian positions are similar and opposed to that of the US in demanding prior consent. But the Chinese seek a greater number of exceptions to the application of UNCLOS than does India.

This 'Chinese model' is certainly a big part of China's self-promotion to the outside world under the BRI. While China's challenge can seem somewhat nebulous or its success too distant a possibility to those in the West, in the context of the IOR, many younger, poorer and more unstable democracies can find the 'Chinese model' attractive and this in turn can pose real political problems for India's own model of combining economic growth with democratic institutions and accountability. India's poor record of implementation of promised projects in its overseas development assistance programmes are well-known and do not help, offering as they do a particularly sharp contrast to the speed of completion of Chinese projects.

But New Delhi's problems at holding attention in the region or in shaping the narrative are further compounded by the fact that the military goals it seeks to realize through its Navy and its political goals are somewhat separate.²³² Indeed, India is rather well-known for its reluctance to promote democracy abroad even though it does extend support to democratic institution-building in several IOR countries in the form of support and training for the conduct of elections and so on. However, unlike the Chinese who clearly combine economic and political goals, the Indians seldom seem to do so effectively or even acknowledge that this is important.

Conclusion: 'String of Pearls' Redux

Insofar as the Chinese response to Indian concerns go, they appear to swing between trying to set Indian concerns at ease regarding their presence in the IOR and telling the Indians to just deal with it. While China refers to its responsibility to protect the global commons including the environment and the freedom of navigation as justification for its presence in the Indian Ocean, it also uses the same explanation for its reclamation activities and military build-up in disputed waters in the South China Sea. The Chinese thus, ignore the contradictions in their approach that might raise doubts about their intentions. Instead, when it comes to the Indian Ocean, Chinese scholars often argue that China's government and military do not have great ambitions in the IOR and give the additional reason that its activity is only a part of its responsibility to protect its economic interests and overseas Chinese.²³³

Chinese scholars are, however, deeply concerned about a potential Indo-US axis against China in the IOR. At the official levels especially, China wishes to convey the impression that it is absolutely convinced of India's independence of thought and action from the US and stresses frequently, India's idea of its 'strategic autonomy'. But at the level of think-tank and academic

²³² Satu P. Limaye argues that convergence between the Indian Navy and the Ministry of External Affairs in terms of objectives and geography is increasing but that there also remain some divergences. See Limaye, Satu P. "Weighted West, Focused on the Indian Ocean and Cooperating across the Indo-Pacific: The Indian Navy's New Maritime Strategy, Capabilities, and Diplomacy." 2017, CNA, April. https://www.cna.org/cna_files/pdf/DRM-2016-U-013939-Final2.pdf

²³³ Chinese participant at conference in New Delhi, November 2015.

discussions, there is greater willingness among at least some Chinese scholars to go on the offensive and talk in terms of India working with the US only in order to contain China.

Among the questions they pose is of why India sees China as its primary rival in IOR when, in fact, it is the US that is the dominant power in the IOR. Indian views of China have, therefore, been dismissed as being 'ridiculous' and 'irrational', one arising out of 'jealousy' or a problem of 'mentality'.

At the Shangri-la Dialogue Modi appeared to take a rather conciliatory stance towards China emphasizing cooperation with China and calling Beijing a 'major partner'. Nevertheless, he did also specifically talk about 'freedom of navigation' in the South China Sea and the 'peaceful settlement of disputes' while also criticizing the 'impossible debt burden' placed on countries that are engaged in bilateral infrastructure development programmes.²³⁴ Chinese observers believed Modi's target was China with a *Global Times* op-ed raising suspicions about 'whether India's policy adjustment toward China and the Indo-Pacific is strategic or tactical'.²³⁵

As explained above, India has its reasons for being suspicious of Chinese intentions no matter how the Chinese explain their actions or try to court India. But the larger point that should not escape notice here is that many Chinese statements and assertions about the Indian Ocean indicate that India's claims for a special status in the IOR are redundant and unjustified given that it is not currently the dominant power and that it does not look like it will develop the required resources – including economic and diplomatic – any time soon.

The Chinese focus on India only in terms of what it is doing with the US also suggests a Chinese propensity to ignore India's independent identity and interests. Overall, it would appear that whatever India's attempts at mending fences or at keeping ties on even keel with China, Beijing is unlikely to view India as anything but as a challenger to its ambitions in the Indian Ocean. This would also suggest that India's making conciliatory noises are not helpful at any stage in dealing with China.

For now, the Chinese are still a distance from possessing the capacity to tip the scales in the IOR, militarily. However, with the MSR and its focus on Chinese access to and possible control over port assets as well as the attempt to both control the narrative around Chinese activities in the region and offer an alternative economic and political development model to the Indian one, the theory of the 'string of pearls' has renewed salience for India.

²³⁴ Ministry of External Affairs, Government of India, "Prime Minister's Keynote Address at Shangri La Dialogue." *Speeches & Statements*, 1 June 2018, <https://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018>.

²³⁵ Liu Zongyi, "Is New Delhi's foreign policy biding time and hiding capacity?" *Global Times*, 13 June 2018, <http://www.globaltimes.cn/content/1106829.shtml>.

Indonesia: China's Presence in the Indian Ocean: A View from Indonesia

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Introduction

China's dominance is felt in almost all parts of the world. Some of Beijing's initiatives are the inaugural white paper on Arctic affairs last year,²³⁶ consideration for a permanent airfield and fifth research base in Antarctica,²³⁷ inviting Latin America to take part in its Belt and Road initiatives,²³⁸ emerging as a major donor country and thus challenging Australia's prominence as the largest aid donor in the South Pacific,²³⁹ the launch of the 16+1 cooperative framework between Beijing and 16 Central and Eastern European countries,²⁴⁰ and stronger ties with African countries through the Forum on China-Africa Cooperation (FOCAC), which recently welcomed three novel participants—Gambia, Sao Tome and Principe, and Burkina Faso.²⁴¹

China's presence in the Indian Ocean dates back to the Han Dynasty (130 BCE–1453 BE),²⁴² when China intensely used the Silk Route to travel commodities and people from the East to the West and back to the East. When President Xi Jinping initially entertained the concept of

²³⁶ "China Aims to Play a Major Role in Arctic Affairs. Here Are Its 5 Key Policy Goals," *World Economic Forum*, Jul. 27, 2018, <https://www.weforum.org/agenda/2018/07/china-aims-to-play-a-major-role-in-arctic-affairs-here-are-its-5-key-policy-goals/>.

²³⁷ "China Expands Its Presence in Antarctica," *Japan Times*, Nov. 1, 2018, <https://www.japantimes.co.jp/opinion/2018/11/01/editorials/china-expands-presence-antarctica/#.XGmeTc8zbMI>.

²³⁸ Ariel Armony and Enrique Dussel Peters, "Chinese Infrastructure in Latin America: A New Frontier," *China Dialogue*, Aug. 14, 2018, <https://www.chinadialogue.net/article/show/single/en/10776-Chinese-infrastructure-in-Latin-America-A-new-frontier>.

²³⁹ "China Is Buying Support in the Pacific with Billions of Dollars in 'Briefcase Diplomacy,'" *Business Insiders*, Aug. 8, 2018, <https://www.businessinsider.com/r-china-emerges-as-second-largest-aid-donor-in-south-pacific-think-tank-2018-8/?IR=T>.

²⁴⁰ Alicja Bachulska, "What's Next for China's 16+1 Platform in Central and Eastern Europe?" *Diplomat*, Jul. 3, 2018, <https://thediplomat.com/2018/07/whats-next-for-chinas-161-platform-in-central-and-eastern-europe/>.

²⁴¹ Liangyu, "Full Text of Chinese President Xi Jinping's Speech at Opening Ceremony of 2018 FOCAC Beijing Summit," *Xinhua*, Sept. 3, 2018, http://www.xinhuanet.com/english/2018-09/03/c_129946189.htm.

²⁴² Joshua J. Mark, "Silk Road," *Ancient History Encyclopedia*, Mar. 1, 2018, https://www.ancient.eu/Silk_Road/.

the 21st Century Maritime Silk Road (MSR) during his inaugural visit to Indonesia in October 2013, the concept was meant to boost political and economic cooperation among states bordering the Indian Ocean, particularly regarding maritime infrastructure projects.²⁴³ Since then, Beijing has made tremendous progress in realizing the concept.

Beijing's Strategic Cooperation

Beijing is highly interested in strategic projects. China has been successfully operating its first overseas military base in Djibouti, which it launched two years ago.²⁴⁴ Whereas the base would reportedly be used for supporting the logistical needs of Chinese humanitarian missions, its strategic location worries other countries, including the US in the Djibouti-based Camp Lemonnier and France and Japan in the Djibouti-Ambouli International Airport.²⁴⁵

Another case is China's involvement in Gwadar Port, Pakistan. Huang (2018) mentioned that despite debates over the possibility of it becoming the next Djibouti, the Gwadar Port seems to be designated to provide fuel support for Chinese forces instead of being a forward combat station.²⁴⁶

China regularly sends its navy to escort civilian ships passing through the Indian Ocean to the Gulf of Aden and Somalian waters. Although this mission has been ongoing since 2008 (before the MSR was announced), on one occasion in March 2015 the Chinese navy shifted the status of its escort mission to a combat-ready one.

When China ordered its warships to evacuate its citizens from Yemen, the mission was a historic act since the establishment of the People's Republic of China.²⁴⁷ As of December 2018,

²⁴³ Yose Rizal Damuri et al., "A Maritime Silk Road and Indonesia's Perspective of Maritime State," *CSIS Working Paper Series - WPPIR 201701*, Dec. 2014, https://www.csis.or.id/uploaded_file/publications/a_maritime_silk_road_and_indonesia_s_perspective_of_maritime_state.pdf.

²⁴⁴ "China Formally Opens First Overseas Military Base in Djibouti," *Reuters*, Aug. 1, 2017, <https://www.reuters.com/article/us-china-djibouti/china-formally-opens-first-overseas-military-base-in-djibouti-idUSKBN1AH3E3>.

²⁴⁵ Tomi Oladipo, "Why Are There So Many Military Bases in Djibouti," *BBC*, June 16, 2015, <https://www.bbc.com/news/world-africa-33115502>.

²⁴⁶ Mike Chia-Yu Huang, "A New Game Started? China's Overseas Strategic Pivots in the Indian Ocean Region," *China Report* 54, no. 3 (2018): 277.

²⁴⁷ Yamei, "China Focus: Box Office Success of 'Operation Red Sea' Echoes Yemen Rescue Mission," *Xinhua*, Mar. 13, 2018, http://www.xinhuanet.com/english/2018-03/13/c_137036376.htm.

Xinhua reported that the Chinese navy has successfully escorted 6,595 ships and rescued more than 60 Chinese and foreign ships involving more than 25,000 officers and soldiers.²⁴⁸

China carried out military exercises with various countries over the Indian Ocean several times. The most remarkable one is perhaps the inaugural combined exercise between the People's Liberation Army Navy (PLAN) and the European Union Naval Forces (EUNAVFOR) in the Western Indian Ocean in October 2018.²⁴⁹ According to the source, both navies tested few scenarios on counter-piracy operations during emergency time. The latest one was PLAN's participation in the *AMAN* Multilateral Biennial Exercise 2019 hosted by Pakistan, for which China deployed one of its biggest warships—the *Kunlun Shan* amphibious landing vessel.²⁵⁰ The exercise was aimed at building a more common understanding in tackling non-traditional maritime threats such as piracy, terrorism, drug trafficking, human smuggling, and the potential impacts of climate change.²⁵¹

Based on the aforementioned points, there is nothing worrisome in Beijing's strategic cooperation. Yet, one question remains unanswered: "Why does China prefer submarines²⁵² for such anti-piracy patrols?"

Beijing's Economic Cooperation

Developments in the economic sector are also in Beijing's focus. China initiates or is invited by states bordering the Indian Ocean to invest. In March 2018, Xinhua reported that the Kenyan top official was interested in the development of intra-African projects under the Belt and Road schemes. One ongoing project is building road infrastructure and oil facilities connecting the Indian Ocean town of Lamu in Kenya to Ethiopia and South Sudan.²⁵³ Myanmar was recently

²⁴⁸ Yurou, "China Sends New Naval Fleet for Escort Mission," Xinhua, Dec. 9, 2018, http://www.xinhuanet.com/english/2018-12/09/c_137661413.htm.

²⁴⁹ Zoe Stanley-Lockman, "A First: China-EU Launch New Combined Military Exercise," *Diplomat*, Oct. 18, 2018, <https://thediplomat.com/2018/10/a-first-china-eu-launch-new-combined-military-exercise/>

²⁵⁰ Martin Choi, "China and Pakistan Are Cozying Up with Another Round of Military Exercise, and India's Never Been Invited," *Insider*, Feb. 15, 2019, <https://www.thisinsider.com/china-and-pakistan-are-cozy-up-with-military-exercises-exclude-india-2019-2>.

²⁵¹ "Multinational Maritime Exercise 'AMAN 19' Kicks Off," *The News*, Feb. 8, 2019, <https://www.thenews.com.pk/latest/429464-multinational-maritime-exercise-aman-19-kicks-off>.

²⁵² Sandeep Unnithan, "China Positions Submarine and Rescue Vehicle in Indian Ocean," *India Today*, Oct. 15, 2018, <https://www.indiatoday.in/india/story/china-positions-submarine-and-rescue-vehicle-in-the-indian-ocean-1368286-2018-10-15>

²⁵³ "Kenya to Lobby for Regional Projects Under Belt and Road Initiative," Xinhua, Mar. 30, 2018, http://www.xinhuanet.com/english/2018-03/30/c_137075352.htm.

reported to have agreed to the development of a deep sea port by Chinese investors in Kyaukpyu along the Bay of Bengal, but this project has been delayed for a few years.²⁵⁴

Not all projects are at the initial stage; some projects in the Indian Ocean countries have been operational for a while. One success story is the Bagatelle mega dam in Mauritius built by China International Water and Electric Corporation and launched in June 2018.²⁵⁵ The dam helps the country in securing water supply during long-lasting dry seasons. Another good success story is Africa's longest suspension bridge in Mozambique, which was constructed by the China Road and Bridge Corporation and finally opened in November 2018.²⁵⁶ The bridge would connect the Maputo Bay of the Indian Ocean with the Catembe region, Mozambique.

Nevertheless, not all projects have been successes. The least successful Indian Ocean project, if not failed, is the Hambantota Port in Sri Lanka. Before China settled for a 99-year lease in December 2017, the port was losing \$80 million every year.²⁵⁷

Beijing's Scientific Cooperation

Last (but very crucial), Beijing's emerging cooperation area within the Indian Ocean is science. China highly respects knowledge and science and probably uses those to amplify its diplomatic influences. As one example, in January 2018 China and Pakistan conducted the First Joint Expedition to Makran Trench in the Northern Indian Ocean to observe the geological structure, which would be used for disaster prevention.²⁵⁸ As another example, in June 2018 China officially launched the new *Fengyun-2H* meteorological satellite to enhance the accuracy of weather forecasting, since the World Meteorological Organization (WMO) requested filling the

²⁵⁴ "China to Build Port in Myanmar, Third in India's Neighborhood," *Economic Times*, Nov. 9, 2018, <https://economictimes.indiatimes.com/news/defence/china-to-build-port-in-myanmar-third-in-indias-neighborhood/articleshow/66555856.cms>.

²⁵⁵ Huaxia, "Feature: China-Built Dam Heralds End to Water Supply Challenges in Mauritius," Xinhua, Jul. 27, 2018, http://www.xinhuanet.com/english/2018-07/27/c_137352717.htm.

²⁵⁶ Shi Yinglun, "Africa's Longest Suspension Bridge Opens to Traffic in Mozambique," Xinhua, Nov. 11, 2018, http://www.xinhuanet.com/english/africa/2018-11/11/c_137597807.htm.

²⁵⁷ "A Long Voyage to Success: China's Investment in Hambantota Port Faces Several Challenges," *Hellenic Shipping News*, Jan. 17, 2019, <https://www.hellenicshippingnews.com/a-long-voyage-to-success-chinas-investment-in-hambantota-port-faces-several-challenges/>.

²⁵⁸ Yurou, "1st Ever! China, Pakistan Hold 1st Joint Expedition to Northern Indian Ocean," Xinhua, Jan. 15, 2018, http://www.xinhuanet.com/english/2018-01/15/c_136897347.htm.

observation gap over the Indian Ocean.²⁵⁹ In other cases, China has also conducted capacity building for medical personnel in Indian Ocean countries.

Indonesia's Interests in the Indian Ocean

China's presence in the Indian Ocean is met by various responses. The Indian Ocean lies at the heart of Indonesia's strategic consideration taking into account its geographical position. Four out of seven main islands in Indonesia border the Indian Ocean—namely, Sumatra, Java, Bali, and Nusa Tenggara. Historically, a lot of countries surrounding the Indian Ocean actually had been Indonesia's counterparts even before the Association of Southeast Asian Nation (ASEAN) was established. One example was the 1954 Colombo Conference that included Burma (Myanmar), Ceylon (Sri Lanka), India, Indonesia, and Pakistan, which resulted in a preliminary proposal of having a full-fledged meeting between new independent countries.²⁶⁰ Responding to the Colombo Conference, Indonesia then hosted the Asian-African Conference (AAC) in 1955 with 29 participating countries, including some Indian Ocean countries such as Yemen, India, Ethiopia, Sri Lanka, Iran, Myanmar, Burma, and Pakistan.²⁶¹ However, the AAC and its sequential meeting were called as the Non-alignment Movement gradually dissolved following national, regional, and international dynamics, although its program (called the South-South Cooperation Framework) continues to bloom over the years.

Indonesia's ambition of marching to the west apparently stopped during President Soeharto's era, who prioritized regional challenges instead. The last relevant thing he did was register Indonesia into the First Ministerial Meeting of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) in Mauritius in March 1997.²⁶² Years and years went by while Indonesia did not publish any clear plan to further develop the forum, which was later known as IORA. Finally, President Jokowi initiated the Global Maritime Fulcrum after he assumed office in 2014. The doctrine, which was later announced at the 9th East Asia Summit, essentially consisted of five main pillars: revitalizing Indonesian maritime culture, protecting marine resources, advancing maritime connectivity, carrying maritime diplomacy, and building

²⁵⁹ Liangyu, "China Launches Meteorological Satellite to Benefit Belt and Road Countries," Xinhua, June 5, 2018, http://www.xinhuanet.com/english/2018-06/05/c_137232615.htm.

²⁶⁰ "Sejarah Konferensi Asia Afrika," *Asian African Museum*, accessed Feb. 18, 2019, <http://asianafrikanmuseum.org/sejarah-konferensi-asia-afrika/>.

²⁶¹ Ibid.

²⁶² "Milestones," *IORA*, accessed Feb. 18, 2019, <https://www.iora.int/en/about/milestones>.

maritime power.²⁶³ A clear consequence of the adoption of this doctrine was Indonesia's pivot to the IORA specifically and the Indian Ocean in general. In the case of the former, Indonesia took the IORA chair from 2015 to 2017 and recorded the following notable achievements: (1) the Jakarta Concord of 2017 to commemorate the 20th anniversary of the organization, (2) the IORA Action Plan for 2017 to 2021, and (3) the Historic IORA Leaders' Summit in Jakarta.²⁶⁴ After Indonesia finished its leadership period, IORA continues to be seen as a strategic platform for Indonesia to promote its maritime agenda. One of them was Jakarta's initiative to explore potential economic ties among IORA members by hosting the 2018 IORA High Level Panel on Enhancing Maritime Cooperation for Inclusive Growth in the Indian Ocean.

Another diplomatic narrative that has been served by Indonesia to the Indian Ocean table is for ASEAN to have its Indo-Pacific Concept. As explained by the Indonesian Foreign Minister Retno Marsudi during the 8th Ministerial Meeting of East Asia Summit,²⁶⁵ Indonesia's Indo-Pacific concept consists of five principles: open, inclusive, respect to international law, transparent, and cooperative. There are three areas of cooperation: maritime, sustainable development, and connectivity. The concept does not offer much new; instead, it emphasizes two existing ASEAN tenets: rejection of any new mechanism and advancement of the East Asian Summit. ASEAN centrality lies at the heart of the concept. In addition to that, President Joko Widodo during the 13th East Asia Summit also emphasized that "the Indian Ocean" and "the Pacific Ocean" must be seen as a single geostrategic theater while firmly believing that the concept would be mutually beneficial.²⁶⁶

One interesting fact about Indonesia's Indo-Pacific concept is that although it has appeared in the five-year strategic plan of Indonesia's Foreign Ministry (2015–2019), it took until 2018 for Indonesia Foreign Minister's Annual Statement to mention "Indo-Pacific" for the first time. To circulate and further develop this concept, President Joko Widodo enthusiastically paid a diplomatic tour to five South Asian countries—Sri Lanka, India, Pakistan, Bangladesh, and

²⁶³ "Presiden Jokowi Deklarasikan Indonesia sebagai Poros Maritim Dunia," *Kementerian Luar Negeri Republik Indonesia*, Nov. 15, 2014, <https://www.kemlu.go.id/id/berita/siaran-pers/Pages/Presiden-Jokowi-Deklarasikan-Indonesia-Sebagai-Poros-Maritim-Dunia.aspx>.

²⁶⁴ "Indian Ocean Rim Association," *Kementerian Luar Negeri Republik Indonesia*, accessed Feb. 18, 2019, <https://www.kemlu.go.id/id/kebijakan/kerjasama-regional/Pages/IOA.aspx>.

²⁶⁵ "Introducing the Indo-Pacific Concept, Indonesia Set the Tone at the East Asia Summit," *Ministry of Foreign Affairs Republic Indonesia*, Aug. 6, 2018, <https://www.kemlu.go.id/en/berita/Pages/Introducing-the-Indo-Pacific-Concept-Indonesia-Set-the-Tone-at-the-East-Asia-Summit.aspx>.

²⁶⁶ "Presiden Jokowi Presentasikan Konsep Indo-Pasifik di EAS," *Kantor Staf Presiden*, Nov. 15, 2018, <http://ksp.go.id/presiden-jokowi-presentasikan-konsep-indo-pasifik-di-eas/index.html>.

Afghanistan—in January 2018.²⁶⁷ Widodo held the first Indonesia-Africa Forum in April 2018, briefly explained the concept at the fifth Our Ocean Conference in October 2018, and organized some ASEAN Official Meetings on the ASEAN Indo-Pacific in March and September 2018.²⁶⁸

Indonesia also takes into account its previous relevant experiences in calculating its interests over the Indian Ocean. The first one is protecting its citizens against kidnapping at sea. In 2016, four Indonesian crews were finally released after being held hostage for four years by Somalian pirates.²⁶⁹ In 2011, the cargo ship MV Sinar Kudus was rescued by the Indonesian Navy within Somalia's sovereign territory.²⁷⁰

Indonesia also takes seriously the problem of illegal, unregulated, and unreported fishing surrounding the Indian Ocean. During the 21st session of the Indian Ocean Tuna Commission in Yogyakarta two years ago, Indonesian Minister of Fisheries and Maritime Affairs Susi Pudjiastuti criticized the unfair practices of tuna fishing in the Indian Ocean based on a shady quote system.²⁷¹ Earlier in 2015, Indonesia also once caught a Chinese flag vessel planning to fish in the Indonesian part of the Indian Ocean without legitimate permission.²⁷²

Indonesia is also interested in cooperating during natural disasters. The aftermath of the 2004 tsunami in the Indian Ocean was extremely frustrating for almost all countries surrounding the water. Indonesia was not the only country to experience this trauma, particularly after being struck by three large-scale disasters last year—namely the Lombok earthquake, Liquefaction in Palu, and a tsunami in the Sunda Strait. So, any positive activity on natural disaster preparedness in the Indian Ocean is welcomed by Indonesia. To conclude, Indonesia's three strategic interests in the Indian Ocean are as follows:

²⁶⁷ David Eka Issetiabudi, "Ini Misi Strategis Presiden Dalam Kunjungan ke 5 Negara Asia," *Kabar Bisnis*, Jan. 22, 2018, <https://kabar24.bisnis.com/read/20180122/15/729097/ini-misi-strategis-presiden-dalam-kunjungan-ke-5-negara-asia>.

²⁶⁸ "Indonesia Invites ASEAN to Develop Collective Outlook," *Tempo*, Sept. 9, 2018, <https://en.tempo.co/read/921495/indonesia-invites-asean-to-develop-collective-outlook>.

²⁶⁹ "ABK Indonesia Tewas dalam Sekapan Perompak Somalia," *CNN Indonesia*, Oct. 24, 2016, <https://www.cnnindonesia.com/internasional/20161024102746-106-167476/abk-indonesia-tewas-dalam-sekapan-perompak-somalia>.

²⁷⁰ "Inilah Kronologi Pembebasan Kapal Sinar Kudus," *Tempo*, May 2, 2011, <https://nasional.tempo.co/read/331610/inilah-kronologi-pembebasan-kapal-sinar-kudus/full&view=ok>.

²⁷¹ Switzy Sabandar, "Menteri Susi Kritik Penangkapan Ikan di Samudera Hindia Tak Adil," *Liputan 6*, May 22, 2017, <https://www.liputan6.com/bisnis/read/2960235/menteri-susi-kritik-penangkapan-ikan-di-samudera-hindia-tak-adil>.

²⁷² Galih Gumelar, "Menteri Susi Kembali Seret Satu Kapal China ke Jalur Hukum," *CNN Indonesia*, Oct. 27, 2015, <https://www.cnnindonesia.com/ekonomi/20151027151118-92-87711/menteri-susi-kembali-seret-satu-kapal-china-ke-jalur-hukum>.

- Boost Indonesia's international diplomatic standing; in particular, seek acceptance and support for its Indo-Pacific concept.
- Enhance economic cooperation among Indian Ocean countries or go beyond its traditional market to bid to African and South Asian countries.
- Strengthen maritime security and safety as well as maintain stability and vigilance on potential natural disasters in the Indian Ocean.

Rules of the Regional Game and Potential Challenges

As one of the firm custodians of regional security and stability, Indonesia has the obligation of ensuring that existing written and unwritten rules of the regional game are always respected. A prime example is keeping ASEAN in the central position (commonly understood as ASEAN centrality). Although the Indian Ocean is much wider than ASEAN's diplomatic scope, Indonesia is highly driven to make ASEAN more relevant in dealing with issues across that ocean. Indonesia would want China to encourage ASEAN to be present, or at least refer to it as a potential role model for cooperative activities in the Indian Ocean. Second, principles as outlined by ASEAN's Treaty of Amity and Cooperation (TAC) 1976 must be constantly adhered to, since China acceded to the treaty in 2003. Therefore, as long as China still shows its commitment to promote (or at least consider) the principles in dealing with Indian Ocean affairs, Indonesia would stand for Beijing's presence there. Third, ensuring China still consciously follows the 1995 Southeast Asian Nuclear-Weapon-Free-Zone (SEANWFZ) in the Indian Ocean. Indonesia might be against China should Beijing raise nuclear tensions over that region.

However, to carry its custodial missions, Indonesia needs to face two incremental issues. One of them is accelerating the attainment of its Navy Middle Fleet. This is necessary to reduce the overwhelming burden of its Western Fleet, which currently covers a wide-ranging group of regions including the South China Sea, the Malacca Straits, South Java, and the Indian Ocean. Yet, it is not as simple as turning palms. The main obstacle actually lies with budget allocation for the Navy as a whole. Second, Indonesia just had an election this year. Although (based on current results) President Joko Widodo is to be reelected, we might see some changes in his policies, including those on China and Indonesia's Indo-Pacific concept.

To conclude, in general Indonesia sees China's commercial and military presence in the Indian Ocean as a positive development. The country is optimistic to the extent that China might help them strengthen maritime security and safety, as well as maintain stability and vigilance on potential natural disasters in the Indian Ocean. In the end, Indonesia hopes that China will still calculate its presence in that ocean logically and therefore will not turn the ocean into a proxy venue between itself and other great powers.

Japan: How Does Japan View China's Commercial and Military Presence in the Indian Ocean Region? US-Japan-India Security Cooperation is Key

Author: Dr. Satoru Nagao, Visiting Fellow, Hudson Institute

Key Points:

- As a result of China's expanding influence in the Indian Ocean region (IOR) and the changing US-China balance of power, US allies and friendly countries now require a new security system, and US-Japan-India security cooperation will be key.
- If cooperation between the United States, Japan, and India is achieved, how can this contribute to maintaining the military balance against China? First, if India has capabilities in the Indian Ocean, the US and Japan will be freed from the heavy burden of safeguarding the ocean.
- Second, the linkage between the Indo-China border area and the East China Sea could contribute to maintaining the military balance, since China would need to deal with both at the same time and divide its budget accordingly.
- Third, the linkage between the Indian Ocean region and the South China Sea could contribute to maintaining the military balance

In September 2018, the US and India held 2+2 dialogues at the foreign-minister and defense-minister level, and Japan and India plan to hold the same type of dialogues in 2019. Furthermore, the US and India have signed agreements on communication, logistics, and the sharing of sensitive information, while Japan and India already have an agreement to share sensitive information and are negotiating a logistical agreement.²⁷³ The agreements will enable US-Japan-India to gain access to each other's bases and carry out joint operations, and they will also make equipment sharing easier. Security cooperation between the US, Japan, and India has reached a new level.

Why have the three sought such cooperation? Their relations have grown closer since the 2000s, when the perception that China posed a threat began to grow. Thus, China is certainly a decisive factor in increasing US-Japan-India security cooperation. How does Japan view

²⁷³ "Japan-India Vision Statement," Ministry of Foreign Affairs, Government of Japan, Oct. 29, 2018, <https://www.mofa.go.jp/mofaj/files/000413507.pdf>.

China's activities, especially in the Indian Ocean? This article will analyze three questions: (1) What has China done? (2) Why has China done this? (3) How should US-Japan-India address China's behavior?

What has China done?

Indian Ocean

Since the 2000s, China has been expanding its commercial and military activities in the Indian Ocean. Beijing is investing in developing ports such as Gwadar in Pakistan, Hambantota in Sri Lanka, Chittagong in Bangladesh, and Kyaukpyu in Myanmar in the Indian Ocean. Because of the sheer size of China's investments and the 6–8 percent interest rates it charges on loans, these countries now have enormous debts (the World Bank and Asia Development Bank, in contrast, charge 0.25–3 percent).²⁷⁴ With Hambantota, Sri Lanka was unable to repay its loan. It thus became a victim of China's "debt diplomacy," and in December 2017, it handed over the port to China as part of a 99-year lease agreement.²⁷⁵

Many countries now face a similar situation.²⁷⁶ The Sri Lankan example is troubling because if the Chinese navy uses civil-purpose ports as naval supply bases, China could overcome its weakness: its lack of a naval port in the region.

China expanded military activities in the Indian Ocean after 2009, when China joined anti-piracy measures off the coast of Somalia. Chinese submarines have patrolled since 2012, and the Chinese surface fleet has called at ports in all the countries around India, including Pakistan, the Maldives, Sri Lanka, Bangladesh, and Myanmar. According to Sunil Lanba, India's chief of naval staff, six to eight Chinese navy ships have regularly deployed in the Indian Ocean.²⁷⁷

²⁷⁴ Dipanjan Roy Chaudhury, "China May Put South Asia on Road to Debt Trap," *Economic Times*, May 2, 2017, <http://economictimes.indiatimes.com/news/politics-and-nation/china-may-put-south-asia-on-road-to-debt-trap/articleshow/58467309.cms>.

²⁷⁵ "Vice President Mike Pence's Remarks on the Administration's Policy Towards China," Hudson Institute, Oct. 4, 2018, <https://www.hudson.org/events/1610-vice-president-mike-pence-s-remarks-on-the-administration-s-policy-towards-china102018>.

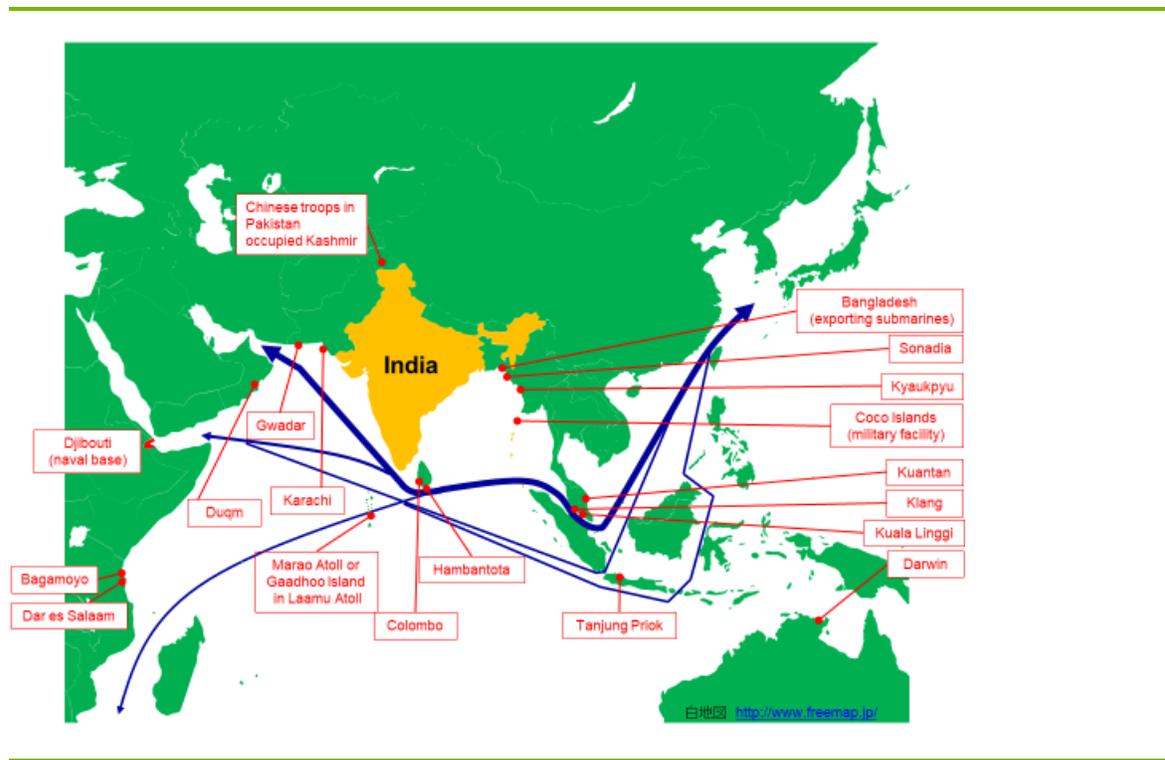
²⁷⁶ John Hurley, Scott Morris, and Gailyn Portelance, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective," Center for Global Development, Mar. 2018, <https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>, p. 27.

²⁷⁷ "'Chinese Navy is a Force that is Here to Stay,' Says Navy Chief," *NDTV*, Jan. 10, 2019, <https://www.ndtv.com/india-news/navy-chief-admiral-sunil-lanba-says-chinese-navy-is-a-force-that-is-here-to-stay-1975415>

In addition, China also exports submarines to countries around India. Bangladesh received two in 2016, and Pakistan decided to import eight Chinese submarines for its navy. Islamabad’s willingness to possess nuclear submarines must not be overlooked. Because it lacks the technology, there is a reasonable possibility that China will support such “indigenous” nuclear submarines to counter India.

The activities of these submarines indicate that they could potentially attack India’s nuclear ballistic missile submarines, aircraft carriers, and sea lines of communication (SLOCs). This means that these submarines will, to a great extent, regulate India’s activities. At the same time, the Chinese submarines are a threat to Japan’s SLOCs in the Indian Ocean (Figure 1).

Figure 15. China’s activities in the Indian Ocean



Source: Author

Indo-China Border Area

When we talk about the IOR, we cannot ignore the situation in the Indo-China border area, where the military balance is changing because of the Chinese military’s rapid infrastructure modernization. China’s armed forces can reach the border area within two days, whereas India

needs over seven days because of insufficient roads on the Indian side.²⁷⁸ This could place India in a dangerous situation, facing Chinese forces in the border area that are more than three times larger than its own.²⁷⁹

Not only is China rapidly modernizing its military, it has also been expanding its military activities. In 2011, India recorded 213 incursions in the Indo-China border area, but in the following years, the numbers were larger: 426 in 2012, 411 in 2013, 460 in 2014, 360 in 2015, 273 in 2016, and 426 in 2017.

In addition, China is deploying troops in Pakistan-occupied Kashmir as well as a part of the China-Pakistan economic corridor, which is a core project of the One Belt, One Road initiative (or Belt and Road Initiative). Beijing is also developing infrastructure projects to connect to Nepal, and it has entered the Doklam heights, an area claimed by both China and Bhutan. The main purpose of the incursion was to build a new road to deploy more forces. Finally, this incursion into Doklam increased tensions between India and China from June to August 2017.

These activities show that China is expanding its influence in the Indian Ocean region, on land and at sea.

Why has China done this?

Why has China recently become more assertive in the Indian Ocean? Beijing is concerned about its total dependence on SLOCs from the Middle East to China through the Strait of Malacca, a situation it refers to as the “Malacca dilemma.” As part of the Belt and Road Initiative, it has attempted to find alternative routes: the Middle East-Pakistan-China route, and the Middle East-Myanmar-China route through the Indian Ocean.

Although the Malacca dilemma explains the motive behind China’s expansion in the Indian Ocean, it does not explain how Beijing plans to achieve this goal. According to Japan’s Ministry of Defense, history is the guide.²⁸⁰ For example, when France withdrew from Vietnam in the 1950s, China occupied half of the Paracel Islands, and in 1974, immediately after the US withdrew from the region, it occupied the other half. In 1988, after the Soviet withdrawal from

²⁷⁸ Deeptiman Tiwary, “Chinese Clearing Forest Cover to Grab Border Land,” *Times of India*, Aug. 26, 2013, http://articles.timesofindia.indiatimes.com/2013-08-26/india/41453967_1_chinese-troops-incursion-sino-indian-border.

²⁷⁹ Rajat Pandit, “India Boring Border Tunnels to Take on China, Pakistan,” *Times of India*, Aug. 16, 2012, http://articles.timesofindia.indiatimes.com/2012-08-16/india/33232484_1_tunnels-rangpo-sikkim; Rafal Singh, “India Far Behind China’s Combat Power,” *Hindustan Times*, Dec. 12, 2013, <http://www.hindustantimes.com/india-news/india-far-behind-china-s-combat-power/article1-1161711.aspx>.

²⁸⁰ “China’s Activities in the South China Sea,” Ministry of Defense, Government of Japan, Oct. 2018. http://www.mod.go.jp/e/d_act/sec_env/pdf/ch_d-act_201810b_e.pdf.

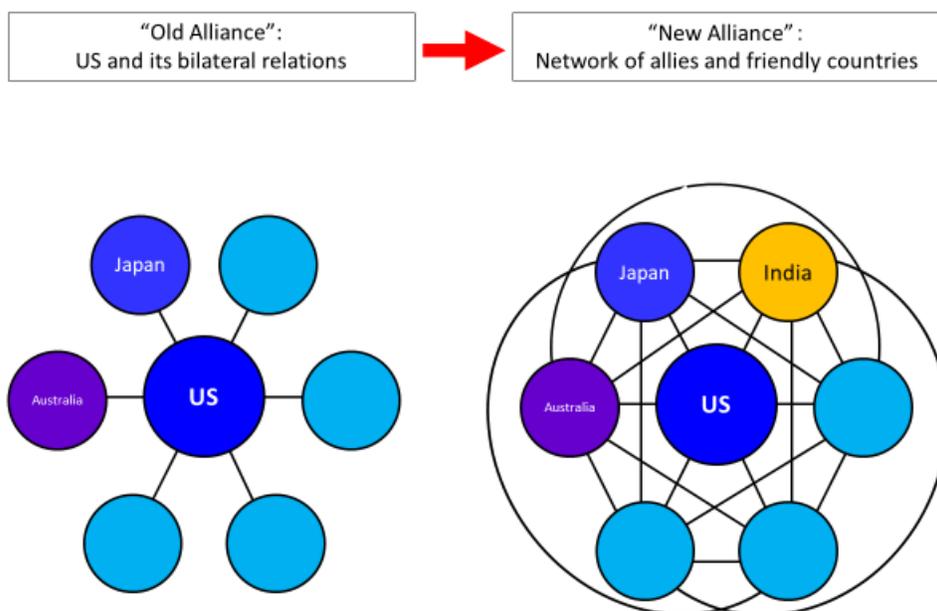
Vietnam, China attacked the Spratly Islands, which were controlled by Vietnam. Similarly, after the US withdrawal from the Philippines, China occupied Mischief Reef, claimed by both the Philippines and Vietnam. These incidents indicate that the motive behind China's maritime expansion has been based on military balance.

How should US-Japan-India address China's behavior?

How should China's assertiveness be addressed? If their activities are based on military balance, a need exists for us to maintain a military balance with China. This requires a new security system.

For many years, the "hub and spoke system" has maintained order in the Indo-Pacific (Figure 2). This system is heavily dependent on US military power. For example, both Japan and Australia are US allies, but the two do not have close security relations under this system.

Figure 16. Old and new security system



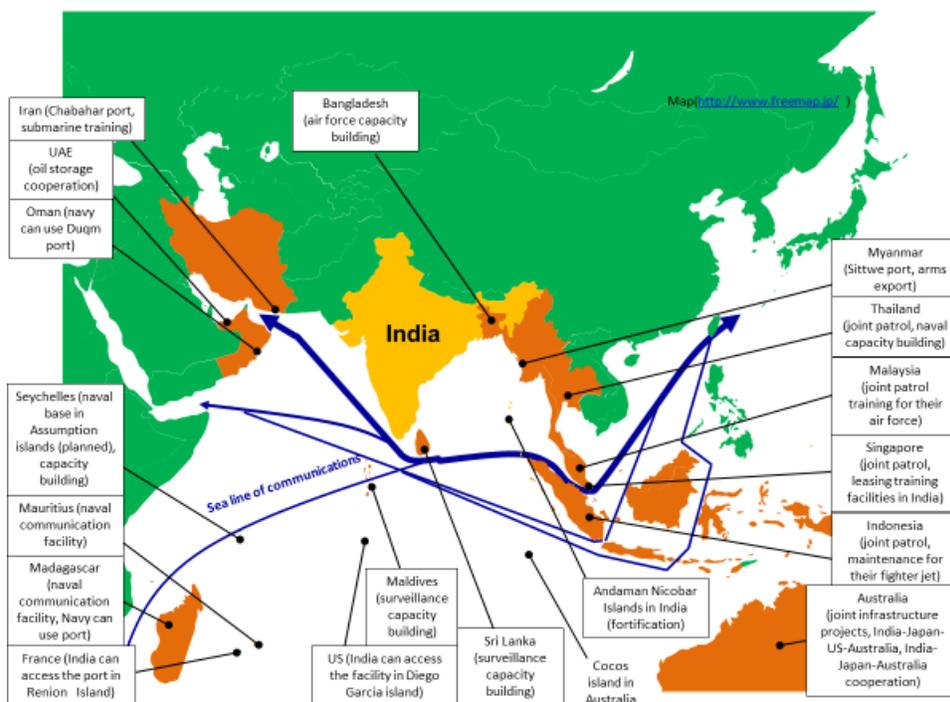
Source: Satoru Nagao, "The Japan-India-Australia 'Alliance' as Key Agreement in the Indo-Pacific," ISPSW Strategy Series: Focus on Defense and International Security, no. 375 (September 2015), https://www.files.ethz.ch/isn/193713/375_Nagao.pdf.

However, a salient feature of the current security situation is the changing US-China military balance. For example, from 2000–2017, the United States commissioned 15 new submarines, while China commissioned at least 44. US allies and friendly countries need to fill the power vacuum to maintain the military balance. Doing so requires a new security framework: a network of US allies and like-minded countries. Creating this network would include not only US-led cooperation, but also cooperation led by combinations of countries that do not include the US, such as Japan-India-Australia, Japan-India-Vietnam, India-Australia-Indonesia, and India-Australia-France. US-Japan-India cooperation will be key.

If cooperation between the United States, Japan, and India is achieved, how can this contribute to maintaining the military balance against China? First, if India has capabilities in the Indian Ocean, the US and Japan would be freed from the heavy burden of safeguarding the ocean. This would allow them to maintain the military balance by deploying more military forces on the Pacific side, such as the East China Sea and the South China Sea. India has an active presence in the Indian Ocean (Figure 3), and thus the United States and Japan have supported New Delhi's role as provider of security there. For example, since the Indian navy lacks anti-submarine capabilities, the US and Japan have shared their know-how in this field. In a joint statement issued in September 2017, Japan and India "noted the ongoing close cooperation between the Japan Maritime Self-Defense Force (JMSDF) and the Indian navy in various specialized areas of mutual interest, including anti-submarine aspects."²⁸¹

²⁸¹ "Japan-India Joint Statement Toward a Free, Open, and Prosperous Indo-Pacific," Ministry of Foreign Affairs, Government of Japan, Sept. 2017, <https://www.mofa.go.jp/files/000289999.pdf>.

Figure 17. India's Indian Ocean activities



Source: Author

Furthermore, US-Japan-India cooperation would also be useful in developing infrastructure in countries around India. With Hambantota Port, Sri Lanka had no alternative to a “debt diplomacy” offered by China; the threat of sanctions and war crimes charges in the wake of Sri Lanka’s civil war meant that China was the only country willing to provide it with massive investment. Beijing created huge debt for Sri Lanka. This enabled Beijing to negotiate the 99-year lease of Hambantota Port. The United States, Japan, and India should offer an alternative. For example, Bangladesh has already chosen Japan’s Matarbari Port project instead of China’s Sonadia project (Figure 4), and thus it is possible that Japan and India can use similar projects.

Currently, Japan and India are seeking to build the Trincomalee Port in Sri Lanka. If China starts to use the Hambantota Port as a naval supply base, the US, Japan, and India can use Trincomalee, which is more suitable as a naval port. It is possible that the Chabahar Port project in Iran could challenge the importance of China’s Gwadar Port in Pakistan, since Central Asian countries could use both the Chinese route and the Japan-India route to export their natural resources and would not need to depend on one route. The Asia-Africa Growth Corridor (AAGC) or other Japan-India joint infrastructure projects in Africa will affect China’s growing

influence on the continent. Since the United States and India are also cooperating in training African troops for United Nations (UN) peacekeeping operations, US-Japan-India cooperation will be useful in this region.

Figure 18. Japan-India infrastructure cooperation against China



Source: Author

Second, the linkage between the Indo-China border area and the East China Sea could contribute to maintaining the military balance. For example, if India cooperates with the United States and Japan, it will not need to face all of China's fighter jets at once because Beijing is likely to keep some of the jets in their eastern side for use against the United States and Japan and vice versa. If the United States, Japan, and India cooperate, Washington and Tokyo can use their knowledge of high-end military infrastructure development to support India's efforts to modernize its defense in the Indo-China border area.

Indeed, the US has already supplied equipment to 17 Corps of Indian Army (airmobile Corp) and its airmobile capability of the Indian Air Force. The Corps takes responsibility for offensive operations against the Tibet region. Thus, the United States has exported the C-17 heavy transport plane, C-130 transport plane, CH-47 heavy lift helicopter, M777 airlift ultralight

howitzer, and AH-64 high-altitude attack helicopter to India. Since 2014, Japan has also invested in India's strategic road project in the Northeast region of the country. By using this road, the Indian army can deploy more forces and supplies to the border area.

Third, linkage between the IOR and the South China Sea could contribute to maintaining the military balance, since China would need to deal with both at the same time and divide its budget accordingly. The Southeast Asian countries around the South China Sea need to strengthen their military power, but they also need trustworthy partners to provide them with military support. The US, Japan, and India can also collaborate to support these countries.

Currently, the three are supporting Southeast Asian countries separately. Washington is the main donor of defense equipment and training, while Tokyo has been the primary supplier of anti-piracy systems, disaster management equipment, and infrastructure. India is providing training for fighter jet pilots and ground crew as well as maintenance and training of submarine crews in Vietnam, Malaysia, and Indonesia. In addition, Singapore is using training grounds in India. The United States, Japan, and India should collaborate to support these countries more effectively. For example, China's submarines venture into the Indian Ocean from Hainan Island in China through the South China Sea and the Strait of Malacca, meaning anti-submarine infrastructure is useful for tracking China's submarine activities. The US, Japan, and India, along with coastal countries including Vietnam, Malaysia, Singapore, and Indonesia, should collaborate to deploy sensors and set up a communications network from the South China Sea to the Indian Ocean.

As noted, Japan has invested in India's strategic road project in the northeast region of India since 2014. If road connections were made to increase India-Southeast Asia trade, this might mitigate China's influence in Southeast Asia. Although China has contested claims by Southeast Asian countries in the South China Sea, some of these countries cannot press their claims against China because their economy depends too much on trade with Beijing. Thus, road connections between India and Southeast Asia might enable them to press their claims more strongly. Japan is building an east-west economic corridor from Vietnam to Myanmar, and this road network connects with road projects in northeastern India. The main goal of the corridor is to increase India-Southeast Asia trade. In September 2017, a joint Japanese-Indian statement noted that "the two Prime Ministers welcomed the Japan-India cooperation on development of India's North Eastern Region (NER) as a concrete symbol of developing synergies between India's Act East policy and Japan's Free and Open Indo Pacific Strategy."²⁸²

The Japan-India Dialogue on ASEAN was launched in March 2017. Through such dialogue, Japan and India, along with the US, can share information, better identify the needs of these Southeast Asian countries, and decide how to cooperate to support them.

²⁸² Ibid.

Conclusion

Today, increased security cooperation between the United States, Japan, and India is increasingly making more sense as a result of China's expanding influence in the Indian Ocean region and the changing US-China balance of power. US allies and friendly countries now require a new security system, and US-Japan-India security cooperation will be key. This is the Japanese view of China's commercial and military presence in the Indian Ocean region, and it is the correct response to that presence. Now is the time to promote this cooperation.

Malaysia: New Geopolitics of the Indo-Pacific Region

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Summary

The concept of *Indo-Pacific* (IP) has been adopted in some form or another in the official strategic planning of the United States, Australia, Japan, India, and countries across the Indian and Pacific Oceans, such as Indonesia and Vietnam. In fact, references in official and scholarly documents now stress this concept more than that of the Asia Pacific. It has become a new geopolitical construct that requires deliberation in terms of its impact on security, military, and economic cooperation among countries straddling the Indian and Pacific Oceans. The concept of the IP varies in its framework and aims and in the interpretation by different countries. Nevertheless, it is clear that the United States, Japan, Australia, and perhaps India have developed their own IP policies in their mid- to long-term strategic plans. Though Malaysia is situated strategically in the Indo Pacific, there is no clear understanding of what the Indo-Pacific means to the region, in particular to ASEAN member states. From the Southeast Asian point of view too, there is some uncertainty as to whether its countries may have to formulate a policy on the Indo-Pacific or maintain their silence. This paper discusses the approaches to the Indo-Pacific concept from different maritime powers and provides perspectives on issues in relation to its geostrategic and military constructs.

Introduction

Generally, the Indo-Pacific is referred to as the “maritime space covering the Indian Ocean, Southeast Asia, and the Western Pacific,” although there are no actual boundaries that define it. There are an estimated 45 countries within the geographical range covering the Indo-Pacific, including Asia.²⁸³ James Ferguson, in one of the earliest writings on contemporary strategic studies, describes the Indo-Pacific as “shorthand for the wider region of the Asia-Pacific area plus South Asia and the Indian Ocean region: hence Indo + Pacific.”²⁸⁴ The term is increasingly

²⁸³ Generally defined as “Indo-Asia-Pacific” countries <https://apcss.org/about-2/ap-countries/>.

²⁸⁴ James Ferguson, *The Indo-Pacific Region*, The Department of International Relations, SHSS, Bond University, Queensland, Australia, 2000.

used in the global strategic and geopolitical discourse as an emerging concept in international relations in referring to the maritime space comprising the Indian Ocean and the Western Pacific. Scholars suggest that the Indo-Pacific is an emerging Asian strategic system defined in part by the geographically expanding interests and reach of China and India, and the continued strategic role and presence of the United States in both areas.²⁸⁵

Major actors in the region include India, China, the US, Australia, Japan, and combined Southeast Asia. The global economic power shift from West to East (with the rise of newly industrialized countries in the 1980s and 1990s), coupled with increasing trade, investment, and production in the area spanning the Indian and Pacific Ocean regions, has increasingly defined the concept. For instance, China's economy is set to be the world's largest by 2030,²⁸⁶ contributing to almost 20 percent of its GDP, while India and Indonesia are expected to rank second and fourth, respectively.²⁸⁷ By 2025, the region as a whole will account for almost half the world's output.²⁸⁸ The combined economic, social, and political strength of the countries in Asia has increasingly focused the attention of Western powers to the region. Asia being the second fastest growing region in the world²⁸⁹ and the emergence of India as a new military power in South Asia add new dimensions to the concept of the Indo-Pacific.

The Lowy Institute Asia Power Index suggests that the US is the dominant power on overall power measures that include economic resources, military capability, resilience, defence network, and cultural aspects.²⁹⁰ However, China emerged at the top of the list on economic relations as well as in future trends. India featured in the top three in future trends, indicating that overall power in Asia is showing a mix, with Japan ranking among the top three for economic resources, diplomatic influence, and economic relationships. A simple assessment points out that influencing and shaping geopolitics in the future will not be the monopoly of the dominant US but will also be influenced by other rising powers, such as China, India,

²⁸⁵ C. Raja Mohan, *Samudra Manthan: Sino-Indian Rivalry in the Indo-Pacific*, Carnegie Endowment for International Peace, 2012.

²⁸⁶ "China's to overtake U.S. economy by 2030 as Asian Might Builds," *The Economist*, 26 Dec. 2017, <https://www.bloomberg.com/news/articles/2017-12-26/china-to-overtake-u-s-economy-by-2032-as-asian-might-builds>

²⁸⁷ *The World in 2050, The long view: how will the global economy order change in 2050?* (2017) PwC, <https://www.pwc.com/gx/en/issues/economy/the-world-in-2050.html>.

²⁸⁸ *Australia in the Asia Century*, White Paper, Australian Government, 2012, <http://asiancentury.dpmc.gov.au/white-paper>.

²⁸⁹ Regional Programming For Asia, Strategy Document, 2007-2013, European Commission, http://ec.europa.eu/europeaid/where/asia/regional-cooperation/index_en.htm.

²⁹⁰ Lowy Institute Asia Power Index 2018, <https://power.lowyinstitute.org/>.

Australia, and Russia. This is the new balance in the combined Asia and Pacific that has shaped into the Indo-Pacific.

Indo-Pacific Strategy

Recent discourses and studies have generated various official perspectives on the Indo-Pacific and the need to address the shift of balance from the Asia-Pacific to the Indo-Pacific, as reflected in the positions of the following countries:

The United States

The **United States** views the Indo-Pacific as a unified strategic theater in its US National Security Strategy, emphasizing the importance of the area spanning the western coast of India to the Pacific, to it. The strategic documents make specific reference to risks to sovereignty from China's dominance of many countries in the Indo-Pacific and to the fact that the US may need to sustain her presence to uphold the regional order.²⁹¹ As a superpower, the US has maintained a strong presence in the Indian Ocean and in the Pacific. Then US secretary of state Hillary Clinton stated, in October 2010, that the Indo-Pacific described a newly emerged and integrated theatre and that the US was "expanding our work with the Indian navy in the Pacific because we understand how important the Indo-Pacific basin is to global trade and commerce."²⁹² This is an explicit and significant reflection of the growing strategic convergence between the two countries with respect to the region.

More recently, in November 2017, the QUAD (Quadrilateral Security Dialogue, a consultative meeting by Australia, India, Japan and the US) convened to discuss security issues, which sent a heavily military signal in view of China's emergence as a formidable challenge to the geo-strategic balance in Asia and the Pacific. This was followed by the US Navy changing its Pacific Command into the Indo-Pacific Command, aimed at enhancing partnerships, presence, and readiness in the region and expanding the command area or operability spans globally and an increased commitment²⁹³ in Asia. The US acknowledges that the Indo-Pacific is its priority strategic theatre, reaffirming its natural presence as a resident power of this region.²⁹⁴

²⁹¹ *National Security Strategy of the United States of America*, 18 Dec. 2017, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-2.pdf>.

²⁹² Hillary Rodham Clinton, "America's Engagement in the Asia-Pacific," Honolulu, 2010, <http://www.state.gov/secretary/rm/2010/10/150141.htm>.

²⁹³ "U.S. Indo-Pacific Command Holds Change of Command Ceremony," 30 May 2018, <https://www.pacom.mil/Media/News/News-Article-View/Article/1535776/us-indo-pacific-command-holds-change-of-command-ceremony/>.

²⁹⁴ Patrick M Shanahan, Acting Secretary of Defense, US, 18th IISS Shangri-La Dialogue, Singapore, 1 June 2019.

Japan

The **Japanese** view on the Indo-Pacific was provided by Japanese prime minister Shinzo Abe in his speech in India in August 2007. He coined the phrase “Confluence of the Two Seas,” advocating an idea that Japan and India, as like-minded maritime democracies, should promote freedom and prosperity in the “broader Asia” under a “strategic global partnership” between the two states. Japan adopted the Free and Open Indo-Pacific Strategy (FOIP) in its New Foreign Policy Strategy in 2016 with the aim of broadening strategic collaboration with India, Africa, Australia, the US, Europe, and ASEAN.²⁹⁵ In short, the strategy represents Japan’s efforts towards peace and prosperity in a joint manner as well as based on principles of international cooperation. A point of focus in Japan’s FOIP in the overarching policy guide is to promote and work towards developing a free and open maritime order that is guided by the principles of the rule of law.

Australia

The **Australian** government’s white paper for 2012 describes Australia in the Asian Century and recognizes the Indian Ocean as surpassing the Atlantic and the Pacific as “the world’s busiest and most strategically significant trade corridor.” Since then, Australia has underlined the Indo-Pacific in its long-term foreign policy, paying particular attention to security prosperity, international law, and open markets for advancing Australia’s national interests.²⁹⁶ To showcase greater commitment to the IP region, Australia has embarked on enhancing its defence forces to protect her strategic interests there. Despite the increasing importance of the IP on the economic and political spheres of countries in and outside the region, Australia nevertheless believes that ASEAN and SEA should be at the heart of any IP strategy.

India

India’s then prime minister Manmohan Singh was quoted as introducing a new term, “Indo-Pacific,” in political practices and used this term in his speech at the India-ASEAN Delhi summit in 2012. The term widens the scope of the Asia-Pacific region and underlines India’s growing interests in the region. At that time, India’s IP policy was made with much reference to India and Australia’s greater growth in the relationship. This was based on the idea that the “India-Australia relationship is anchored in shared values as liberal democracies, converging interests and shared opportunities in the Asian Century.” The bilateral strategic partnership is given effect through rapidly expanding trade and investment ties and a common interest in a stable

²⁹⁵ Briefing by Ministry of Foreign Affairs, Tokyo, 27 Nov. 2018.

²⁹⁶ 2017 Foreign Policy White Paper, <https://www.fpwhitepaper.gov.au/foreign-policy-white-paper/chapter-two-contested-world>.

and outward-looking Indian-Pacific region. However, changing strategic environments and developments prompted India to step up deeper engagement with ASEAN, Africa, and China. The 2018 India's IP strategy expanded in scope to a Free, Open and Inclusive Indo-Pacific (FOIIP) aimed at assuring that the IP strategy is not targeted towards containing China but is inclusive of China.²⁹⁷ At the same time, India's IP strategy also pronounced India's vision of becoming a leader in the combined region.

European Union

For the **European Union**, the rising Indo-Pacific Region is significant as it facilitates trade movements between East Asia via the Indian Ocean to Europe. The EU's interest in the Indo-Pacific is primarily aimed at securing and protecting its maritime trade routes; however, political and geostrategic considerations do underlie its normative power position. To this end, the EU seeks to enhance its partnerships with Asia especially in security aspects as well as being more forthcoming on defence matters to underlie its commitment in the IP region.²⁹⁸ For example, a speech by the French minister of armed forces made significant reference to an aircraft carrier group that was deployed in the Bay of Bengal and Singapore as a show of French power in the IP and South China Sea regions.²⁹⁹

China

China generally views Indo-Pacific maneuverings as a new way for the US and its allies to contain China's influence as a global power. China's stand is that the US just wants to dominate in order to counter China's increasing role in the Asia-Pacific with the Indo-Pacific being used as a geostrategic platform to encircle China. Chinese scholars on the other hand, suggest that the Indo-Pacific is a strategic national interest of the US to jointly address with allies such as Australia and Japan the "*imaginary*" threat imposed by China in Asia and Pacific. Thus far, China has disregarded the Indo-Pacific and instead has been promoting its regional cooperation development policy to "counter" Indo-Pacific moves.³⁰⁰ Notwithstanding that, China has been quietly indicating that ASEAN and traditional US allies Australia and Japan should not take sides in US efforts to contain China's rise.³⁰¹ Domestically, President Xi has prepared the

²⁹⁷ Shri Narendra Modi, Keynote Speech at 17th Asia Security Summit, The IISS Shangri-La-Dialogue, 1 June 2018, <https://www.iiss.org/events/shangri-la-dialogue/shangri-la-dialogue-2019>.

²⁹⁸ Federica Mogherini, EU High Representative for Foreign Affairs and Security Policy; Vice President, European Commission, 18th IISS Shangri-La Dialogue, Singapore, 1 June 2019.

²⁹⁹ Florence Parly, Minister of the Armed Forces, France, 18th IISS Shangri-La Dialogue, Singapore, 1 June 2019.

³⁰⁰ "Vice Foreign Minister Kong Xuanyou Attends High Level Dialogue on Indo-Pacific Cooperation," 21 Mar. 2019, Ministry of Foreign Affairs Republic of China, https://www.fmprc.gov.cn/mfa_eng/wjbxw/t1647985.shtml

³⁰¹ "China Premier warns Australia 'taking sides' could lead to Cold War," *The Guardian*, <https://www.theguardian.com/world/2017/mar/23/chinese-premier-warns-australia-taking-sides-could-lead-to-new-cold-war>

Chinese for a new “Long March” in dealing with the US particularly on economic and trade matters.

Indo-Pacific Region: Promoting Centrality in Southeast Asia

Southeast Asian countries are divided and unclear on the IP concept although debate on it has been going on since the last decade. Currently, the IP policy and strategy is at the conceptual level in Southeast Asia and has not been adopted into foreign policy guidelines with the exception of Indonesia. As such, this paper argues that Southeast Asia is divided and grappling with the vague concept of the IP and whether or not it will negatively impact the security architecture in the region. Among the major issues are the following:

Quadrilateral Security Dialogue

Revival of the Quadrilateral Security Dialogue is a consultative meeting by Australia, India, Japan, and the United States since 2007. QUAD has been dormant for several years but gained attention when it convened a meeting in November 2017 during the ASEAN Summit in Manila. The four members of QUAD discussed security cooperation as well as matters of common desire among them, including rule of order and a free and open Indo-Pacific region. In April 2018, QUAD Security Plus members met and discussed, among others, the growing influence of China in the IP region. Significantly, QUAD’s revival symbolizes the common maritime concerns among its partners against China, centering on the tension in the South China Sea and the East China Sea. In this aspect, ASEAN countries are making efforts to de-militarize the IP framework associated with the strong perception that QUAD was convened to contain or manage the rise of China. This is against the spirit of ASEAN’s core values of maintaining peace and stability by avoiding taking sides among external powers.

South China Sea

The South China Sea is a region of growing strategic interest for many countries in the world, including the US, India, Japan, and Australia. The maritime strategic environment in the sea seems to revolve around US-China relations. In particular, the issues of Freedom of Navigation Operations by the US Navy in the South China Sea as well as combined military exercises with Japan, the Philippines, and other countries have generated much strategic mistrust. Generally, China’s claims in the SCS remain a strategic threat for other claimants as she maintains that “China always remains vigilant on the military activities of the related countries in the South China Sea, and those activities are under effective surveillance of China,” and that “the Chinese military will resolutely safeguard national sovereignty and security.” This strong position reinforces China’s interests in enforcing her territorial claims and interests in the SCS. The consequences of China’s advancement of building islets and its antiship and surface-to-air missiles are yet to be tested, the actual potential of such advancements is so far unknown, but it would be better not to test those capabilities.

China's assertive actions and the responses from other claimants in the SCS have created instability in the region, and territorial disputes in the SCS have become a long-term threat to peace in Asia. Some SEA countries have invited the US to play a bigger role to act as a balance to Chinese power projection in the region. The combined interests of the major powers like the US, "interested" powers like Japan and India, and middle powers like Australia and Indonesia suggest that the Indo-Pacific concept could be a balance to great power hegemony in the Asian region. However, in SCS geopolitics, the confluence of interests of many powers complicates issues due to the fact that China is the dominant factor that has not subscribed to the Indo-Pacific concept.

Military developments

Military developments in the region—in particular, the sharp rise in China's military expenditure, deployment of a range of military hardware, antiship and surface-to-air missiles, and electronic jammers in the area, as well as the building of islets and conversion of maritime features into hardened military facilities in South China Sea—are worrying trends. This militarization complicates matters relating to the management of SCS issues by China and ASEAN as they impinge on the sensitivities of the concerned countries. In this light, opposing powers that operate in the SCS deem it important to actively monitor Chinese plans and activities and to counter her movements to avoid unwanted scenarios.

China factor

The **China factor** seems to be a key determinant in the strategic direction of the IP concept. China's influence on economic, cultural, political, and security planning, as well its firm position in the SCS, has changed the entire game in this region. China's Belt and Road Initiative is aimed at implementing Chinese idea of building a community of shared futures in the region. The BRI is China's development strategy in partnership with other countries through funding and investment on maritime and road infrastructure. It is known as China's aspirations towards embracing globalization and to generate new growth opportunities for the global economy. Since 2013, Chinese banks have loaned more than USD 64 billion for nearly 2,600 BRI projects especially in transportation infrastructure and resources.³⁰² The latest BRI Forum hosted by Chinese president Xi Jinping and attended by 36 countries including Malaysia signifies endorsement of Chinese's ambitions to lead the economic agenda around the world.³⁰³

³⁰² "Xi claims \$64 billion in deals at BRI Forum," *Asia Times*, 26 April 2019,

<https://www.asiatimes.com/2019/04/article/xi-takes-a-conciliatory-tone-at-belt-road-forum/>.

³⁰³ "Belt and Road countries reach consensus, pledge cooperation," *The New Straits Times*, 27 April 2019,

<https://www.nst.com.my/news/nation/2019/04/483495/belt-and-road-countries-reach-consensus-pledge-strengthen-cooperation>

Existing order

From the strategic point of view, the Indo-Pacific may complicate the **existing order** since it encompasses the interests of China and India and the continued strategic presence of the United States in Asia. The IP/FOIP is seen as a framework in response to China's rise not only in SCS matters but also in Asia. Should ASEAN countries subscribe to the Indo-Pacific vision, their policies may appear more aligned towards the "strategic partnership" of the United States, India, and other middle powers to balance the rise of China in Asia. Being small nation states in the large power play theater, ASEAN cannot afford to adopt the concept at least until individual countries are assured that the converging and expanding interests of major powers will not destabilize the region. As it stands, this is too far a reach for smaller nations. South China Sea issues are best resolved through consultation by the parties concerned—mainly China and the claimant countries with the support of ASEAN.

ASEAN

ASEAN Centrality. Countries in Southeast Asia are expected to grow rapidly and make solid contributions to regional growth. By 2050, ASEAN will have the fourth largest economy in the world. Southeast Asia's cumulative economic, political, and demographic weight is growing; hence it will have to maintain centrality even within the changing security environment. However, the IP concept is seen as diluting the centrality that ASEAN has been promoting whilst advancing the interests of Australia, Japan, India, and the US.

Strategic competition

Strategic competition between the US and China has further complicated new strategy and policy guidance on Indo-Pacific issues among the concerned countries. As suggested in *The Indian Ocean: A Future of Uncertainty (Looking out to 2020)*³⁰⁴ the interrelations of great power and possible rivalry between the three major powers of India, China, and the US will continue to evolve in complexity, heightened by the possible rise of India and China and a perceived decline of US power in the region. Many countries in the Indian and Pacific Ocean regions including the US, Japan, Australia, and India have in some way integrated the concept of the Indo-Pacific into their official strategic planning. Statements from official documents and scholars show a move away from reference to the Asia Pacific to the Indo-Pacific. The positions of the US and China have complicated efforts by many Southeast Asian countries to define and develop strategic and security directions based on the new changing situation. ASEAN member countries are debating on the Indo-Pacific and, thus far, Indonesia has been a strong proponent of the concept and has urged the group to take a lead on it. However, other member countries

³⁰⁴ Leighton G. Luke and Tas Luttrell, *Indian Ocean: A Sea of Uncertain Future Directions International*, Future Directions International Pty Ltd, 2012.

including Malaysia are taking a cautious approach towards endorsing such a strategically driven framework based on underlying contestations and competition in the maritime areas.

Advantages of the Indo-Pacific

Many countries across the Indian and Pacific oceans including the US, Japan, Australia, and India have adopted in some way the concept of the Indo-Pacific into their official strategic planning. Statements from official documents and scholars are moving away from references of Asia Pacific to that of the Indo Pacific. Long standing cooperation on security, governance, infrastructure and economic between the countries and ASEAN either bilaterally or multilaterally are expanded within the IP framework. In this regard, it is timely that ASEAN member states draw a roadmap and joint vision as to how they will address the new concept. Although this paper argues that the IP framework is mainly driven by strategic and military alliances, it also suggests that an IP strategy requires careful attention from Southeast Asian countries based on the following reasons:

1. Southeast Asia is located strategically at the crossroads of the Indian Ocean and the South China Sea, and its history has been shaped as much by the influence of great civilizations as the impact of great powers. Historically, the trade, politics, and culture of Southeast Asia were defined or driven by maritime connections across the Indian Ocean arena, rather than the Asia-Pacific.³⁰⁵ The sea routes flowing from the mouth of the Red River (Hanoi) through the Malacca Straits to Sri Lanka and India and the Persian Gulf, the Red Sea, and the Mediterranean facilitated trading systems between the Indian Ocean and Southeast Asia since the ancient times. Srivijaya was a maritime empire, which controlled two key narrows on the Indian Ocean trade routes—i.e., the Straits of Malacca and the Sunda Straits. In recent history, this commercial importance has continued for the maritime superpowers concerned with this region. This common interest and its geographic location around the Indian Ocean and Pacific Ocean play a dominant role in the contemporary balance of international relations. Being located in the center of the gravity, Southeast Asian countries will need to adapt and shape trends.
2. ASEAN's role in shaping the geo-strategic competition raises a dilemma in regard to maintaining the balance of power. Currently ASEAN faces several challenges that have tested its solidarity and the way it deals with a number of unresolved bilateral problems among them as well as the multilateral disputes in the South China Sea. Nevertheless, ASEAN has gained considerable acceptance as a regional grouping with major world powers recognizing its role on many regional and global issues. The US

³⁰⁵ Emrys Chew, *Southeast Asia And The Indian Ocean: Maritime connections across time and Space, ASEAN and Indian Ocean, The Key Maritime Links*, RSIS Policy Paper, 2011, p. 15.

appointed an ambassador to ASEAN in March 2011, followed by China in 2012. Currently there are 70 non-ASEAN member state ambassadors to ASEAN, including India and Japan. ASEAN has succeeded in persuading its top trading partners such as China, US, Japan, India, Australia, and New Zealand to start negotiations on the Regional Comprehensive Economic Partnership (RCEP) to create the world's largest trading bloc comprising more than 3 billion people and with a combined GDP of US\$ 15 trillion. Besides, ASEAN partners have established the ASEAN Free Trade Area with China, Japan, Korea, and India, as well as Australia and New Zealand. In this regard, ASEAN member states are not ready to bandwagon with any newly formed alliances and have attempted to express concerns on the IP strategy that is seen as competing against China's Belt and Road Initiatives.

3. ASEAN became a security community in 2015, having a rules-based community of shared values and norms; a cohesive, peaceful, stable and resilient region with shared responsibility for comprehensive security; and a dynamic and outward-looking region in an increasingly integrated and interdependent world. ASEAN strengths are its collective diplomatic voice and position as a convening and organizing power of numerous regional initiatives in the maritime sphere such as the ASEAN Regional Forum, the ASEAN Defense Ministers' Meeting Plus, and the ASEAN Maritime Forum for which ASEAN invited non-members to be part of the process. The ADMM Plus is a forum with partners such as the US, Russia, India, China, the Republic of Korea, Japan, New Zealand, and Australia aimed at strengthening cooperation and ensuring regional security and stability including those of IP Framework.
4. Opportunities beyond security. There are many pillars to the IP strategy such as economic, security, and governance. For example, in July 2018, US secretary of state Pompeo announced US\$ 113 million for infrastructure, energy, and digital connectivity-related initiatives. In addition, the US created the US Overseas Private Investment Corporation (OPIC) to help fund infrastructure-related projects in developing countries in the IP.³⁰⁶ Nevertheless, it is uncertain how these funds could be tapped into or what exactly is the framework for its implementation in coordination with Australia, India, and Japan. Separately, Japan's Free and Open Indo-Pacific strategy outlines commitments to support the region's prosperity by pursuing economic assistance and improving connectivity through infrastructure projects focusing on ports and railways. The FOIP also provides emphasis on investments and improving business environments in Africa, SEA, the Bay of Bengal, and West Asia.

³⁰⁶ Walter Douglas, US Deputy Assistant Secretary of State for Public Affairs and Public Diplomacy, Bureau of East Asian and Pacific Affairs, 17 Oct. 2018, Kuala Lumpur.

Strategic Convergence in the Indo-Pacific Region and its Implications for Malaysia

The Malaysian government has set strategic priorities in managing both national and international affairs that include strengthening good governance, justice, and a rule-based order in its domestic politics. At the same times, Malaysia's voice on global issues such as human rights, its philosophy on foreign relations of "prospering thy neighbor," and cooperation as the basis for stability are among the prominent directions in the conduct of its international affairs. Nevertheless, there are certain areas in which Malaysia will have to adopt a firmer position, particularly where issues of sovereignty are concerned.

Malaysia practices a diversified approach to the management and prioritization of its vast maritime area. More broadly, Malaysia's policy is pragmatic and based on mutual respect. In terms of the law, matters concerning maritime security policy implementation are based on several considerations. The main ones include adopting principles of international law, national interests, sovereignty and territorial integrity, domestic/municipal, customary and international laws, and UNCLOS 1982, as well other international conventions and regulations related to the management of its seas. Malaysia's foreign policy direction is backed by policy and planning to ensure a comprehensive approach in reaffirming the safeguarding of its area of interest for protecting its sovereignty and to ensure that external entities do not compromise or pose a threat to the wellbeing of the country. In this context the IP strategy does promote the rule-of-law or rule-based governance which is in line with the Malaysian government's broad approach.

While China and the United States are Malaysia's major trading partners, Malaysia values her relations with other nations such as Russia, India, and the EU. Malaysia, as well as other member states of ASEAN, shares the values and aspirations of a major power in the 21st century. In essence, Malaysia's stand is not to take sides in her relations with the major powers in the context of Asia Pacific or in Asia. Malaysia is cognizant that issues on the overlapping claims in the South China Sea and the security of Straits of Malacca will converge in the Indo-Pacific region.

Malaysia has yet to incorporate the concept of the Indo-Pacific in her foreign policy considerations but acknowledges that multilateralism is the way ahead in the post-Cold War era. In this regard, the Indo-Pacific region has some significant flashpoints mainly in the maritime domain. On the other hand, Malaysia's dependency on the seas for the economy, tourism, transportation, and security cannot be underestimated. Hence, policy-makers need to scope up the economic, connectivity, and maritime infrastructure development initiatives under the FOIP frameworks. Economic connectivity across the Indo-Pacific region depends largely on maritime links for trade and energy supplies. As such, Malaysia may consider adopting such opportunities presented across the Indo-Pacific region.

Conclusion

Realizing the fluidity in geopolitical dynamics and the emerging concept of the Indo-Pacific, it is timely for ASEAN to move beyond the context of regionalism to explore opportunities in the Indo-Pacific realm. The major challenges for ASEAN in this regard will be to balance relations with the major powers as the interests of individual countries expand and overlap together with the attendant elements of competition and rivalry. The expanding maritime interests and naval ambitions of China and India, reflective of growing strategic competition between them, will eventually converge more significantly in the Indo-Pacific. Such convergence will require governments in SEA to review and assess future strategic and security challenges in the Indo-Pacific to safeguard their interests.

Malaysia's policies have yet to incorporate the emerging concept of Indo-Pacific, but embracing it is an imperative that cannot be excluded forever. While Malaysia's priorities will still be focused on the Straits of Malacca and the South China Sea, strategic thinking must evolve to include the Pacific and Indian Oceans as a single realm. This will accommodate the nation's geographical reality of straddling the key SLOCs of the Straits of Malacca and South China Sea, which connect the two oceans, and oblige her to participate more broadly in the Indo-Pacific geopolitical

Maldives: China's Presence in the Indian Ocean Region: Is the Maldives Optimistic, Pessimistic or Concerned?

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Key Points:

- There are three sentiments regarding China's activities in the Indian Ocean: optimism, pessimism, and concern.
- The level of China's relationship with the Maldives depends on the governing party or parties.
- There is concern about the huge debt owed, and the long-term lease of islands to China.

Since its discovery, the Indian Ocean has been an important area for trade. Because of this, in order to monopolize and control the trade activities in the ocean, during its grand imperialistic period, the Portuguese made it into a *mare clausum* or closed sea.

Today, the Indian Ocean is even more important, with four critical waterways or sea lanes: the Suez Canal, the Bab-el Mandeb, the Strait of Hormuz, and the Strait of Malacca.³⁰⁷ These waterways or sea lanes are considered among the most important in the world, as more than 80 percent of the world's seaborne trade in oil transits through the east-west sea lanes across the ocean.³⁰⁸ Of these, 40 percent pass through the Strait of Hormuz.³⁰⁹ A particularly crucial factor is that the greater powers of the world can control each other's entry into the sea through the chokepoints.³¹⁰ Hence, the Indian Ocean is important economically, politically, and militarily.

Emphasizing the importance of the Indian Ocean, Naval Strategist Alfred Thayer Mahan stated: "Whoever controls the Indian Ocean dominates Asia. This ocean is the key to the seven seas in the twenty-first century, the destiny of the world will be decided in these waters."³¹¹ This is a powerful statement, which signifies the importance of the future of the Indian Ocean, perhaps beyond our current thinking and imagination.

Therefore, it is no wonder that China started to be active in the Indian Ocean. Speaking of the Rise of China in the Indian Ocean, a retired US Navy official, Rear Admiral Michael McDevitt, sums it up thus: "The Chinese flag has become ubiquitous on the high seas around the world, especially in the Indian Ocean where the presence of Chinese warships has become routine."³¹² It is believed that, broadly speaking, this presence is the result of China experiencing a doctrinal shift to ocean-centric strategic thinking,³¹³ and it is in the larger geopolitical strategy of having a permanent naval presence in the Indian Ocean.

³⁰⁷ S. Kumar and A. Stanzel (2018), "The Maldives Crisis and the China-India Chess Match," *The Diplomat*, <http://thediplomat.com/2018/03/the-maldives-crisis-and-the-china-india-chess-match>.

³⁰⁸ D. Brewster (2015), "An Indian Ocean dilemma: Sino-Indian rivalry and China's strategic vulnerability in the Indian Ocean," *Journal of the Indian Ocean Region* 11, Issue 1; *Proceedings from the Australia-Asia-Pacific Conference on Indian Ocean Futures 2014*, <http://www.tandfonline.com/doi/10.1080/19480881>.

³⁰⁹ J. Hornat (2016), "The Power Triangle in the Indian Ocean: China, India and the United States," *Cambridge Journal of International Affairs* 29, Issue 2, <http://www.tandfonline.com/doi/10.1080/09557571.2014.974507>

³¹⁰ Geographically, a chokepoint is a feature such as a strait which an armed force is forced to pass to reach its objective.

³¹¹ Hornat, "Power Triangle in the Indian Ocean."

³¹² P. Mourdoukoutas (Feb. 12, 2018), "China Wants to Turn the Indian Ocean into The China Ocean," *Forbes*, www.Forbes.com/sites/panosmourdoukouta.

³¹³ J. Krupakar (2017), "China's Naval Base(s) in the India Ocean – Signs of a Maritime Grand Strategy," *Strategic Analysis* 41, Issue 3, <https://www.tandfonline.com/doi/10.1080/09700161.2007.1296622>.

There are different views on China's incursions into the Indian Ocean, which range from suspicion of monopoly of the ocean³¹⁴ to a militarized zone, to leading the countries into a debt trap. This belief is further explained by scholars, who allude to three main reasons for China's entry into Indian Ocean, the first of which is to protect China's ships from piracy—i.e., ships carrying oil from the Gulf states. The second is to deter America from blocking the Strait of Malacca, and the third is to encircle India from the sea by turning trade outposts into military outposts. This means that the motive is to strengthen the so-called "string of pearls" strategy, aiming to achieve China's military and commercial interests under the pretext of economic development.³¹⁵

However, contrary to these views, the counter-arguments present a different scenario. According to them, there is no evidence of China having such intentions to dominate the region, or entrap the poorer nations into a debt-trap. It simply stepped in when no one else assisted these developing countries. In this debate, the example of Sri Lanka's Hambantota development project, for which Sri Lanka first invited India for assistance, is brought up. It was when India declined that China stepped in, thus filling a vacuum which no one else did. Challenging this argument, others draw the attention to Pakistan's Gwadar port and areas of Djibouti, which have been turned into naval bases, indicating that China's motive was inspired by military ambitions.

In the early part of Chinese interests in the Indian Ocean, it was also believed that China's strategic plan was to encircle India by a "string of pearls."³¹⁶ This "string of pearls" policy was to construct port facilities and other projects in the Indian Ocean region. The result, according to an article in the *Diplomat*, was the "Gwadar port in Pakistan, naval bases in Myanmar, electronic intelligence-gathering facilities on islands in the Bay of Bengal, funding the

³¹⁴ Mourdoukoutas, "China Wants to Turn the Indian Ocean into The China Ocean."

³¹⁵ T. Mukherjee (2018), "China's Maritime quest in the Indian Ocean: New Delhi's Options," *The Diplomat*. Retrieved from , <https://thediplomat.com/2018/china's-maritime-quest-in-https://thediplomat.com/2018/china's-maritime-quest-in-the-indian-ocean-new-delhis-options/-indian-ocean-new-delhis-options/>

³¹⁶ The term "string of pearls" was coined in 2003 by a team of Booz Allen Consultants, in a report for the Pentagon, to describe China's attempts to gain a strategic foothold in the Indian Ocean. A. Kumar (2012), "Chinese Engagement with the Maldives: Impact on Security Environment in the Indian Ocean Region." Strategic Analysis 36, Issue 2, <https://www.tandfonline.com/doi/full/10.1080/09700161.2012.646504?scroll=top&needAccess=true>). Soon, this phrase came to mean the encirclement of India.

construction of a canal across the Kra Isthmus in Thailand, a military agreement with Cambodia and the building up of forces in the South China Sea.”³¹⁷

However, those who defend China believe that one can explain the building of the port facilities around India’s periphery on purely economic and commercial grounds. Contrary to this, scholars are of the opinion that “most of these ports are not economically viable unless they serve non-economic purposes. For example, the deep sea ports at Gwadar and Hambantota will allow the Chinese to monitor Indian and the US naval activities in the region. Hence, it is believed that Chinese ventures can be for containment of India and a challenge to US military power as well.”³¹⁸

At this juncture, one needs to ask the question as to how the Indian Ocean countries get involved with China. One attraction is the financial assistance provided by China’s Asian Infrastructure Investment Bank (AIIB) for infrastructure developments in the region through capital loans and technical services, which is needed by the countries for their development. According to writers, “The AIIB will serve as the spearhead of China’s OBOR initiatives.”³¹⁹

Another attraction is China’s flexible monitoring process of funds. This is demonstrated by the previous government of Yameen Abdul Gayyoom’s approach to India, Japan, and European countries for funding different projects, but the terms were not attractive to the government. It seems that the problem was not so much in the refusal of funds, but the strict rules of monitoring applied by these donor governments, whereas China could lend loans, and give aid without much hassle, thereby paving the way for corrupt government officials to take advantage of the funds for personal gain. As a result, the more recent China-Maldives symbiotic relationship began, based on Maldives’ need for financial assistance and China’s need for a strategic location in the Indian Ocean.

The beginning of China’s relationship with the Maldives goes back to more than a decade ago when the then president of the country, Maumoon Abdul Gayoom, looked for new international partners. Because of China’s important strategic interest in the Indian Ocean, it paved the way for establishing a close relationship easily, as the Maldives’ strategic significance lies in its “proximity to international sea lanes through which two-thirds of the world’s oil and half its

³¹⁷ Kumar and Stanze, “Maldives Crisis and the China-India Chess Match.”

³¹⁸ Ibid.

³¹⁹ H. Yu (2017), “Motivation behind China’s ‘One Belt, One Road’ Initiatives and Establishment of the Asian Infrastructure Investment Bank,” *Journal of Contemporary China* 26, Issue 105, <http://doi.org/10.1080/10670564.2016.1245894>.

container shipments pass.”³²⁰ In fact, the most important sea lanes of communication go through the Eight Degree Channel between the Maldives and India. According to a speech given at the Observer Research Foundation, “On average, every year, about 90,000 vessels passed through the Indian Ocean, carrying nearly 10 billion tonnes of cargo, including 36 million barrels of oil per day, which is more than 65 per cent of the world’s oil trade.”³²¹

The somewhat new interest and sudden entry into the Maldivian scene is observed by Mahalakshmi Ganapathy, an India-China expert, who states that “until 2011, China didn’t even have an embassy in the Maldives. Coming to 2018, it’s seen as a big player in this whole Indian Ocean region. In February of that year, the *South China Morning Post* said, “China now sees the Maldives as a crucial part of its ‘One Belt One Road’ project along ancient trade routes through the Indian Ocean and Central Asia.”³²² This important route runs crisscrossing Afghanistan, in South Asia.

Historically, China had always maintained a good diplomatic relationship with the Maldives. In fact, it was China that opened the first resident, diplomatic office³²³ in the Maldives. In terms of infrastructure, in the earlier part of the relationship, China built the foreign ministry and the museum, and provided assistance after the tsunami of 2004 as well. China entered into the project-contracting business in the Maldives from 1985 onwards. According to an article in *The Diplomat*, “By the end of 2001, the accumulated value of their contracted projects in the Maldives was \$46.37 million, with their turnover touching \$40 million.”³²⁴ But the taking of mega projects in the Maldives is a more recent phenomenon.

Until 2011, Maldives was not a priority in China’s foreign policy. Since then, Sino-Maldives relations grew. It is noteworthy that it was after February 2013, when President Yameen took over the government, that China’s influence on the Maldives took a rapid growth. Moreover, the relationship between the two countries took a dramatic jump forward after President Xi Jinping’s visit to the Maldives, in September 2014. Especially noteworthy, in this regard, is China’s presence in the tourism sector and infrastructure building. In the former, China has

³²⁰ S. Ramachandran (2018), “The China-Maldives Connection,” *The Diplomat*, <http://thediplomat.com/2018/the-china-maldives-connection/>.

³²¹ A. Shahid (2019), “The Maldives and the Security Architecture of Indian Ocean” (Speech given at the Observer Research Foundation, Chennai, India).

³²² “As the political crisis unfolds in the Maldives, China and India vie for influence” (2018), *South China Morning Post*, www.scmp.com/news/asia/south-asia/article/2132889.

³²³ Most of the accredited diplomatic offices are located in Sri Lanka as they are accredited to both countries.

³²⁴ Kumar and Stanzel, “Maldives Crisis and the China-India Chess Match.”

replaced Europe as the Maldives' largest source of tourism, while in the latter, it has become the biggest contractor of infrastructure projects.

One of the most-talked-about infrastructure projects was the 1.39-km long China-Maldives Friendship Bridge, whose contractor was CCCC Second Harbour Engineering of China.³²⁵ This bridge connects Malé, the capital, and Hulhule, the airport island. Additionally, a 1,000-apartment housing project in Hulhumale Island, a suburb of Malé, is underway. Therefore, China's interest in the Maldives is not surprising, as it is strategically located in the Indian Ocean, with the southernmost island of Gan being only 240 miles north of the American base in Diego Garcia.

It is not only in the infrastructure and tourism sectors that Maldives feels China's presence. It feels China's presence in the broader area of the Indian Ocean region as well. For example, China's presence in the Indian Ocean is felt through military actions such as the Chinese amphibious task-force drills in the area while India held a massive naval exercise in the Eastern Indian Ocean. This became an international issue when exiled former president Nasheed called for "military intervention from India" and joined the United States and Britain in calling for China-backed Yameen to release two supreme court judges and obey a court order to release political prisoners and re-instate disqualified parliamentarians.³²⁶

Economically, one of the most important projects for the Maldives is the Free Trade Agreement (FTA), signed on December 8, 2017. According to former president Yameen, the FTA will usher in "revolutionary development" that the Maldivians deserve.³²⁷ Signing of the FTA was a historic phenomenon, as it was the first FTA that the Maldives signed with any country.

However, the way in which the FTA was rushed through the Parliament had created anxiety among the Maldivians who had become suspicious of the deal. The present government states that it needs to review the agreement before giving assurances for its continuation. The argument given by the government is that the Parliament members (including the incumbent president and foreign minister, who were Parliamentarians at that time) were not able to examine the agreement as it was rushed through the Parliament.

During the previous administration, China also was able to persuade the government to sign a memorandum of understanding to comply with the Belt and Road Initiative (BRI), as well as

³²⁵ *China-Maldives Friendship Bridge – from illustration to reality* (2018), Mihaaru, www.mihaaru.com.

³²⁶ "As the political crisis unfolds."

³²⁷ "China-Maldives free trade deal rushed through parliament" (2017), *The Maldives Independent*, <https://themaldivesindependant.com/politics/china/Maldives-free-trade-deal-rushed-through-parliament/134382>.

giving the contracts for developing major infrastructure projects, including building of flats, to Chinese state-owned companies for 50 years. For example, the inhabited island of Feydhoo Finolhu, with plans to be developed as a tourist resort, was given for US\$ 4 million.³²⁸ This was done with the help of the Parliament by changing laws to lease out several prime islands, and allowing an observation post to be built on the island of Makunudhuoo, the westernmost atoll, not far from India.

Regarding the security of the Indian Ocean, the Maldivian government recognizes “the fundamental role that the Indian Ocean plays in the security of the Maldives.” Hence, President Ibrahim Mohamed Solih assured Prime Minister Modi of India that the “Maldives shares India’s perspective on the security of the Indian Ocean, and supports India’s position in maintaining order in the Indian Ocean.”³²⁹

Elaborating on the importance and complexity of the Indian Ocean to the Maldives, Foreign Minister Abdulla Shahid said, “It is a source of security, and at times, a source of insecurity, too. Any change in the political, economic and ecological dynamics in Indian Ocean will, therefore, have a magnifying impact on The Maldives.”³³⁰ Additionally, he emphasized that the present government is “convinced that the Maldives needs to contribute to the security of the Indian Ocean, and it should be able to benefit from the security of the region, as well.”³³¹

In connection with Maldivian politics, from a more tangible security angle, China’s increasing maritime activities in the Indian Ocean is demonstrated by the entry of 11 Chinese warships in the East Indian Ocean on February 8, 2017, during the State of Emergency in the Maldives. Although not specifically linked to the crisis in the Maldives, during the same month, a fleet of destroyers and at least one frigate, a 30,000-ton amphibious transport dock, and three support tankers entered the Indian Ocean.³³² Moreover, the People’s Liberation Army of China’s reports did not mention when the fleet was deployed or for how long. Therefore, it is hard to believe that it was a coincidence that during this period of turmoil in the country this many military vehicles would enter the Indian Ocean totally unplanned.

Given the scenario discussed throughout the paper, the Maldivians are perplexed. Some are optimistic that the Chinese contribution to the future development of infrastructure will continue to be successful, as the Sino-Maldives Friendship Bridge is. Others are pessimistic,

³²⁸ Kumar and Stanzel, “Maldives Crisis and the China-India Chess Match.”

³²⁹ A. Shahid (Jan. 2019), “The Maldives and Stability in Indian Ocean: A Mutual Dependency?” (Paper presented at the Center of Strategic and International Studies, Washington, DC., USA).

³³⁰ Ibid.

³³¹ Ibid.

³³² “Chinese warships enter East India Ocean amid Maldives tensions” (2018). Reuters. Retrieved from <https://www.reuters.com/articles>.

believing that nothing positive came out of the Maldives' dependence on China for assistance. Many of the others are concerned that the heavy loans the country has borrowed will burden future generations, and the unwarranted long-term lease of islands is a binding agreement that could be harmful for the economy and politics as well.

Because of the loopholes involved in granting some of these projects, such as the lack of a bidding process and the cost-benefits involved, compared to other estimates offered for the same projects, the pessimists questioned the benefits of any of the projects that the Chinese government undertook. Moreover, they questioned the quality of the projects as well. For example, the China-Maldives Friendship Bridge lacked parts of the structure from the initial drawing and plan. The total expense of the bridge involved US\$ 200 million, out of which US\$ 116 million was provided as free aid by the Chinese government. China has also loaned US\$ 72 million while the Maldives' government is bearing US\$ 12 million of the project.³³³ Considering this, it seems that it is a winning situation for China, but a questionable one for the Maldives.

The basis of the Maldivian skeptic's pessimism springs from the fear that China was turning Maldives into another trading outpost with the acquisition of land and Free Trade Agreement, which might lead to a Sri Lankan type of experience with Colombo and Hambantota ports and the Pakistani project of China-Pakistan Economic Corridor, which proved to be not too beneficial for the countries involved.

The Maldivian government's relationship with China will fluctuate depending on the governing party or parties. This fluctuation results from a changing relationship with India. The Maldives' relationship with China is intertwined with its relationship with India as well. For example, during President Nasheed's government of November 2008-February 2012, China was not very successful in building a binding and close relationship with the government because President Nasheed leaned heavily towards India as the country's main ally. But, during President Yameen's government, November 2013-November 2018, this relationship deteriorated drastically, especially after the dismissal of the Grandhi Mallikarjuna Rao (GMR) company that was contracted to upgrade the international airport. This was a bitter blow to the India-Maldives relationship.

A shining example to elaborate on the fluctuating relationship of the two powers—i.e., the relationship with China decreasing and the relationship with India increasing—can be seen in Indian prime minister Narendra Modi's visit to attend President Ibrahim Mohamed Solih's inauguration ceremony, on 17 November 2018. Very clearly, the visit indicated the turning of India's tide in favor of the Maldives and vice versa, as Prime Minister Modi had never visited the Maldives during the previous government. In fact, he had even cancelled a scheduled visit.

³³³ *China-Maldives Friendship Bridge.*

This is an indication that the Maldives, once again, is resuming its close relationship with India. Again, Prime Minister Modi visited the Maldives in June 2019. This was his first visit to a foreign country after his victory for a second term. He was given the very prestigious Order of Nishan Izzadeen, which is one of the highest honors the country bestows on people who have served or given support to the country. Expressing the closeness of the two countries, Prime Minister Modi called India and Maldives “two flowers in the same garden.”³³⁴

In the future, I foresee a courteous and diplomatic relationship with China, bound for years because of the massive loans the country has taken from China, and the long-term lease of the islands, among others. But projects like the Free Trade Agreement would be re-examined from a best practice in finance and democratic angle, and necessary amendments made and actions taken. The Maldives turning to China for financial aid will continue to be on the horizon.

The official Maldivian sentiment of being optimistic, pessimistic, or concerned depends on the policy of the governing party or parties.

³³⁴ Prime Minister Modi’s Address to the Maldivian Parliament, June 8, 2019, https://www.pmindia.gov.in/en/news_updates/pms-address-in-majlis-the-parliament-of-maldives/.

Myanmar: China's Presence in the Indian Ocean: A Myanmar Perspective

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Introduction

Myanmar is one of three countries that share a border with China and have access to the Indian Ocean. The Myanmar-China border measures 2,204 kilometers (1,370 miles). Myanmar's coastline stretches a total of 2,228 kilometers (1,385 miles) from the mouth of the Naff River in the west to the tip of Kawthaung in the south, and all three sectors face the Indian Ocean. Through Myanmar, China can access the Bay of Bengal (and Andaman Sea) while it can access the Arabian Sea through Pakistan. In recent years, as a littoral state, Myanmar has been paying attention to the developments in the Indian Ocean, particularly the strategic competition among great powers.

China's interest in the Indian Ocean via Myanmar could be traced to an article written by Pan Qi, the retired Vice-Minister of Communication for the state-owned *Beijing Review* (in the September 2, 1985, issue). The article argued that China would need to find an outlet for the landlocked western provinces of Yunnan, Sichuan, and Guizhou. It said the railways from Myitkyina in the north and Lashio in the north-east of Myanmar as well as the Ayarwaddy River (possibly from Bhamo) that flows the whole stretch of central lowland of Myanmar down to the Indian Ocean would be conduits for Chinese products.³³⁵ However, China at that time was not yet ready to pursue such an ambitious project to gain access to the Indian Ocean, and the state of Sino-Myanmar relations was not so favorable.³³⁶ The fall of the Burma Socialist Programme Party (BSPP) administration and coming of the military to power in September 1988 altered the political landscape in Myanmar. With the change in China's foreign policy towards its neighbors, the end of the Cold War, the collapse of the Soviet Union, and the Western sanctions on Myanmar, China became the most important supporter of the military regime in Myanmar and the supplier of its military hardware. Meanwhile China's interest in the Indian Ocean has grown, and by 1993, General Zhao Nanqi from PLA reportedly stated, "We can no longer accept the Indian Ocean as only an ocean of the Indians."

³³⁵ Bertil Lintner, *The Costliest Pearl: China's Struggle for India's Ocean*, (London: Hurst & Company, 2019), 3.

³³⁶ Since 1985, PLAN ships have visited ports in the Indian Ocean region including India, Sri Lanka, Bangladesh, and Pakistan. <https://economictimes.indiatimes.com/news/defence/indian-ocean-cannot-be-backyard-of-india-china/articleshow/47891860.cms>.

Myanmar's location and its access to the Indian Ocean has been a subject of debate. There is speculation about whether it has fallen into China's strategic orbit and accommodates Chinese base(s) along the coastline or on the Great Coco Island. Since the 1990s, starting with a Japanese news agency, Western and Indian media have repeatedly reported the sighting of Chinese officials and listening posts on the island. The speculations were further fueled and provoked by commentaries from senior government officials in India, including Indian Defence Minister George Fernandes. Throughout this entire period, both the Myanmar and Chinese governments repeatedly denied that there were any Chinese bases in Myanmar, including the Great Coco Island. Only in 2005, after the Myanmar government invited Indian officials to visit the islands and see for themselves and permitted the Indian Air Force to conduct a surveillance flight over the islands, did the matter rest; Indian officials acknowledged that there were neither Chinese base(s) nor Chinese intelligence facilities on the islands or anywhere else in Myanmar.

However, China's access to the Indian Ocean remains on the radar of countries seriously interested in Chinese activities in the region. It was about this time the United States coined the phrase "string of pearls" in a report on energy security prepared for the Department of Defense in 2004. The phrase described how China has been carefully building up a network of port facilities along the sea lane of communication on which it depends heavily for maritime commerce in order to secure safe passage and overcome vulnerability in vital areas such as the Strait of Malacca and the Strait of Hormuz. Myanmar's Coco Islands and Kyaukphyu are indicated as pearls in the string. Myanmar has never lost sight of the West's interest in China's military activities in the Indian Ocean.

Since the early 2000s, the Myanmar Navy built up its capabilities to meet the motto of "From Brown Water to Blue Water." The commission of the first (locally-built) corvette (UMS 771 *Anawratha*) in September 2000, after many years of neglect, was a milestone in this regard. The naval expansion was further speeded up after the close encounter with Bangladeshi warships near the disputed maritime claims in 2008. Since then, the Myanmar Navy has procured five frigates among other smaller ships such as corvettes and offshore patrol vessels for its fleets. At the same time, the Myanmar Navy has appeared to pursue a two-sea doctrine with sea control and sea denial strategies in different naval regions. Perhaps it is in the interest of Myanmar to transform the upper reach of the Andaman Sea as "Myanmar Lake."

For nearly 30 years since Deng Xiaoping's return to power and the beginning of an open-door policy, China has carefully built up its power resources and potentials. It became the second-largest economy by 2011. In the second decade of the 21st century, China is obviously a rising power that has the potential to challenge US hegemony, particularly in the Asia-Pacific or Indo-Pacific, as we are witnessing the relative decline of American power and of the liberal world order. The strategic competition between China and the United States intensified when the latter adopted a policy of "rebalancing" or "shifting pivot to Asia" in the early years of the

Obama administration. Now, both countries are pursuing Indo-Pacific strategies: the US through reorganizing the Pacific Command into the Indo-Pacific Command on May 30, 2018, and the Quadrilateral Security Dialogue (QUAD), and China through the Maritime Silk Road (MSR). In the *Indo-Pacific Strategy Report* produced by the US Department of Defense, China is named as a revisionist power.³³⁷

In early 2013, soon after his ascendency to the presidency, Xi Jinping articulated “the Chinese Dream” that aims at “the great rejuvenation of the Chinese nation.” The Chinese Dream has four parts: Strong China (economically, politically, diplomatically, scientifically, and militarily); Civilized China (equity and fairness, rich culture, high morals); Harmonious China (amity among social classes); and Beautiful China (healthy environment, low pollution). Then in September 2013, at Kazakhstan's Nazarbayev University, he debuted his dream master plan in the name of the “Silk Road Economic Belt.” A month later in Indonesia, Xi Jinping announced China’s intension to develop a Maritime Silk Road, further deepening China’s strategic interest in the Indian Ocean. Later these land and maritime dimensions of the Maritime Silk Road became known as “One Belt; One Road (OBOR)” or the “Belt and Road Initiative (BRI).” The OBOR/BRI is a hot topic in Myanmar among both policy-makers and the general public. According to Tom Miller in his book *China’s Asian Dream*, Myanmar would be China’s California because it serves as a western frontier state that sits on the Indian Ocean coastline.³³⁸

China’s Activities in Myanmar

With regard to its access to the Indian Ocean through Myanmar, China has engaged in two activities in the country: the Kyaukphyu Special Economic Zone (SEZ) and the extension of railway. Myanmar officially became a BRI partner country after signing a 15-point Memorandum of Understanding (MoU) establishing the China-Myanmar Economic Corridor (CMEC) in September 2018. The estimated 1,700-kilometer-long corridor will connect Kunming, the capital of China’s Yunnan province, to Myanmar’s major economic checkpoints—first to Mandalay in central Myanmar, and then east to Yangon and west to the Kyaukphyu SEZ.

The Kyaukphyu SEZ is of more strategic than economic value for China. It is a key access point to the East Indian Ocean. In 2015, just before the elections, the Union Solidarity and Development Party (USDP) administration signed a MoU with China’s International Trust and Investment Corporation (CITIC) to implement two projects: the deep-sea port project initially valued at \$7.3 billion, and the SEZ at \$2.7 billion. The term of agreement is that CITIC will build

³³⁷ Department of Defense, *Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region*, June 1, 2019.

³³⁸ Tom Miller, *China’s Asian Dream: Empire Building Along the New Silk Road*, (London: Zed Books, 2017).

and then operate the project for 50 years with a potential extension of an additional 25 years. The Chinese developer holds an 85 percent stake in the seaport project and a 51 percent stake in the SEZ. It was claimed that, thanks to its strategic location, the SEZ “is uniquely positioned to serve as a trade corridor connecting the three economies of China, India, and ASEAN.”³³⁹ The initial plan covers a total of 520 hectares—20 for the port, 100 for housing, and 400 for an industrial park. In the proposed industrial park, some 50 percent is for fisheries, 30 percent for garment factories, and the rest for other small enterprises. It is expected to provide 100,000 jobs for local people.³⁴⁰ Interestingly, the population of Kyaukphyu Township in 2019 was estimated at a little less than 90,000. A major focus of the SEZ is the development of fishing industry, which leads to a wild speculation of the appearance of the notorious Chinese fishing fleet in Myanmar waters. They could not only empty the local fish stocks but also collect intelligence in the Indian Ocean, since it is widely known that China has adopted what is known as “People’s War at High Sea.” Regarding the construction of the deep-water seaport, due to concerns over the project’s potential to become a debt trap, the National League for Democracy (NLD)-led government renegotiated the terms, after viewing the situation in Sri Lanka. Sri Lanka recently handed over the operating rights to a Chinese-funded port for 99 years after it had trouble paying back the loans, and it finally managed to reduce the value of the deep-sea project from \$7.3 billion to \$1.3 billion. According to Nikkei Asian Review, “Myanmar was able to reduce its financial burden while saving face for China, which intends to make the zone a key point in its Belt and Road Initiative,” and the project “will be completed in four stages as originally planned but will not proceed to the next phase until certain demand conditions are met.”³⁴¹

The other project is the extension of Myanmar railway. In October 2018, the two state-owned firms, Myanma Railways and China Railway Eryuan Engineering Group (CREEC) (a member of China Railway Group Company (CRGC)), signed an agreement to do a feasibility study and geological survey to build a railway line from their border to Mandalay, nearly four years after a high-speed project, which was tagged at a total cost of USD 20 billion, was shelved in 2014. The feasibility study is to be completed within two years and assess the environmental and social impact of the proposed rail line. The project would span 431 km (268 miles). The CREEC has already started a partial survey for the railroad connection from Muse across the border from Ruili to Mandalay. In April 2019, during the opening day of the second Belt and Road Forum for International Cooperation, the chairman of the CRGC handed over a feasibility

³³⁹ <https://www.irrawaddy.com/news/burma/govt-inks-agreement-chinese-firm-develop-kyaukphyu-sez.html>

³⁴⁰ Ibid.

³⁴¹ Yuichi Nitta, “Myanmar Cuts Cost of China-Funded Port Project by 80%,” Nikkei Asian Review, Sept. 28, 2018, <https://asia.nikkei.com/Spotlight/Belt-and-Road/Myanmar-cuts-cost-of-China-funded-port-project-by-80>

report on the Muse-Mandalay railway project to Myanmar's Minister for Transport and Communications. Meanwhile, China has either constructed or upgraded its railways from Yunnan's capital, Kunming. The first 328 km stretch of railroad between Kunming and Dali is in operation, and the second stretch of 336 km railroad is (re)scheduled to be complete in 2022.³⁴² Then it will soon connect with the 431 km Mandalay-Muse railway. In the view of Thaung Tun, Myanmar's National Security Adviser, "In all likelihood, it would be extended to Yangon and Kyaukpyu."³⁴³ It is important to note that, in 2011, Naypyitaw and Beijing signed a MoU to build a railway from Ruili (from China's side) to Kyaukphyu via Muse. For strategic reasons, to gain better access to the Indian Ocean, this rail link is a real possibility. The Kyaukphyu SEZ and the China-Myanmar rail link are two important projects under the BRI or China-Myanmar Economic Corridor. As mentioned earlier, the project's strategic value is more important than the economic one, and one will never be surprised if the Chinese firms in the SEZ are closely linked to the Chinese intelligence community or Chinese military.

Awareness of China in the Indian Ocean

Myanmar's security establishment is carefully observing China's activities in the Indian Ocean. They appear to be fully aware that China's strategic interests in the Indian Ocean and the strategic competition between China and the United States, both pursuing Indo-Pacific strategies, have ramifications for Myanmar—particularly in the western coastal area of Myanmar where China and the West are exploiting the local situation to their advantage. China quickly came up with a proposal to dissolve the armed conflict and so-called Rohingya refugee crisis, at least to minimize the internationalization. The internationalization of crisis or conflict in Rakhine State is detrimental to China's strategic interest in the Indian Ocean and even harmful to its own security.

Perhaps the Tatmadaw (Myanmar Armed Forces) is the institution with the most awareness of the development in the Indian Ocean. The Myanmar Navy, for obvious reasons, has taken serious interest in the security environment in the Indian Ocean. Although confidential reports and assessments are not officially and publicly available, we can still sense the interest by looking at several articles on the Indian Ocean issue that appeared in various publications sponsored by the Tatmadaw. For instance, the NDC magazine published in early 2015 carried the present writer's article on Myanmar in the Indo-Pacific region and how its geographical

³⁴² Bertil Lintner, "Full Steam Ahead for China-Myanmar High-Speed Railway," *Asia Times*, Feb. 21, 2019, <https://www.asiatimes.com/2019/02/article/full-speed-ahead-for-china-myanmar-high-speed-railway/>

³⁴³ <https://www.scmp.com/news/china/diplomacy/article/2169878/china-myanmar-look-railway-project-linking-muse-mandalay>

location could effectively become a geopolitical pivot in undermining the strategic interest of a geostrategic player such as China. The Myawaddy Press, run by the Tatmadaw, publishes several periodicals for public consumption and circulates them among military units. By looking at various articles in the weekly journal *Thuta Gabar*, it is fair and safe to conclude that the Myanmar military is thoroughly aware of the power struggle in the Indian Ocean that involves the US, China, and India³⁴⁴ Another indication is that the Myawaddy Press recently published a book entitled *Collected Articles on Geopolitics and Military Affairs in Various Oceans* by the Chief of Staff of the Myanmar Navy, in his private capacity as an author using the pen name “Maung Moe.”³⁴⁵ The book reveals the Tatmadaw’s reading of the events in the Indian Ocean. For example, in the chapter that discusses the “confrontation between the Dragon and the Elephant in the Indian Ocean,” the author details China’s “Two Oceans Strategy” and how China’s naval expansion could impact Indian Ocean geopolitics.

Through a private conversation with several senior military officials, the present writer came to realize that they are following China’s activities in the Indian Ocean very closely. One example is that they were very knowledgeable and acutely aware of developments in the Indian Ocean when China’s People’s Liberation Army Navy (PLAN)—a fleet of destroyers and at least one frigate, a 30,000-tonne amphibious transport dock, and three support tankers—sailed near Maldives’ water when the crisis escalated.

In April 2019, during his visit to Russia, Commander-in-Chief of Defence Services, Senior General Min Aung Hlaing attended the opening ceremony of the 8th Moscow Conference on International Security and discussed the issues under the heading “Indo-Pacific region military cooperation and prospects for regional security.” He said that the “Indo-Pacific region has become the most important and interested regions [*sic*] in the modern world, [and] some countries’ attempts to [hold] military influence over [the] Indo-Pacific region cause concerns to regional countries.” He stated:

ASEAN countries including Myanmar are geopolitically imperative, and it serves as a vital region. In this state, Myanmar is situated at a spot capable of bridging the countries in Southeast Asia region, and it is also a strategically important country. Among the military exercises launched in the region, multi-national military exercises are the same as the ones ASEAN countries located between Pacific Ocean and Indian Ocean conducted. Therefore, efforts to carry out stability and peace in Indo-Pacific region can be seen as collaborative measures. . . . *Stability, peace, and better military*

³⁴⁴ Maung Moe, “Tripolar Competitions in the Indian Ocean or the Power Struggle of Great Powers,” *Thuta Gabar Journal* 2, no. 6 (May 18, 2019): 2-5.

³⁴⁵ I have a privilege in writing an introduction to the book.

*cooperation in Indo-Pacific region is based on territory and sovereignty of each country and equality of all the countries. Measures based on principle that does not consider [the] size of the country and populations are needed for individual countries and all global ones. These rules and standards must be drawn under common agreement. In using international waters, it is also necessary to draw those rules and standards with the aim of creating a transparent, equal, and stable trade environment based on non-manipulation by a single country so as to ensure equality for each nation in accord with the international rules. It is required to reduce strategic rivalries by building trust and understanding among the countries, and they are important facts relating to challenges posed by Indo-Pacific Strategy and prospects. [Emphasis added.]*³⁴⁶

It appears that the senior general carefully chose those words to not offend any particular country, yet the statement shows support for an open and rules-based Indo-Pacific region with cooperation based on sovereign equality principles.

Having said that the Tatmadaw is perhaps the most resourceful institution in the country in observing China's activities in the Indian Ocean, the Ministry of Foreign Affairs (MOFA) is not so much left behind. Since the MOFA does not run any major publications, except the annual *Thar-Kaung-Taman* magazine, it is rather difficult to make the same kind of assessment based solely on the open-source information. However, the Director General of Political Affairs Department at Myanmar MOFA, in his private capacity, published 16 installments on the BRI in the state-owned *Kyemon* newspaper between February 29 and July 4, 2016. Likewise he also published 17 installments on the "Two Oceans Theory or Indo-Pacific Strategy" in another state-owned newspaper, *Myanma Alin*, from December 18, 2018, to April 9, 2019. These articles are more factual presentations than analysis and assessment. Yet, they certainly shed light on the fact that the MOFA is also watching carefully the development in the country's neighborhood, particularly in the Indian Ocean.

Conclusion

As a littoral state of the Indian Ocean that shares a long border with China and is adjacent to another powerful and populous country (India), Myanmar is carefully observing the strategic competition among great powers in the Indo-Pacific region and paying attention to China's activities in the Indian Ocean. It is acutely aware that Myanmar is important in China's strategic calculus. Yet, it is very careful not to be entangled in this power struggle and geopolitical

³⁴⁶ <https://www.seniorgeneralminaugthlaing.com.mm/en/13228/senior-general-min-aung-hlaing-attends-opening-ceremony-8th-moscow-conference-international-security-meets-minister-defence-russian-federation/>

conflict. Myanmar is also cautious not to offend any great power in this emerging geostrategic competition between the US, China, and even India. Like many other ASEAN states, Myanmar was cautious about Indonesia's proposal for either the Indo-Pacific Treaty of Friendship and Cooperation or the Indo-Pacific Cooperation Concept. Despite its littoral state status, Myanmar is not yet a member of the Indian Ocean Rim Association (IORA), while four other ASEAN countries are participants.

It is in this light, to my observation, that the Myanmar security establishment is concerned with the Asia Reassurance Initiative Act (ARIA), passed by the US Congress on December 31, 2018, which allows the United States to "develop a long-term strategic vision and a comprehensive, multifaceted, and principled United States policy for the Indo-Pacific region." Section 203 of the act expressed "grave concerns with Chinese actions that seek to undermine a rules-based order in the Indo-Pacific region." At the same time, the act also stated that the Quadrilateral Security Dialogue (QUAD) between the US, Japan, Australia, and India is "vital to address pressing security challenges in the Indo-Pacific region to promote rule-based order, respect for international law, and a free and open Indo-Pacific." This obviously targets China and its maritime strategy. The ARIA is viewed as an escalation of already intensified strategic competition between China and the US in the region.

The 2008 constitution clearly prohibits any foreign military base on Myanmar soil. However, there is room for military cooperation, and the charter could be subjected to reinterpretation to make room for deeper military cooperation. One potential area of China's growing strategic interest is the Kra Canal project. China has shown serious interest in this USD 28 billion project that connects the Pacific and Indian oceans; for China, the canal will not only shorten the trade route by 1,200 km but also overcome the Malacca dilemma. It is in the best interest of Myanmar to make sure that it is not a satellite state but a geopolitical pivot in China's "Two Oceans Strategy." Myanmar should prepare and position itself to ensure that the country's strategic value is properly appreciated by China.

Pakistan: China in the Indian Ocean Region: A Perspective from Pakistan

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Key Points:

- Pakistan and China have a convergence of interests on the strategic environment of the Indian Ocean Region (IOR). Pakistan sees China's growing presence there as a factor of stability in its strategic competition with India.
- Pakistan is focusing on acquiring new naval platforms from China and moving toward interoperability with the Chinese navy.
- Pakistan's Gwadar port is a key node of China's Belt and Road Initiative (BRI). Despite the port's attraction as a naval base, Pakistan should focus on developing it as a commercial port.

With its rise as a great power, China's economic and military interests have expanded beyond its immediate neighborhood. To project and secure its expanding interests, China has modernized its military capabilities. In particular, Beijing is developing its naval fleet to project power on the high seas far from its eastern seaboard, including in the IOR. Geo-strategically, the IOR is one of the most important zones of global economic and geopolitical competition. It is also directly linked with the rise of China. Vital sea lines of communication (SLOCs) run through critical chokepoints of the IOR connecting the economies of Europe, the Middle East, and the Gulf and Asian nations. Militarily, the United States has been the dominant naval power in the IOR for decades. This dominance was on display after 9/11 when the US military launched first strikes on Afghanistan from aircraft carriers stationed in the Arabian Sea and the IOR. A decade and a half later, rising China is projecting commercial and military prowess in the IOR. Meanwhile, the US is focusing on rebalancing its power (economic and military) toward the Asia-Pacific region to compete with China. Pakistan is an IOR littoral state with direct access to the Arabian Sea and proximity to the Strait of Hormuz. Thus, Islamabad can influence emerging security dynamics in the IOR. Moreover, Pakistan's interests in the IOR converge closely with China because of their trust-based strategic relationship.

This paper takes stock of the evolving Chinese commercial and military footprint in the IOR. It places China's enhanced maritime activity against the backdrop of wider US-China strategic competition and the need for China to secure its key SLOCs for energy security. This paper also evaluates Pakistan's interests in the IOR and its position related to evolving developments

there. Finally, it explores the possible long-term Chinese military presence in Gwadar and related concerns.

China's increasing influence in the IOR

As China enters its fifth decade of continued economic growth, its access to secure routes for energy supplies and unimpeded trade is strategically important. China is currently the world's largest importer of crude oil.³⁴⁷ To meet its domestic and commercial demands in the next 15 years, China would need to import nearly 80 percent of its oil.³⁴⁸ In the future China will undoubtedly become more dependent on Saudi Arabian oil and Iranian liquefied natural gas. Meanwhile, China transports by sea around 90 percent of its international trade by volume.³⁴⁹ Global trade and transit routes pass through the IOR and the South China Sea, while 80 percent of oil and gas ships traverse the Malacca Strait.³⁵⁰ Similarly, being a global manufacturing hub, China's economy is dependent on raw materials and mineral imports from African and Indian Ocean littoral states that are transported by sea. China is also focusing on developing its "blue economy," estimated to be more than \$1.2 trillion in 2017 and growing at an average rate of 7 percent annually.³⁵¹

Thus for China, unhindered access to the IOR is a strategic requirement because critical SLOCs around Eurasian rim-land must be secured. Currently, access to the IOR depends on China's stable relations with the US, whose navy dominates the IOR, and US allies such as India have a sizeable presence. China's defense strategy white paper issued in 2015 directed the People's Liberation Army Navy (PLAN) to ensure protection of open seas as a blue water navy with the capability to undertake prolonged operations in high seas and project power in the maritime domain.³⁵² The white paper also emphasized protecting SLOCs across the Indian Ocean."³⁵³

³⁴⁷ "China surpassed the United States as the world's largest crude oil importer in 2017," U.S. Energy Information Administration, February 5, 2018, <https://www.eia.gov/todayinenergy/detail.php?id=34812>.

³⁴⁸ US Department of Defense, Annual Report to Congress: Military and Security Developments Involving the People's Republic of China, 2017 (Office of the Secretary of Defense: Washington, DC, 15 May 2017).

³⁴⁹ "How much trade transits the South China Sea?," CSIS China Power, August 2, 2017, Updated October 27, 2017, <https://chinapower.csis.org/much-trade-transits-south-china-sea/>.

³⁵⁰ Li, W., An analysis of the Chinese Factor in security governance in the Indian Ocean Region, *Journal of International Security Studies*, vol. 35, no. 5 (Sep. 2017).

³⁵¹ China's State Ocean Administration, '2017' [Bulletin of statistics on 2017 China's marine economy], 1 Mar. 2018.

³⁵² "China's Military Strategy," Ministry of National Defense of the People's Republic of China, May 26, 2015, http://eng.mod.gov.cn/Press/2015-05/26/content_4586805.htm.

³⁵³ Ibid.

Ensuring the defense of Chinese interests in the Western Pacific and the South China Sea will remain the PLAN's foremost priority. This shift in the PLAN's mission has emerged as Beijing has expanded its economic cooperation through the BRI, and it requires PLAN to safeguard its interests, assets, and citizens in foreign lands and seaports. Beijing is focusing on exerting influence, mitigating its vulnerabilities, and securing its maritime trade in the IOR.

To advance its interests, Beijing has enhanced its economic and naval cooperation with the IOR littoral states by investing in a number of new ports in the IOR. This policy is being implemented through the "21st Century Maritime Silk Road (MSR)," the BRI's maritime component.³⁵⁴ At its core, the BRI is a long-term vision for connectivity across regions, enhanced production and trading chains, and deeper cooperation between countries along the BRI.³⁵⁵ MSR, meanwhile, focuses on establishing a network of ports by building new ones, expanding existing ones, and developing industrial zones in these port cities. A major artery of MSR extends from China's eastern seaboard to Europe through the South China Sea, the IOR, and the Mediterranean Sea, and then links to the Atlantic Ocean. Beijing is pursuing long-term lease rights to ports in friendly countries along strategic waterways. These agreements are being inked between Chinese state-owned companies and local governments of the IOR. Long-term Chinese presence in the IOR countries is intended to bolster local economies and connect them with Chinese ports. In the case of Gwadar (Pakistan) and Kyaukpyu (Myanmar), China's goal is to stimulate development of its under-developed inland provinces through economic corridors to link them with the Indian Ocean.

China has followed this economic expansion by building overseas military facilities. After two years of negotiations with the Djibouti government, China opened its first foreign military base in August 2017.³⁵⁶ China sent PLA troops and deployed ships to what it officially termed "logistical facilities."³⁵⁷ The base now houses a marine company and related equipment. Its

³⁵⁴ Xinhua, "Vision for Maritime Cooperation under the Belt and Road Initiative." June 20, 2017, http://www.xinhuanet.com/english/2017-06/20/c_136380414.htm.

³⁵⁵ "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, March 28, 2015, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

³⁵⁶ Wang Xuejing, "China's first overseas military base opens in Djibouti," CGTN, August 1, 2017, https://news.cgtn.com/news/3d6b7a4e3241544e/share_p.html.

³⁵⁷ "Foreign Ministry Spokesperson Hong Lei's Regular Press Conference on January 21, 2016," Ministry of Foreign Affairs, January 21, 2016, https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1333741.shtml.

location in the Horn of Africa in the IOR permits Beijing to project power, deploy deterrent forces, and undertake military operations in faraway seas.

As Gwadar is a crucial node of China's Indian Ocean strategy, Pakistan is directly involved. For policy-makers in Islamabad, China's increasing presence in the IOR is a natural consequence of its rise. Pakistan perceives that an economically developing China has a sovereign right to build its military capabilities and project its power. In turn, to advance its own geostrategic interests, Pakistan has an inherent interest in seeking expanded Chinese presence in the IOR. For decades, Pakistan has defined its external engagement primarily through its geographical location and its security concerns vis-a-vis arch-rival India. Pakistan's goal has been to seek "strategic security" against India so it can focus on economic development. In this context, Pakistan has viewed its strategic engagement with China as a stabilizer in the regional geopolitical environment. Pakistan's key national interest has been to balance India while navigating its often-contentious relationship with the US.³⁵⁸

This has gradually manifested over the past decade. Washington has pursued an enhanced defense engagement with India as part of its rebalance to Asia-Pacific strategy to check the rise of China and its growing military presence in the South China Sea and the IOR. The Indo-US "Joint Strategic Vision for the Asia-Pacific and Indian Region" has underscored the need for "safeguarding maritime security ensuring freedom of navigation and over flight throughout the region especially in the South China Sea."³⁵⁹ It has led to consensus on collaborating in the maritime domain, including joint military exercises. India and the US have also strengthened strategic defense cooperation and joint development and production of weapon systems, including transfer of technology.³⁶⁰

As US-India strategic cooperation has deepened over the past 15 years, Pakistan has sought expansion of geopolitical ties with China. From Pakistan's standpoint, the buildup of Indian military capabilities and the growing US military presence in the region have undermined the strategic balance of power in South Asia and posed a geopolitical challenge to Pakistan and China. Policy-makers in Islamabad agree with the Chinese assessment that Washington, in

³⁵⁸ For a strategic overview of Pakistan's Foreign Policy in recent years, please see the following remarks from former Foreign Affairs Advisor to the Prime Minister, delivered in October, 2016 at <http://embassyofpakistan.be/site/wp-content/uploads/2016/09/Statement-of-Sartaj-Aziz-4-10-2016.pdf>.

³⁵⁹ "US-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region," Ministry of External Affairs (India), January 25, 2015, https://mea.gov.in/bilateral-documents.htm?dtl/24728/USIndia_Joint_Strategic_Vision_for_the_AsiaPacific_and_Indian_Ocean_Region.

³⁶⁰ Harsh V. Pant, "How India-US Ties Were Modified," *The Diplomat*, January 8, 2017, <https://thediplomat.com/2017/01/how-india-us-ties-were-modi-fied/>.

concert with its allies in the region in Indian and Pacific oceans, is pursuing a strategy to contain a rising China. Of particular concern for Islamabad is the expanding maritime cooperation between the US, India, Japan, and Australia in the IOR. Pakistan views as detrimental to its maritime interests India's upgrade of its naval capabilities and its new role as net security provider in the IOR region. China, meanwhile, has assessed that the US goal is to exploit its strategic vulnerability in the maritime arena, particularly, in the South China Sea and the IOR. In May 2015, China issued a military strategy white paper reflecting these concerns.³⁶¹ The paper outlined a new maritime policy of "active defense" to project naval power in order to protect "maritime rights and interests" and secure "national security and development interests."

The evolving geostrategic environment in South Asia and the IOR has gradually "reinvigorated" the China-Pakistan relationship.³⁶² Beijing has emphasized repeatedly that the bilateral relationship is a "model inter-state relationship" to emulate. Chinese analysts have argued that Pakistan is China's "one real ally,"³⁶³ and policy-makers see the relationship as a "model of state-to-state relations," particularly of "good neighbourly friendship."³⁶⁴ For Pakistan, rising China presents an opportunity to leverage the growing economic and military prowess of China and advance its own interests in South Asia and the IOR.

Despite its success, the bilateral relationship is not underpinned by an alliance treaty. While the China-Pakistan Economic Corridor and other economic cooperation have been the focus of the bilateral relationship in recent years, a quiet and substantive cooperation has taken place in the defense and strategic sectors. This cooperation enhances Pakistan's military capabilities by providing access to China's high-tech weapons and new technologies. This trend is likely to continue and will enable Pakistan to match India's growing military prowess in the region. It will also keep India tied down in the region and enable China to focus on balancing the US power in its core regions—the South China Sea and the Western Pacific.

³⁶¹ "China's Military Strategy," Ministry of National Defense of the People's Republic of China, May 26, 2015, http://eng.mod.gov.cn/Press/2015-05/26/content_4586805.htm.

³⁶² Tom Phillips, "Xi Jinping announces £30bn 'China-Pakistan corridor,'" *The Telegraph*, April 20, 2015, <https://www.telegraph.co.uk/news/worldnews/asia/pakistan/11549777/Xi-jinping-announces-30bn-China-Pakistan-corridor.html>.

³⁶³ Yufan Huang, "Q. and A.: Yan Xuetong Urges China to Adopt a More Assertive Foreign Policy," *The New York Times*, December 21, 2017, https://www.nytimes.com/2016/02/10/world/asia/china-foreign-policy-yan-xuetong.html?_r=0.

³⁶⁴ Yao Jing, "A Community of Shared Future with Pakistan," *China Daily*, August 28, 2018, <http://www.chinadaily.com.cn/a/201808/28/WS5b8487b1a310add14f3880c5.html>.

Pakistan has also increased its reliance on China to modernize its naval fleet. Since 2013, Pakistan's navy has taken delivery of three Azmat class Fast Attack Craft (Missile Boats).³⁶⁵ These speedboats have been constructed based on a transfer of technology (ToT) agreement.³⁶⁶ In April 2015, Pakistan concluded an agreement to procure eight Yuan-class diesel-electric submarines.³⁶⁷ Four submarines are being built in China, and the remaining four will be constructed in Karachi with ToT.³⁶⁸ With the acquisition of these submarines, Pakistan will enhance its ability to deploy a nuclear triad and its naval power projection capabilities. In 2017 and 2018, Pakistan signed contracts for construction of four T054A frigates to be delivered by 2021. These guided-missile vessels can conduct a variety of anti-surface and anti-air warfare missions.³⁶⁹ These acquisitions will significantly boost the Pakistan navy's capabilities as it seeks to ensure maritime security, safeguard commercial shipping, and project power in the Arabian Sea while undertaking nuclear missions.

Similarly, the Pakistan navy and the PLAN have engaged in joint maritime exercises to improve interoperability; they instituted these bilateral exercises in 2014. Such exercises enable both navies to project power and maintain a secure maritime environment for international trade. So far, the two countries have held five rounds of exercises—three in the North Arabian Sea and two in the East China Sea off Shanghai.³⁷⁰

Meanwhile, Chinese ships have made port calls in Karachi. Significantly, in 2016, a nuclear-powered submarine docked at a Karachi port. In 2017, another attack submarine made a port call to Karachi.³⁷¹ These patrols signify China's developing naval capabilities and the goal to project power in the IOR to protect its SLOCs.

³⁶⁵ "Pakistan Navy Launches Third Azmat-class Fast Attack Craft," *DAWN*, September 17, 2016, <https://www.dawn.com/news/1284347>.

³⁶⁶ "Azmat Class Fast Attack Craft (Missile)," Naval Technology, <https://www.naval-technology.com/projects/azmat-class-fast-attack-craft-missile/>.

³⁶⁷ "Pakistan PM Approves Deal to Buy Eight Chinese Submarines: Official," *Reuters*, April 02, 2015, <https://www.reuters.com/article/us-china-pakistan-idUSKBN0MT05M20150402>.

³⁶⁸ Baqir Sajjad Syed, "China to Build Four Submarines in Karachi," *DAWN*, October 07, 2015, <https://www.dawn.com/news/1211363>.

³⁶⁹ "Analysis: Pakistan's Type 054A Frigate Acquisition," *Quwa*, June 03, 2018, <https://quwa.org/2018/06/03/analysis-pakistans-type-054a-frigate-acquisition-2/>.

³⁷⁰ "Pakistan, China hold joint navy exercise," *The Nation*, December 10, 2017, <https://nation.com.pk/10-Dec-2017/pakistan-china-hold-joint-navy-exercise>.

³⁷¹ PTI, "Chinese submarine docking in Karachi no threat to India: PLA," Updated July 12, 2018.

Another recent and consequential development was Pakistan's adoption of *Beidou*, China's indigenous satellite navigation system, for military applications. This adoption brings access to satellite imagery, precision-guided targeting, and tracking of enemy forces, deployments, and equipment.³⁷² A base station has been constructed at Karachi to ensure coverage of the whole territory of Pakistan.³⁷³ Because Pakistan has no indigenous global satellite system, Islamabad is relying exclusively on Chinese imagery systems to gain information. If there were a crisis, Pakistan's dependence on China would grow and enable Beijing to leverage sharing of information if Beijing and Islamabad have different viewpoint on a particular crisis.

Gwadar port as military base

A particular concern for Pakistan is China's use of Gwadar as an overseas naval base. It is widely assumed that Pakistan's coastline on the Arabian Sea provides China an opportunity to take off as a naval power with bases far from home. It is also assumed that Pakistan might also be interested in the port for three reasons: First is the nature of the bilateral relationship and diverse "sensitive" cooperation over the decades. Second is the extraordinary trust between the two countries, particularly their militaries. Third is the convergence of Pakistani and Chinese interests in the IOR and the Persian Gulf. Yet, it needs careful deliberations by policy-makers in Islamabad.

Pakistan's navy does not have an operational naval base at Gwadar³⁷⁴; its presence is restricted to a small air station, PNS Akram. The navy has been allocated "600 meters berthing space" at the Gwadar port³⁷⁵ and is establishing its new facilities there. During the past decade, the navy has focused more on expanding its operational presence along the coastline beyond Karachi. Pakistan's navy believes that a naval base in Gwadar or near it (more than 600 kms away from Karachi) would enable it to defy a naval blockade by India, as it experienced in 1971. It was

http://economictimes.indiatimes.com/articleshow/47891331.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppsthttps://economictimes.indiatimes.com/news/defence/chinese-submarine-docking-in-karachi-no-threat-to-india-pla/articleshow/47891331.cms

³⁷² AFP, "Pakistan Adopts Chinese GPS Satellite System," *DAWN*, May 18, 2013, <https://www.dawn.com/news/1012104>.

³⁷³ Sabena Siddiqui, "Pakistan Benefits from China's Sat-Nav System," *China.org.cn*, May 23, 2017, http://www.china.org.cn/business/2017-05/23/content_40873203.htm.

³⁷⁴ Conversations with Pakistan navy officers at a maritime seminar organized by the Institute of Strategic Studies in Islamabad, November 5, 2018.

³⁷⁵ 'Report of the Senate Standing Committee on Defence on visit to Pakistan navy installations Karachi, Omara and Gwadar,' Senate Standing Committee on Defence, April, 2016, http://www.senate.gov.pk/uploads/documents/1463460418_416.pdf.

similarly threatened in 1999 during the Kargil conflict. In essence, a naval base at Gwadar or in its vicinity will improve Pakistan's defense in deep sea.³⁷⁶ Pakistan has stationed part of its expanding naval fleet at Jinnah Naval Base in Omara, which is adjacent to Gwadar; it is slated to become a large naval facility. The PLAN can also dock there and use its facilities as it has at Karachi's naval port.

Pakistan has argued that Gwadar is a purely commercial port. The economic value of Gwadar will gradually materialize over the next decade. If it does not prove to be a successful commercial venture, the Chinese calculus can change. Chinese analysts have noted that, if necessary, China can look to Pakistan for a long-term facility as a comprehensive logistics base.³⁷⁷ Gwadar port is deep enough to host submarines and other naval ships and can be valuable for the PLAN as a supporting facility near the Persian Gulf. Even for Pakistan, in its competition with India, hosting the Chinese navy on a long-term basis makes geostrategic sense, as New Delhi has stepped up its investments and presence in the Chabahar port of Iran, just 72 kms off from Gwadar port. Conversely, turning Gwadar into a Chinese naval base will have an adverse impact on Pakistan's commercial prospects. Thus, Pakistan should tread carefully and not fall prey to strategic temptation.

Conclusion

Pakistan's relationship with China has ventured into new avenues in recent years. The two countries have enhanced strategic communication and displayed a growing converge of interests in the IOR. China has extended financial and technological assistance to Pakistan as it modernizes its naval capabilities. Islamabad views China's need to secure SLOCs and ensure a significant presence in the IOR as opportunities to advance its own strategic interests. Pakistan agreed to Chinese BRI plans without hesitation, and both countries are investing in developing Pakistan's Gwadar port. However, China's presence in Gwadar can have ramifications beyond the bilateral relationship. Pakistan has strategic interests in the IOR, including in the Strait of Hormuz. It is in Pakistan's interest to develop Gwadar as a viable commercial port that can compete with other regional ports. Pakistan should open the Gwadar port for all major countries interested in investing in economic ventures in the port and city. This will allow Pakistan to shield Gwadar from active geopolitical competition while enhancing its economic value.

³⁷⁶ Pakistan Navy had announced in April, 2004 that a base will be built in Gwadar. However, that base has yet to be constructed. For reference pl. see, "Navy to build base in Gwadar," *Daily Times*, 19 April 2004.

³⁷⁷ Andrew Erickson and Austin Strange, "No Substitute for Experience: Chinese Antipiracy Operations in the Gulf of Aden," U.S. Naval War College, *China Maritime Study, No.10*, Nov. 2013, p.139. As cited in Andrew Small's *China-Pakistan Axis: Asia's New Geopolitics*, (Oxford University Press), 2015.

Seychelles: Seychelles and China: A Small Island State in a Global Sea

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Key Points:

- Seychelles is a small island state in the western Indian Ocean. Geographically it is part of the oceanic region, but politically it is closely aligned with the African continent.
- It has enjoyed friendly relations with China since independence in 1976. During the Cold War, Seychelles was in the socialist camp.
- It has always been valued by China for its oceanic location between Asia and Africa.
- Over the years, Seychelles has benefited from the gift of numerous building projects and other projects, while at the same time avoiding a debt trap.
- But it has to tread a fine line to avoid alienating the other great power in the region: India. This is now being put to the test.

Geopolitical change is evident across the whole of the Indian Ocean. It is as if the deeply embedded tectonic plates beneath the ocean floor, after a long period of relative stability, are beginning to shift position. On the surface, the rim and island nations feel the first tremors and, in different ways, they are making their own adjustments. Among the most far reaching of these adjustments is the response to China as a new force in the region. The fact that this is coincident with the changing aspirations of another major power, India, adds to the immediacy and challenge of the situation. This paper looks at the response of just one member state: the Republic of Seychelles.

By any measure, Seychelles is small and China is large. The question that arises from this simple juxtaposition is, how can the former relate to the latter without being overwhelmed? More than that, can Seychelles benefit from what is undoubtedly an uneven relationship?

Small is Beautiful

*We always need both freedom and order. We need the freedom of lots and lots of small, autonomous units, and, at the same time, the orderliness of large-scale, possibly global, unity and co-ordination.*³⁷⁸

Twentieth-century economist E. F. Schumacher turned convention on its head with a book provocatively titled *Small is Beautiful* in 1973. Against the trend of units of government, production, and organization becoming ever larger, he argued that people instinctively prefer things to be smaller and within reach. Somehow we need to create a better balance—one that distinguishes institutions that need to exist on a large scale (such as international bodies) from those that can better match the level of everyday access, understanding, and control. The two dimensions are not necessarily incompatible, so long as the boundaries of each are acknowledged. In an ideal world, Seychelles would be able to enjoy all the virtues of being small while at the same time plugging into a wider, global network of trade and institutions. But what if the world is not ideal?

To set the scene, Seychelles is an archipelago of 115 islands scattered quite widely across the western Indian Ocean. Three of the inner islands contain most of the population. The largest and most populous of these is Mahé, which is about 1,500 km from the African continent. The total population of Seychelles is no more than 95,000, together with another 10,000 or so on work permits. Although the combined land area of the archipelago covers barely 460 km², its exclusive economic zone (EEZ) extends over nearly 1.4 million km² (3.5 times the size of Germany) because of the dispersed nature of the islands, and it is a source of rich fisheries. It also has reserves of natural gas and oil currently under exploration. With such an extensive area of sea within its jurisdiction, Seychelles promotes itself as a large oceanic nation.

Until well into the eighteenth century, the islands had no indigenous population. They were not permanently settled until they were claimed first by the French and then (following the downfall of Napoleon) by the British.³⁷⁹ In more than a century and a half of subsequent colonial rule, the economy remained largely dependent on primary products, such as spices, cotton, and copra, for export, which were subject to the vagaries of world markets. Under colonial rule, little was done to erase the sharp social division between plantation owners and laborers (many of whom were descended from slaves brought from Africa). And so it remained until independence was ceded by Britain in a peaceful transition in 1976. A republic was

³⁷⁸ E. F. Schumacher, “A Question of Size” in *Small is Beautiful: Economics as if People Mattered*, (London: Blond & Briggs, 1973).

³⁷⁹ Deryck Scarr, *Seychelles Since 1770: History of a Slave and Post-Slavery Society*, (London: Hurst and Company, 2000); William McAteer, *To Be a Nation: The History of Seychells 1920–1976*, (Mahé: Pristine Books, 2008).

proclaimed, and all was set fair. However, within a year under the new regime, founding president James Mancham was ousted, and Seychelles—at the height of the Cold War—aligned itself with the socialist bloc. An important partner at that time was its continental neighbor, Tanzania, a country molding its own brand of African socialism.³⁸⁰

A new president, France Albert René, assumed power, and the constitution of the Second Republic was based on single-party rule. Although multi-party politics were restored in 1993, the ruling party from the socialist era remained in control until 2016. After 27 years in power, René stood down as president in 2004 in favor of his vice president, James Alix Michel. Under the constitution of the Third Republic, Michel duly won his own mandate in elections held in 2006, 2011, and 2015, extending the period of dominance of the ruling party. Elections, however, consist of a two-stage process. In spite of his re-election as president in 2015, the parliamentary election in the following year led to a majority for the combined opposition parties for the first time. The two pillars of democratic government were now divided, and, after one year, President Michel handed the reins of power to his deputy Danny Faure.

The new president inherited a country that was in a sound economic position. Michel, working closely with the World Bank, had introduced radical reforms early in his presidency, and Seychelles had emerged relatively unscathed from the global financial crisis of 2008. In due course, it was classified as a high-income nation. But in political terms, President Faure found himself in uncharted territory, with a parliament in which the majority belonged to parties ostensibly opposed to the policies of his government. The threat of piracy, which had been a major issue in the region for the better part of the previous decade, had by then receded. It had not gone away, but it was effectively contained (at considerable cost) through the combined action of foreign navies. But Faure had other issues to confront. In particular, how would Seychelles deal with the growing influence of China and the other great Asian power, India? Not to mention additional nations such as the United States and Japan, which had more than a passing interest in the region. The Indian Ocean stage was set for an interesting new episode in the country's short history.

In dealing with great powers, Seychelles, like other small states, is clearly at an inherent disadvantage. It has no hidden reserves to draw on to force through a particular point or even to defend its shores. But experience has shown that it can use other strategies, including alliances, international lobbying, or the practical demonstration of good ideas (or, most likely, a combination of all three). The Australian analyst David Brewster has argued elsewhere that

³⁸⁰ With the ending of the Cold War, links with Tanzania have been significantly less important.

one should not understate the ability of small island states to influence events, using one of a number of strategies.³⁸¹

One obvious way in which a small island state can make its voice heard is by joining forces with other nations with similar characteristics. In fact, three international networks are designed to do this: the Alliance of Small Island States (AOSIS); the Global Island Partnership (GLISPA); and the United Nations (UN) Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States (UN-OHRLLS). Thus, Seychelles was active with others in lobbying the United Nations to designate 2014 as the International Year of Small Island Developing States, which highlighted the plight of many island states in the face of climate change.

In addition to this shared advocacy, Seychelles has itself brought forward various initiatives of global interest. It was remarkably successful, for instance, in winning the support of the international community (including China) to tackle the problem of piracy off the coast of Somalia. The incidence of piracy was felt keenly in Seychelles because it adversely impacted the two staples of the economy: fishing and tourism. No effort was spared to alert more distant nations whose own economic interests were threatened too; as a result, an effective coalition was formed. In fact, Seychelles went beyond that by applying the force of law to prosecute and, in cases, imprison some of the pirates.

A small state can also attract the interest of the rest of the world through its ideas and good practice. For example, former president James Michel consistently argued that more could be done to realize the potential of the world's oceans and that it should be done sustainably. In particular, he played an important role in spreading the idea of the Blue Economy.³⁸² Finally, in benefiting from the donation of valuable infrastructure projects from both China and India, Seychelles has been adept at making the most of their competitive interests.³⁸³

In these various ways, Seychelles has exercised a disproportionate influence on international events. Professors Christian Bueger and Anders Wivel have analyzed why they believe this to be so. They especially point to what they term “Creole diplomacy” and “smart state foreign policy,” concluding with the following:

³⁸¹ David Brewster, “Between Giants: the Sino-Indian Cold War in the Indian Ocean,” *Ifri, Asia Visions*, no. 103, (Dec. 2018).

³⁸² See, for instance, an influential book: James Michel, *Rethinking the Ocean: Towards the Blue Economy*, (St. Paul, MN: Paragon House, 2016).

³⁸³ The point is made in general terms about small island states in: Nilanthi Samaranayake, “Island States in a Region of Great Powers,” in *Sea Change: Evolving Maritime Geopolitics in the Indo-Pacific Region*, (Washington, DC: Stimson Center, 2014), 61-69

Firstly, Creole foreign policy allows for going beyond traditional divisions, emphasizing holistic thinking as well as pragmatic problem-solving. This is much needed in today's diplomacy and global governance. The Creole tradition and way of thinking, as well as Seychelles' extraordinary status as a member in a vast array of international organizations, provide ample opportunities for the country to act as a mediator, facilitator, and honest broker. Secondly, Seychelles became an important and reliable partner of the international community. By being able to offer solutions and expertise in its focal areas, the country could garner significant support, further networking opportunities, and achieve a unique status. Thirdly, by acting as an innovator and experimenting with new ways of thinking, as exemplified in the story of the blue economy, the country could maximize its reputation, but also influence the international debate on ocean governance.³⁸⁴

Seychelles has shown that it will not simply accept the cards dealt by larger nations. It can make its voice heard and can, in certain cases, attract wider support. Yet as a simple fact of power politics, the odds will always be stacked against it. Small might well be beautiful, but it is unlikely on its own to have a winning hand. Certainly, its ability to act as a free agent is put to the test by China's present plans to exercise supremacy across the whole of the Indian Ocean.

Crossing the Sea to Africa

Long before Christopher Columbus, the celebrated Chinese navigator Zheng He travelled through the south and westward maritime routes in the Indian Ocean and established relations with more than thirty countries in Asia, Africa, and the Middle East.³⁸⁵

In spite of being far ahead of his time, the remarkable exploits of Zheng He in the early fifteenth century were not pursued in the following years, when China instead withdrew behind its borders. Centuries passed, and China's waning of interest in Africa only ended with the modernization and emergence of China as a major power in recent decades.

Rediscovering a Continent

An important sign that China was once again interested in the African continent came in 1996, when then president of the PRC Jiang Zemin proposed the creation of the Forum on China-Africa Cooperation. Four years later, leaders of 44 African countries were invited to Beijing, where plans were announced for a massive increase in aid and infrastructure projects including new hospitals and schools, as well as training for professionals. An especially

³⁸⁴ Christian Bueger and Anders Wivel, "How Do Small Island States Maximize Influence? Creole Diplomacy and the Smart State Foreign Policy of the Seychelles," *Journal of the Indian Ocean Region* 14, no. 2 (2018).

³⁸⁵ Patrick Mendis, *Peaceful War: How the Chinese Dream and the American Destiny Create a Pacific New World Order*, (Lanham, MD: Rowman and Littlefield International, 2013).

welcome feature for the participating nations was the cancellation of outstanding debts and the release of funds to facilitate new loans.³⁸⁶ The official overtures occurred while a parallel change was happening: the voluntary migration of an estimated one million Chinese nationals who chose to settle in Africa. They were attracted by the prospect of cheap land, trading opportunities, and new businesses in a continent with a fast-growing young population.³⁸⁷

From the start of the present century, looking outwards has been part and parcel of China's rapid development. Business representatives make their way to China to explore new opportunities, and China reciprocates with comparable visits to all parts of the world. To encourage and guide this kind of reciprocal relationship, the Chinese leader, Xi Jinping, has personally put forward a visionary project known as the Belt and Road Initiative. Although the terminology is opaque, the idea of the project itself is elegant, giving form to China's aim of concentrating economic relations along strategic pathways. It makes use of the ancient Silk Road to evoke the imagery of transporting ideas as well as goods. Xi Jinping recalls that his home province of Shaanxi was at the start of the Silk Road, a trail that wended its way westwards across the barren lands of Central Asia, and today "I can almost hear the camel bells echoing in the mountains and see the wisps of smoke rising from the desert."³⁸⁸ In this way, history is invoked to shape the future.

To give more substance to this romantic notion, Xi Jinping used early visits to Kazakhstan and Indonesia to make important pronouncements. In the first visit, he proposed the revival of the ancient Silk Road through Central Asia, and in the second visit, looking towards the Indian Ocean, he spoke of a new route across the sea.³⁸⁹ What both pathways had in common was the promise of a series of connected economic nodes that would take development and prosperity to a new level. China would invest in modern infrastructure and trading facilities, but it was contended that all parties would benefit. This proposal was hard to resist, and it set new goals for global development in the twenty-first century.

Each of the applications of the common concept of "Belt and Road" is geographically specific, but, if regarded primarily as conceptual, they need not be restricted to particular pathways. This distinction is acknowledged by Wang Yiwei, a Chinese scholar of international studies, who asserts that "the Belt and Road initiative is not an entity or institution; rather, it is a

³⁸⁶ For instance, see Judith van de Looy, "Africa and China: A Strategic Partnership?" African Studies Centre, ASC Working Paper 67, 2006.

³⁸⁷ Su Zhou, "Number of Chinese Immigrants in Africa Rapidly Increasing," *China Daily*, Jan. 14, 2017, accessed Dec. 27, 2017, http://www.chinadaily.com.cn/world/2017-01/14/content_27952426.htm.

³⁸⁸ From a speech at Nazarbayev University, Astana, Kazakhstan, Sept. 7, 2013.

³⁸⁹ Xi Jinping was appointed General Secretary of the Communist Party in November 2012.

concept and initiative for cooperation and development.”³⁹⁰ Whether across land or sea, it anticipates corridors of economic development and influence, emanating from China but straddling the world. Or, in the words of an official communiqué:

*Joint construction of the Belt and Road is aimed at promoting an orderly and free flow of economic factors, efficient allocation of resources, and in-depth integration of markets, so as to give impetus to the coordination of economic policies of countries along the route, carry out more in-depth regional cooperation with greater coverage and higher level, and work together to build an economic cooperation framework that is open, inclusive, balanced, and beneficial for all countries involved.*³⁹¹

No matter how the various corridors are defined, the link with Africa is now indisputably a key plank of China’s international strategy. The continent is relatively under developed; however, it is rich in oil, minerals, and other resources, and its fast-growing population offers the prospect of future markets. Until the second half of the twentieth century, Western colonial powers controlled most of the continent. One by one, the former colonies gained independence and emerged as autonomous nations. The map has changed, and in many ways the opportunities for development, stimulated by external investment, have increased. While being careful not to repeat the errors of the past or appear similar to colonial predecessors, China has seized the chance to exercise a new model of influence and development.

In spite of the obvious benefits that China’s influence and development can bring, a degree of resentment in recipient countries is inevitable. Some fear that this is, in fact, colonialism all over again, even though China has repeated its pledge to respect national sovereignties. There are also growing concerns that new infrastructure projects will be damaging to the environment and to existing social structures, and that working conditions in Chinese enterprises are wanting. Recognition of the potential threat of falling into a debt trap is also heightened by a number of cases in which this has already occurred. In view of the history of subjugation in Africa, nations are right to be wary, but, if local sensitivities are understood and responded to, the gains for all parties can be considerable.

In pursuit of a longer-term relationship, China has been active in supporting geopolitical and economic priorities with a softer form of diplomacy, based on cultural understanding. Learning the Chinese language, being introduced to the culture, and enjoying the opportunity to undergo training in China are all promoted through Confucius classrooms and institutes. These initiatives are generally appreciated, especially by the young, for whom the new global alignments currently taking shape will become the norm. Unlike the voyages of Zheng He,

³⁹⁰ Wang Yiwei, *The Belt and Road Initiative: What Will China Offer the World in its Rise?* (Beijing, China: New World Press, 2016), 19.

³⁹¹*Ibid.*, 23.

which proved to be ahead of their time, the road across the Indian Ocean today is intended to lead to more lasting change in all of the countries embraced by the African continent.

Oceanic Stepping Stones

Relations between Seychelles and China have been strong since the flag of the new nation was raised on June 29, 1976. China immediately offered recognition and soon established its own well-fortified embassy on the edge of the capital. In his autobiography, the founding president James Mancham wrote that even then the lure of Seychelles was its location:

*Taking into account the fact that Seychelles' 110 [sic] islands are scattered over a wide surface of the western Indian Ocean, which includes a valuable oil route, and taking into account that important oil-producing nations are within rocket-striking distance, the geopolitical importance of the Seychelles cannot be underestimated.*³⁹²

Location has been a constant factor, but the nature of the relationship has been nuanced by certain changes in context. Just one year after Seychelles was formally recognized by China, the political coup in the former brought the two countries into the same power bloc. China has since maintained an important presence in Seychelles. Apart from repeated declarations of friendship, Seychelles has benefited materially from China through a series of loans, grants for infrastructure, and training and education opportunities. For a small island state with limited resources, these represented a significant contribution to its own development. This kind of relationship follows a Cold War pattern in which countries of the same ideological persuasion were bound together in numerous webs of collaboration. China was quick to offer support, but so too were Russia, Cuba, North Korea, and countries in East Europe. Seychelles also maintained a close link in the early stages with Tanzania, which offered advice and training for the young nation's armed forces. The current president of Seychelles was educated in Cuba, and his vice president was educated in Russia; the influence of such connections is not quickly lost.

In spite of the ending of the Cold War and evidence that Seychelles (especially after 2004) was striking out along a less ideological path, China's interest in the remote group of islands was undiminished. China demonstrated the importance it attached to this link through a two-day visit to Seychelles in 2007 by no less than the President of the People's Republic of China, Hu Jintao. Even then, a grand strategy was emerging, centered on links with Africa to provide China's fast-growing economy with a constant source of minerals and other resources. This in turn depended on a series of "stepping stones" (or, more evocatively, a "string of pearls") across

³⁹² James R. Mancham, *Seychelles Global Citizen: The Autobiography of the Founding President of the Republic of Seychelles*, (St. Paul, MN: Paragon House, 2009), 262.

the Indian Ocean, designed to support China's merchant shipping and protect its substantial investments in the rim countries through its naval presence.

China has been reticent to disclose details of its strategy, but a leaked report in 2014 confirmed what was commonly believed—specifically, that precise locations had been targeted.³⁹³ There appear to be plans to build 18 bases (called “overseas strategic support bases” in Beijing) across the Indian Ocean. The bases have three types: one for logistical support in peacetime; one for logistical support, warship berthing, aircraft landing strips, and onshore R & R; and one for a comprehensive range of facilities, including large warship weapons maintenance. Seychelles was designated in the second category.³⁹⁴

An important opportunity to consolidate China's position in Seychelles came with the outbreak of piracy off the coast of Somalia after 2005, seriously affecting the island nation a few years later. In 2011, Seychelles invited China to contribute to the defense of international shipping with the offer of new port facilities to make this possible. Instead of going so far as to build a new port, China was given access to existing naval facilities in Victoria. It is believed that the major reason for adopting the lesser option was that India objected to China being offered a new port.³⁹⁵

Indeed, the actions of Seychelles cannot be explained without a parallel reference to relations with India. For example, having made a state visit to India in 2018, President Faure balanced the books with an official visit to China a few months later, which included a meeting with President Xi Jinping. Their recorded exchange was, in one sense, quite bland—it was just another rhetorical pledge of friendship—but it also typified a relationship in which both parties could benefit. In the words of Xi Jinping:

With profound traditional friendship, China and Seychelles have always treated each other sincerely, friendly, and equally, and always been committed to unity, cooperation, and joint development. China supports Seychelles in independently taking a development path suitable to its own national conditions, and is willing to keep close exchanges with Seychelles, enhance political mutual trust, and engage in cooperation in the fields of people's livelihood, infrastructure, tourism, and maritime economy. China is aware of the multiple challenges Seychelles is faced with as a small island nation and is ready to increase South-South cooperation with the country on tackling climate change. China welcomes Seychelles' active

³⁹³ Prakash Katoch, “Gadhoo – another Chinese base in [sic] Indian Ocean,” *Indian Defence Review*, Jan. 26, 2018, accessed Nov. 20, 2018, <http://www.indiandefencereview.com/news/gadhoo-another-chinese-base-in-indian-ocean/>.

³⁹⁴ A.I.C. Popescu, “Control of Key Maritime Straits – China's Global Strategic Objective,” *International Journal of Economics and Business Administration* 5, no. 1 (2017), 92-119.

³⁹⁵ Peter Simpson and Dean Nelson, “China Considers Seychelles Military Base Plan,” *Daily Telegraph*, Dec. 13, 2011.

*participation in the Belt and Road construction by giving full play to its favorable geographic location.*³⁹⁶

In response, Danny Faure gave his own assurances:

*With traditional friendship, relations between this country and China have been increasingly consolidated. Seychelles sees China as an important partner, and thanks China for the long-term precious help. Seychelles is ready to enhance communication with China on governance, take the joint building of the Belt and Road as an opportunity to conduct more bilateral cooperation, support each other in international affairs, and lift bilateral ties to a new height.*³⁹⁷

If one strips away the rhetoric, perhaps the key words are those of the Chinese leader, “giving full play to its favorable geographic location.” That is surely the real reason that Seychelles is on China’s radar and why the leader of a nation with only 95,000 people can be photographed with the leader of the world’s most populous nation. An indication of the value attached to Seychelles is revealed by the volume of Chinese aid it receives per capita, ranking third of all African nations.³⁹⁸

Each year to mark the anniversary of the foundation of the People’s Republic of China, the Chinese embassy in Victoria (the capital of Seychelles) holds an event. The opportunity is taken to show how relations between the two countries continue to evolve. For example, in 2017, then ambassador Yu Jinsong reported that:

China-Seychelles relations continue to maintain a good momentum of development with fruitful results in cooperation in political, economic, trade, culture, education, military, and other areas....In May, China and Seychelles signed a MoU regarding construction of a low-carbon demonstration zone in Seychelles to tackle climate change. In June, the Special Representative of African Affairs, Ambassador Xu Jinghu, visited Seychelles. In July, Chinese aid enabled the start of the Corgat Estate Redevelopment Project. In August, China signed the agreement with Seychelles for financing and construction of the Seychelles Radio and Broadcasting House.⁸ Seychellois applicants were awarded Chinese Government Scholarships and left for university study in Beijing, Shanghai, and other big cities in China. In September, the 7th group of Chinese volunteers concluded their mission in Seychelles and returned home. This year, more than 100 Seychellois have participated in workshops in China. The Seychelles Tourism Board has launched promotions in Chinese cities such as Beijing, Guangzhou, and Chengdu. In mid-

³⁹⁶ “Xi Meets Seychelles President,” *Xinhuanet*, Sept. 1, 2018, accessed Nov. 20, 2018, http://www.xinhuanet.com/english/2018-09/01/c_137435872_2.htm.

³⁹⁷*Ibid.*

³⁹⁸ “Visualizing China’s Aid to Africa,” *ChinaFile*, June 30, 2016, accessed Nov. 20, 2018, <http://www.chinafile.com/infographics/visualizing-chinas-aid-africa>.

*September the two countries signed a memorandum of understanding on tourism cooperation. In turn, delegations from Guangdong, Hainan, Liaoning, and Hubei have visited Seychelles.*³⁹⁹

The cumulative contribution of infrastructure and other beneficial schemes, year on year, represents no small contribution to the life of Seychelles and includes some of the country's most important public buildings, including the National Assembly and, separately, the Palais de Justice (home of the Judiciary), as well as the national swimming pool and a state-of-the-art broadcasting center opened in 2018. In the military arena, gifts of naval equipment have been made to support the war on piracy; at the community level, China has continued to contribute through schools and a new hospital at Anse Royale, Mahé's second largest township. Many of Seychellois students have taken advantage of education and training in China, and there is a flourishing Confucius Institute attached to the University of Seychelles.

Normally, Chinese construction firms manage their projects with imported Chinese labor, and people in Seychelles have come to accept this as normal. As elsewhere in the world, the Chinese community—in this case a population of around 1,000—is self-sufficient and asks little of the state. In a number of cases, individuals of Chinese descent have made prominent contributions to the country.⁴⁰⁰ It is a subjective observation, but there is little or no sign of discord with the Chinese community, and Seychellois are generally appreciative of what has been done for the nation.⁴⁰¹ China has exercised “soft power” effectively over a long period, so far with a productive outcome. This contrasts sharply with the bad feelings (expressed in the press and social media) and a recent outburst of xenophobia towards Arab and Indian minorities, who have also been generous but are by no means as popular.⁴⁰²

Between Scylla and Charybdis

*Of these two rocks, the one reaches heaven and its peak is lost in a dark cloud....You will find the other rock lies lower, but they are so close together that there is not more than a bow-shot between them.*⁴⁰³

³⁹⁹ “Remarks by Chinese Ambassador Yu Jinsong at the Reception to Celebrate the 68th Anniversary of the Founding of the People's Republic of China,” Embassy of the People's Republic of China in the Seychelles, Oct. 2, 2017, accessed Nov. 20, 2018, <http://sc.china-embassy.org/eng/zsgx/t1501141.htm>.

⁴⁰⁰ James Mancham, the founding president, was partly of Chinese descent; Conrad Shamlaye is an eminent doctor with an international reputation for his research; and James Wong is the Anglican Archbishop of the Indian Ocean.

⁴⁰¹ Occasionally, a project is questioned because of quality issues, but these tend to be technical rather than political issues.

⁴⁰² The United Arab Emirates has attracted opprobrium because of its prominent building projects for members of its ruling families, while Indians are jealously regarded because of their success in business and construction.

⁴⁰³ Homer's *Odyssey*, Book XII.

Somehow, poor Odysseus on his Mediterranean voyage had to chart a course through the narrow channel. On one side was a rock that was home to a six-headed monster, and on the other was a rock concealing a whirlpool ready to suck wayward ships to its depths. It was an unenviable task. Though drawn from mythology, this imagery was so lurid that it continues to capture the essence of a tough choice. Seychelles, like Odysseus, must now chart its own course through an ocean beset by new challenges. Although one cannot liken the threats to those of a six-headed monster or a whirlpool from which there is no escape, the presence of nuclear powers flexing their muscles in a region where there was once hope of creating a zone of peace is not to be lightly dismissed. The situation in the Indian Ocean has become more complex than it was, and Seychelles is by necessity caught up in the turbulence.

There are, in fact, 23 nations along the surrounding coastline and in the form of island states. The Indian Ocean Rim Association (IORA), a voluntary membership body, contains 21 nations (excluding Djibouti and Myanmar), the French *départements* of La Réunion and Mayotte, and the vexed territory of the Chagos Islands (which is not a sovereign state). Seychelles is one of the 21 member states. Recognizing that the ocean is not exclusive to those countries and that some external nations have their own interests in the region, IORA also makes provision for a separate category of Dialogue Partners. This external network comprises seven overseas nations: China, Egypt, France, Germany, Japan, the United Kingdom, and the United States.

Under the watchful eye of the United States, which maintains important military bases on Diego Garcia (part of the Chagos archipelago) and at Camp Lemonnier in Djibouti, the shipping lanes to and from the Persian Gulf have been regarded as critical to the security of the West. But, until recently, the rest of the Indian Ocean remained somewhat marginal to the interests of the great powers. Even during the Cold War, it attracted less attention than the Atlantic and Pacific. This is certainly not to suggest it has been ignored by the rest of the world—only that the other oceans (both of which are bordered by the United States) have seen more military engagement and geopolitical confrontation. In any case, heightened recognition of the shipping lanes in the Indian Ocean as the essential link between East Asia and the West has changed all that. Moreover, international powers are now drawn to the region by “trouble spots,” notably Yemen, Somalia, and Iran, where their respective problems all have the potential to spread well beyond their own boundaries.

Gone is the day when there was hope that the Indian Ocean would—as Sri Lanka proposed in 1971—become a zone of peace. In the nuclear age, this was an appealing idea, but it gained no practical traction. India’s recent attempt to revive the concept has not been seen as a serious proposition. Indeed, India of all countries would be inhibited from implementing its own plans to ensure the security of the region, while a mere declaration would not check the growing incursion of China. In fact, this last factor has been driving all other interventions. Even within the present decade, China’s presence has become the most important geopolitical change and

one that all nations within the region are currently confronting. Whether under the guise of the earlier metaphor of a string of pearls or the more recent Belt and Road Initiative, China's intent is clear. It is, quite simply, a strategy to gain access to the coveted resources of Africa and to provide security at sea to enable safe shipping for its own fleet. As long ago as 1982, General Lua Huaqing, the architect of China's naval modernization, declared that China had to make its navy capable of venturing beyond the Strait of Malacca.⁴⁰⁴ The point was taken up 30 years later by Rear Admiral Zhang Huachen, deputy commander of the East Sea Fleet, who said quite plainly that "with the expansion of the country's economic interests, the navy wants to better protect the country's transportation routes and the safety of our major sea lanes."⁴⁰⁵

China's presence is now evident across most of the region. Yet, given the risk of offending the East Asian power, which gives as well as takes, it seems that the nations most affected (and which are the recipients of gifts) are reluctant to express what is really happening. It is a bit like the story of the emperor riding naked through the streets—the crowd staying silent until a little boy shouted that "the emperor has no clothes!" However benignly it might be portrayed at banquets and cultural exchange visits, it is hard to avoid the view that China is in the process of creating a global empire, and that the Indian Ocean and Africa are an important part of it. It is consolidating its influence through a mixture of direct aid and repayable loans, friendship treaties, and massive investment. Unlike the creation of past empires around the world, it is achieving its goals by peaceful means rather than military might. But no one can doubt that the latter could be brought to the fore in the face of resistance to its seemingly benign plans.⁴⁰⁶

The United States, especially, looks askance at these developments and is behind the re-designation of the region from "Indian Ocean" to "Indo-Pacific" region, encouraging a more global perspective on China's expansionist policies. In turn, India (especially following the appointment in 2014 of Narendra Modi as Prime Minister) is increasingly wary of China's intentions. Even ignoring the eponymous name of the ocean, India sees itself as the region's natural protector and is investing heavily to increase its naval presence in key locations. At a diplomatic level, apart from continuing tension along the shared land border in the Himalayas, India maintains good relations with China, although there is a clear sense that the two giants are jostling for position and watching every move the other makes. Unwittingly, Seychelles

⁴⁰⁴Jonathan Holslag, "The Reluctant Pretender: China's Evolving Presence in the Indian Ocean," *Journal of the Indian Ocean Region* 9, no. 1 (2013), 42-52.

⁴⁰⁵Rear Adm. Zhang Huachen, deputy commander of the East Sea Fleet, in Edward Wong, "China Military Seeks to Extend its Naval Power," *The New York Times*, Apr. 23, 2010, accessed Nov. 21, 2018, <https://www.nytimes.com/2010/04/24/world/asia/24navy.html>.

⁴⁰⁶Brewster, *op.cit.*; Michael McDevitt, "Great Power Competition in the Indian Ocean: The Past as Prologue?" CNA, Mar. 2018.

now finds itself caught up in this proxy battle of the titans. One example of this is India's interest in one of the outer islands of the Seychelles archipelago, Assumption (Creole: *Assomption*).

In a nutshell, India wants to use part of the remote island as a naval base because it is close to the head of the strategically important Mozambique Channel. Although India's interest in the island had been under discussion since 2012, it only came to the fore when President Faure was unable to win the support of the National Assembly. Fears were expressed that Seychelles could find itself in the center of a future conflict between the two main Asian powers. Environmental concerns were also raised because the island is close to Aldabra, a world heritage site. Were it simply for what is there now, few people would have heard of Assumption, let alone visited it. On most days, it remains a tropical idyll with white, sandy beaches and a surrounding sea that is rich in marine life. Against all appearances, it has become one of the geopolitical "hot spots" of the Indian Ocean.⁴⁰⁷

Assumption is currently a live issue on social media networks. Amid the increasingly xenophobic views directed towards the resident Indian community and migrant workers, there have been leaks that reveal details that were previously little known. Far from being a modest development to enable refueling and light repairs, plans have been circulating that show a proposed garrison sufficient to accommodate up to 500 naval personnel. Even though former president James Michel maintains that the original scheme that he negotiated was intended to offer access to other navies operating in the region, the present proposal is for the exclusive use of India.

In one sense, this is a domestic matter about sovereignty and land use, as well as bilateral relations with India. But, in the context of other changes in the region, it is much more than that. Although China has maintained a diplomatic silence on Assumption, India's proposal will not be met with favor in Beijing. Behind the scenes, representations will have been made to Seychelles, and one can only surmise that the issue must have been raised during Faure's visit to China in 2018. A way has yet to be found to satisfy both parties, but it is not easy to see how this might be achieved. The next presidential election will take place in 2020, and it is unlikely that this will have been resolved by then.

By comparison, it might seem that Odysseus had an easy task in navigating his ship between Scylla and Charybdis. Surely the waters of the Indian Ocean, with its narrow channels between the rocks of China and India, has become even more testing. Seychelles has so far not fallen foul of either side, although if it relents on the issue of Assumption, the risk of offending China may be a step too far. It remains to be seen whether Danny Faure (or his successor) will prove able

⁴⁰⁷ Jivanta Schöttli, "India and the Seychelles: Controversy over an Island," Institute of South Asian Studies, ISAS Brief No. 585, July 2, 2018.

to steer the ship into calmer waters, or whether it will veer too far towards one side or the other.

Singapore: China in the Indian Ocean Region: Perspective from Singapore

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Key Points:

- China's growing military and economic presence in the Indian Ocean offers both opportunities and potential challenges to other states in the region.
- Like other ascending powers, China's growing desire for recognition of its enhanced role and position in the Indian Ocean is inevitable and need not necessarily be disruptive.
- There is a need to mediate China's ascent via a rules-based order while recognizing that certain rules may need to be re-visited via a dialogue among states in the Indian Ocean.

China's Commercial and Military Presence in the Indian Ocean Region

Significant Chinese military presence in the Indian Ocean is conventionally tracked to 2008, initially including anti-piracy patrols and later deployments of nuclear and conventional submarines. China's People's Liberation Army Navy (PLAN) activities in the Indian Ocean have been steadily increasing since 2008. It maintains a permanent presence of an estimated six to eight Chinese naval ships in the northern part of the Indian Ocean at any given time, along with three to four survey vessels or hydrographic vessels as well as six submarines supposedly deployed for anti-piracy patrols.⁴⁰⁸ The largest number (14 ships) was detected in the middle of 2017.

⁴⁰⁸ Sonwalkar, P., "Keeping a Close Eye on Chinese Presence in Indian Ocean,' says Admiral Lanba," *Hindustan Times*, Mar. 13, 2019.

In 2017, China opened its first overseas military base at Djibouti in the Horn of Africa bordering the Indian Ocean. The base includes a naval port, large helicopter base, and accommodation for 10,000 troops.⁴⁰⁹ This marks the rise of China as a maritime power willing and able to protect its overseas interests in the Indian Ocean. The same year, China also acquired the Hambantota Port in Sri Lanka on a 99-year lease, giving Beijing a trade outpost in the Indian Ocean.

Observers suggest China plans to build a network of naval bases across the Indian Ocean. A US report claimed that China is about to start construction of a new naval base and airfield at Jiwani, approximately 60 km west of Gwadar.⁴¹⁰ The port city is set to become a major waypoint in China's Belt and Road Initiative (BRI). Earlier this year, Australian media reported that Beijing was in discussions with Vanuatu about building a naval base on the Pacific island.⁴¹¹ Vanuatu is only about 1,500 km off Australia's east coast and in the heart of the South Pacific Islands.

China is also setting up port projects along crucial sea lanes of communication as part of the Maritime Silk Road passing through the Indian Ocean. Beijing has ongoing projects in Sri Lanka, Bangladesh, Myanmar, Pakistan, Djibouti, Kenya, and Tanzania.⁴¹² Moreover, Beijing has also acquired strategically located deep water ports in Myanmar, Pakistan, Sri Lanka, and Maldives, which analysts believe could eventually serve a military purpose. The "dual use" of these ports for commercial and military purposes is an emerging trend in the Indian Ocean.⁴¹³ For example, Colombo, Gwadar, and Djibouti have been used to refuel or station PLAN ships. The stationing of a PLAN submarine and warship with no prior notification at the commercial Colombo Port City Project was a source of concern for neighboring India.

Singapore View on China's Activities in the IOR

Asia is in need of massive infrastructure upgrades. The Asian Development Bank forecasts the region needs \$26 trillion worth of highways, railroads, and other infrastructure from 2016 to 2030.⁴¹⁴ The United States has pledged USD 113 million for regional investments in the Indo-Pacific, and there are reports of the Trump administration seeking \$30 million from Congress

⁴⁰⁹ Brewster, D., "China's New Network of Indian Ocean Bases," *Interpreter*, Jan. 30, 2018.

⁴¹⁰ Ibid.

⁴¹¹ Manthorpe, J., "China Targeting Pacific Isles for Strategic Bases," *Asia Times*, June 8, 2019.

⁴¹² Mohan, G., "Great Game in the Indian Ocean," *Global Public Policy Institute*, June 11, 2018.

⁴¹³ Ibid.

⁴¹⁴ "Meeting Asia's Infrastructure Needs," Asian Development Bank, Feb. 2017.

for the Bay of Bengal Initiative—foreign military financing that will build maritime and border security capacity for Sri Lanka, Bangladesh, and Maldives.⁴¹⁵ These numbers still pale in comparison to the BRI investment, which is predicted to total \$1.3 trillion by 2027.⁴¹⁶

Commercially, China has built significant inroads in the Indian Ocean region (IOR) through its BRI, which is fast reshaping the region's economic and strategic landscape. As the geographic core of the Indo-Pacific, Southeast Asia is of key importance to China. Although Southeast Asian countries remain cautious to varying extents about the economic costs and strategic implications of China's infrastructural investments under the BRI, they continue to seek ways in which they could economically benefit from these BRI projects.

Being an open economy and global hub, Singapore places a high premium on regional and multilateral cooperation via trade and connectivity. As such, Singapore has been an early and strong supporter of the BRI. The BRI addresses connectivity and infrastructure needs in the region and has the potential to enhance economic cooperation not just between other countries and China, but also between countries within ASEAN.

Earlier this year, Singapore and China signed five agreements to further collaborate on trade, law enforcement, and projects under the BRI. Both sides cooperate in six areas: the Belt and Road, financial services, technology and innovation, ease of doing business, urban governance, and people-to-people exchanges. Singapore was the largest foreign investment destination for China along the Belt and Road last year, capturing close to 23 percent of the total investment outflow from China to Belt and Road countries.⁴¹⁷

One significant BRI project between Singapore and China that is underway is the Chongqing Connectivity Initiative, particularly International Land Transport Corridor. This rail link connects Chongqing to Qinzhou Port in Guangxi on the Gulf of Tonkin, which opens a shorter connection for China's western provinces out to the world and also strategically links the Silk Road Economic Belt and the new Maritime Silk Road.⁴¹⁸

Singapore's participation in the BRI is focused on four platforms: infrastructure connectivity, financial connectivity, third-party collaboration, and professional and legal services.

⁴¹⁵ Jha, L., "Trump Admin Seeks \$30m for Its Bay of Bengal Security Initiative," *Dhaka Tribune*, June 15, 2019.

⁴¹⁶ Chatzky, A., and J. McBride, "China's Massive Belt and Road Initiative," *Council on Foreign Relations*, May 21, 2019.

⁴¹⁷ Tan, D.W., "Singapore, China Ink Deals on Trade, Belt and Road Projects," *Straits Times*, Apr. 29, 2019.

⁴¹⁸ Lim, J., "PM Lee Proposes Ways to Reap More Long-Term Benefits from China's Belt and Road Initiative," *TODAY*, June 15, 2019.

As a financial hub, Singapore focuses on financial needs in Asia, including providing co-financing and risk management services for many BRI projects. According to the Chinese government statistics, Singapore accounts for 83 percent of total inbound investments to China from BRI countries, while about one-quarter of China's outbound investments to BRI countries go through Singapore.⁴¹⁹

Singapore is a neutral third-party venue where BRI countries and companies can resolve commercial disputes quickly and efficiently. Singapore's Mediation Centre, International Arbitration Centre, and International Commercial Court are all well-regarded internationally and can complement existing institutions in China. Singapore also has the shortest resolution time worldwide for standardized commercial disputes and hopes to provide some aid to address concerns over some BRI projects.⁴²⁰

Although Singapore views the BRI favorably, it also recognizes that the substance of the BRI and how it is implemented are very important. There have been significant concerns about BRI projects, particularly over financial transparency, speed vs. quality, and Chinese debt. Singapore's Prime Minister (PM) Lee Hsien Loong stressed that "Overall, the BRI must be open and inclusive, and must not turn the region into a closed bloc centered on a single major economy."⁴²¹ There is also the issue of perceptions that apart from contributing to unsustainable debt levels, BRI loans serve Beijing's strategic goals in the IOR, which is key to global shipping routes, at a time when China is building islands in the South China Sea.⁴²²

At the 2nd Belt and Road Forum in Beijing, PM Lee acknowledged China's growing international influence and wish to occupy a place in regional and global affairs. How China performs its prominent global role, and how the international community adjusts to China's growing influence, will determine whether countries in the region will enjoy continued peace and prosperity.

PM Lee further drew attention to ways in which concerns over BRI can be addressed to maximize the long-term benefits of this strategic initiative beyond improving physical infrastructure. He suggested three areas for consideration.

⁴¹⁹ Remarks by PM Lee Hsien Loong at the High-Level Meeting "Belt and Road Cooperation: Shaping a Brighter Shared Future" at the 2nd Belt and Road Forum in Beijing, China, on April 26, 2019.

⁴²⁰ Ibid.

⁴²¹ Lim, A., "Opportunities for Smaller Countries to Deepen Economic Cooperation, Build Up Multilateral Institutions: PM Lee," *Straits Times*, May 31, 2019.

⁴²² "How Asia Fell Out of Love with China's Belt and Road Initiative," *Straits Times*, Dec. 11, 2018.

First, the BRI should develop indigenous capabilities. Countries will benefit more if connectivity projects develop more local talent, facilitate further technology transfer, and involve more local businesses. This will not only improve the quality and sustainability of the infrastructure projects, but also give local parties a greater stake in the projects' success.⁴²³

Second, the BRI should go beyond traditional bilateral models of cooperation. Connectivity need not be limited to hub-and-spoke arrangements with China, because China can partner with other countries on projects in third countries. And this can bring together a wider range of capabilities and resources, open new doors to projects that may otherwise not be feasible, and enhance trade and economic cooperation not just between other countries and China but among other countries too.⁴²⁴

Third, the BRI should take an inclusive, transparent, and market-driven approach. Connectivity projects should be economically viable and financially sound. This will improve accountability and risk management, increase the projects' overall chances of success, and inspire greater confidence in future projects. A prospering region with China fully integrated—linked together by an open regional cooperation infrastructure—will reinforce the open, rules-based international order and multilateral trading system that has benefitted the region.⁴²⁵

Regarding the military presence of China in the IOR, Singapore continues to maintain close defense ties with China, while maintaining and even bolstering defense ties with countries such as the US and India. Last year, Singapore and India signed a new naval pact that gives Indian warships greater access to Changi Naval Base. Some Indian media outlets immediately painted the decision as a deliberate move done with an “an eye on China.” However, military experts said the “countering China” narrative was misleading. Rather than some elaborate ploy targeted at China, Collin Koh (maritime security analyst at RSIS) said the agreement was part of Singapore's long-standing policy of engaging all major powers for its own security.⁴²⁶ The pact was a logical step-up from the already close defense and security ties between the two countries, which also stemmed from long-standing political ties for decades.

On the Indo-Pacific concept and its implications, PM Lee said, “We support regional cooperation initiatives which are open and inclusive platforms for countries to cooperate

⁴²³ Remarks by PM Lee Hsien Loong at the Leaders' Roundtable at the 2nd Belt and Road Forum for International Cooperation in Beijing, China, on Apr. 27, 2019.

⁴²⁴ Remarks by PM Lee Hsien Loong at the Leaders' Roundtable at the 2nd Belt and Road Forum for International Cooperation in Beijing, China, on Apr. 27, 2019.

⁴²⁵ Ibid.

⁴²⁶ Jaipragas, B., “Ignore What You've Read About China and the Singapore-India Naval Pact,” *South China Morning Post*, Dec. 10, 2017.

constructively, and deepen regional integration,” stressing that the initiatives should strengthen existing cooperation arrangements centered on ASEAN. “They should not undermine them, create rival blocs, deepen fault lines, or force countries to take sides. They should help bring countries together, rather than split them apart.” ASEAN already has in place a set of inter-linking regional mechanisms such as the East Asia Summit (EAS), ASEAN Regional Forum (ARF), and ASEAN Defence Ministers Meeting (ADMM). Plus, these are designed to engage big powers and neighboring countries.

Singapore’s Defense Minister Ng Eng Hen also said Singapore was supportive of India’s role as a security provider within the Indo-Pacific region.⁴²⁷ He acknowledged the ongoing conversation about the strategic utility of the Indo-Pacific as an important geo-political space, reflecting the reality of the strategic interconnectivity between the two regions of the Indian and Pacific Oceans.

Overall, Singapore feels that increased Chinese military and economic presence in the IOR is not, by itself, a negative development. As China grows economically and militarily, it will seek recognition of its enhanced position, both globally and within the IOR. This is not unique to China, since ascending powers do seek recognition from other states of their enhanced economic and military prowess. The crucial issue is to mediate this recognition of China’s enhanced role in the IOR via a rules-based order, which rests on different facets of international law. In this enterprise, if certain rules or facets of international law seem out of sync, in China’s view (with China’s changing position within global politics), there needs to be acceptance for a dialogue on this issue. Such a dialogue needs to ensure that any re-negotiation of certain facets of the rules-based order in the IOR is mediated via a broad consensus forged between states in the IOR. The fundamental principle of the need for a rules-based order in the IOR needs to be maintained, while the possibility of a re-negotiation of certain facets of such rules should not be ruled out. Any re-negotiation, however, will require forging a durable consensus among states in the IOR.

⁴²⁷ “Singapore and India Reaffirm Strong and Long-Standing Defence Relations at Defence Ministers’ Dialogue,” Ministry of Defense, Singapore, Nov. 20, 2018.

South Africa: South Africa in the Indian Ocean Community: Pursuing Opportunities while Balancing Complications

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Key Points:

- South Africa's engagement with the Indian Ocean is mainly focused on development, trade, and investment rather than geostrategy.
- At the same time, its strategic engagement with both China and India is growing. However, this engagement is also channeled towards development and the strengthening of diplomatic relations.
- South Africa's focus increasingly falls on African economic integration, and its Indian Ocean engagement also maintains this focus.

Introduction

South Africa is the only country in the world that can claim to be both part of the Indian Ocean and Atlantic communities. The two oceans meet south of Cape Town, and the mingling of the warm Indian Ocean current with the chilly Antarctic current on the Atlantic side is responsible for the unique climate of Cape Town.

The meeting also provides a metaphor for the complexity of South Africa's geopolitical position. Despite having been in the orbit of the United States and the United Kingdom for decades, South Africa has emerged as one of China's key allies on the African continent. Although its historical Atlantic alliances remain very important, its economic future increasingly lies in the Indian Ocean community—not only through alliances with China, but also in growing engagement with India and possible synergies with emerging Indian Ocean hubs. In some ways, South Africa can be seen as a bellwether reflecting the currents of foreign influence in Africa, while also acting as a vector for the influx of this influence deeper into the continent. The country's position means it sits between East and West. But it also sits conclusively south, and being the representative of the global south and Africa in particular has become core to South Africa's foreign policy. It is also key to its economic engagement, and its outreach towards the Indian Ocean should be viewed against the context of South Africa's wider focus on African economic integration and development.

However, this engagement also brings complications. For example, South Africa is the only African member of the G20. It has taken up representing African causes in the group. Examples include agitating somewhat successfully for greater focus on illicit financial flows and tax enforcement on the continent, and facilitating public-private partnerships to boost infrastructure provision to the continent. However, it also faces pressure from other African countries not to portray itself as the leader of Africa. This complexity becomes another example of how South Africa's unique position in the world necessitates a continual process of balancing.

In this paper, I outline how South Africa's position in the Indian Ocean region is shaped by its relationships with two key allies, China and India. I also outline South Africa's own priorities in the region, showing that commercial and development priorities take precedent over strategic engagement.

South Africa and China

Despite the fact that South Africa is now one of China's key allies in Africa, the relationship is relatively young. South Africa's apartheid government and the People's Republic of China (PRC) had an officially hostile relationship due to the apartheid state's anti-communist stance, China's historical support for anti-colonial struggles in Africa (notably in South Africa's neighboring state of Zimbabwe), and Pretoria's close relationship with Taiwan.

The relationship thawed quickly after democratization. However, the Mandela government unsuccessfully tried to maintain diplomatic relationships with both Taiwan and the PRC simultaneously.⁴²⁸ A few factors swayed its eventual decision to swing towards Beijing: strong pressure within the ruling African National Congress alliance in favor of the PRC, a perception that aligning with the PRC was the global trend, and pressure from Beijing, including threats that continued support for Taiwan would lead to South Africa's lucrative trade access to Hong Kong being suspended.⁴²⁹

The South African government announced its official diplomatic relationship with the PRC in 1998. By then, trade between South Africa and the PRC had increased a hundredfold, from \$14 million (USD) in 1992 to \$1.4 billion in 1998.⁴³⁰ This trajectory continued, with China becoming

⁴²⁸ Williams, Chris, "South Africa's China Choice Revisited," South African Institute of International Affairs, Jul. 25, 2018, accessed Jul. 9, 2019, <https://saiia.org.za/research/south-africas-china-choice-revisited/>

⁴²⁹ Ibid.

⁴³⁰ Wolvaardt, Pieter, Tom Wheeler, and Werner Scholtz, eds., *From Verwoerd to Mandela: South African Diplomats Remember. Volume 1: The Wild Honey of Africa*, (Cape Town:

South Africa's main trading partner by 2010. The economic importance of the relationship has only increased during the 2010s. South Africa has been China's largest trading partner in Africa for most of the 2010s, making up between 25 percent and 33 percent of Africa's total trade with China.⁴³¹

The importance of the economic relationship has been echoed by the rapid development of the political relationship. China upgraded its relationship with South Africa to a Comprehensive Strategic Partnership in 2010. South Africa was the first developing country to enter into this partnership with China, indicating perceptions in Beijing that the relationship has value across a wide range of sectors.⁴³² This was soon followed up by an invitation for South Africa to join the then BRIC group, made up of Brazil, Russia, India, and China. South Africa became the fifth member of the group in 2010, in a move widely seen as facilitated by China more than the other members of the group (and perhaps not warranted by the size of South Africa's economy in comparison with the other members of the group).⁴³³

South Africa's accession to the BRICS group helped to cement the relationship. During the Zuma administration, South Africa frequently voted with China in the United Nations, and the South African government has generally tended to respect China's wishes on hot button issues. One example is delaying its own visa processes to avoid giving the Dalai Lama a visa to visit the country when he was invited by fellow Nobel laureate archbishop emeritus Desmond Tutu.⁴³⁴ This incident was controversial at home because (among other reasons) it underscored the political and economic importance of China to South Africa. This breaks down into the following key areas.

In the first place, South Africa functions as a base for the assembly and manufacturing of Chinese products destined for the rest of the African continent. This includes kitchen

Crink, 2010), 333; Wolvaardt, Pieter, Tom Wheeler, and Werner Scholtz, eds., *From Verwoerd to Mandela: South African Diplomats Remember. Volume 2: The Noose Tightens*, (Cape Town: Crink, 2010), 300.

⁴³¹ "Creamer Media, the US-China Trade War—After Trump's Turnaround, What Are the Likely Outcomes and Effects for South Africa?" *Engineering News*, accessed Jul. 9, 2019, https://www.engineeringnews.co.za/article/the-us-china-trade-war-after-trumps-turnaround-what-are-the-likely-outcomes-and-effects-for-south-africa-2019-07-04/rep_id:4136

⁴³² Wang, Yong, "South Africa's Role in the BRICS and the G20: China's View," *South African Institute of International Affairs Occasional Paper No. 127*, Dec. 2012, <https://saiia.org.za/research/south-africa-s-role-in-the-brics-and-the-g-20-china-s-view/>.

⁴³³ Ibid.

⁴³⁴ AFP, "China Thanks SA Over 'Support' Over Dalai Lama," *Mail & Guardian*, Sept. 5, 2014, accessed Jul. 18, 2019, <https://mg.co.za/article/2014-09-05-china-thanks-sa-for-correct-position-on-dalai-lama>.

appliances produced by Hisense in the Western Cape region and automobiles produced by companies such as Beijing Automotive Works in the Coega Special Economic Zone in South Africa's Eastern Cape region. A new set of trade and investment deals, including an expansion of the Beijing Automotive Works plant, was recently announced.⁴³⁵

In the second place, Chinese investors bought into the South African banking sector relatively early, when the Industrial and Commercial Bank of China bought a 20 percent stake in South Africa's Standard Bank in 2007.⁴³⁶ Standard Bank now serves as an important vector for Chinese investment into the rest of Africa. This work includes business development and involvement in promoting renminbi (RMB)-denominated transactions.⁴³⁷ African countries are increasingly seeing the potential for directly trading in RMB, especially in the hydrocarbon sector, where China is a key market.

Thirdly, China is also a key investor in South Africa's commodities and mining sector, especially in the platinum sector. This investment also takes the form of funding special economic zones dedicated to the processing of raw commodities and support for the South African government's ambition to promote cross-border infrastructure.⁴³⁸

In the fourth place, South Africa is the only African country with significant investments in China. The media company Naspers is heavily invested in the Chinese technology giant Tencent, whose WeChat is the dominant instant messaging service in China. The brewing company SABMiller also has large investments in China.

South Africa's Commercial Focus on the Indian Ocean Region

As China increases its engagement in the Indian Ocean region, South Africa has also immersed itself more formally. South Africa recently served as the head of the Indian Ocean Rim Association. During its tenure, it focused on the economic potential of the Indian Ocean region and on positioning the country as a future regional hub for Indian Ocean trade and logistics. This was summed up in a development plan launched by the Zuma administration called

⁴³⁵ West, Edward, "SA-China Trade Ties Get R27bn Boost," *Business Report*, June 24, 2019, accessed Jul. 18, 2019, <https://www.iol.co.za/business-report/economy/sa-china-trade-ties-get-r27bn-boost-27367274>.

⁴³⁶ BrandSA, "China Buys into Standard Bank," Oct. 26, 2007, accessed Jul. 18, 2019, <https://www.brandsouthafrica.com/investments-immigration/business/investing/stanbank-261007>.

⁴³⁷ Standard Bank, "Renminbi Presents Africa with Cost and Efficiency Advantages," Aug. 1, 2018, accessed Jul. 18, 2019, <https://corporateandinvestment.standardbank.com/CIB/Latest-News/Renminbi-presents-Africa-with-cost-and-efficiency-advantages>.

⁴³⁸ Stone, Setumo, "China Commits to Pumping Investment into SA," *City Press*, Sept. 3, 2018, accessed Jul. 18, 2019, <https://www.fin24.com/Economy/china-commits-to-pumping-investment-into-sa-20180903>.

Operation Phakisa, aimed at increasing South Africa's share of the ocean economy including across six sectors: ship and rig-building and repair, offshore oil and gas exploration, aquaculture, enhanced oceans governance, coastal and marine tourism, and small harbor development.⁴³⁹ China is engaged in the initiative via agreements for a repair and shipbuilding facility and an oil and gas hub.⁴⁴⁰ The discovery of large hydrocarbon deposits off the coast of East Africa opens the opportunity for South Africa to expand its port facilities into gateways funneling hydrocarbons from East Africa to markets in Asia. Several East African countries are currently planning and implementing new oil and gas exploitation, including Ethiopia, Tanzania, Uganda, and Mozambique.

While on the one hand these developments signal a desire to cooperate towards building a stronger presence for South Africa in Indian Ocean trade, it also shows that South Africa is interested in working with China to position itself as a significant gateway to Africa. One can argue that the country is as interested in Indian Ocean trade itself as it is interested in positioning itself via increased Indian Ocean trade in order to make greater use of Africa's Continental Free Trade Agreement. In other words, South Africa is as interested in using the Indian Ocean to send its goods outwards towards economies like China as it is in using Indian Ocean trade to position itself as a gateway for foreign goods into the continent. In this ambition, South Africa increasingly faces stiff competition from East Africa. Countries such as Kenya, Tanzania, and Djibouti are all aiming at a similar gateway role. However, South Africa's unique geographical position arguably gives it the edge in Southern Africa. Combined with its sophisticated banking sector, its position provides opportunities for collaboration with Chinese entities interested in expanding into the continent.

From the other side, the Indian Ocean is also facilitating the flow of South African goods to China. Agricultural exports are a key example here: South African producers of crops such as citrus and apples have finally overcome restrictions into the Chinese market. The flow of these products is boosted by the US-China trade war, with African crops boosting longer term Chinese ambitions to lessen their exposure to US producers.⁴⁴¹ Other southern African countries are also increasing their agricultural exports to China. Zimbabwe is a major exporter

⁴³⁹ Department of Environment, South African Government, Operation Phakisa – Oceans Economy, accessed Jul. 18, 2019, <https://www.environment.gov.za/projectsprogrammes/operationphakisa/oceanseconomy>.

⁴⁴⁰ South African Institute of International Affairs, "What Impact Could the 21st Century Maritime Silk Road Have on South Africa?" Jul. 29, 2015, accessed Jul. 18, 2019, <https://www.polity.org.za/print-version/what-impact-could-the-21st-century-maritime-silk-road-have-on-south-africa-2015-07-29>.

⁴⁴¹ Sihlobo, Wandile, "US-China Trade Row: SA Should Hold Course on Agriculture Exports," *Daily Maverick*, May 20, 2019, accessed Jul. 18, 2019, <https://www.dailymaverick.co.za/opinionista/2019-05-20-us-china-trade-row-sa-should-hold-course-on-agriculture-exports/>.

of tobacco, and Namibia has recently started exporting beef to China. These exports mostly happen via South African harbors.

All these forms of commercial engagement show that for South Africa, engagement with China and engagement with the economy of the Indian Ocean basin cannot be easily separated. China is a major trade and investment partner. It is not only a market linked to South Africa via Indian Ocean shipping lines, but it also funds South Africa's capability to make the most of the trade and logistics economies enabled by those shipping lines.

South Africa currently faces low levels of economic growth and high levels of unemployment. For this reason, it has focused its attention on trade and investment and the potential of China as a trade partner. At the same time, the Belt and Road Initiative's promise of boosting infrastructure investment also gets a positive reception in Pretoria. This, combined with the impact of the US-Chinese trade war on the South African economy, recently led to South African officials criticizing the Trump administration and expressing support for China.⁴⁴²

However, South Africa's engagement with Asia across the Indian Ocean goes beyond commerce. In the following section, I outline the military and strategic engagement between South Africa, China, and India.

Strategic Connections: China and India

As the political ties between South Africa and China have expanded, so has their military relationship. The countries moved from a partnership in 2000 to a strategic partnership in 2004 to a comprehensive strategic partnership in 2010. The growth of the strategic relationship reflects the importance of South Africa to China as a partner in the building of alternative multilateral institutions. Military relations form a relatively small, but increasingly important, part of this relationship. The South African National Defence Force (SANDF) and the People's Liberation Army meet regularly under the auspices of the China-South Africa Defense Committee. The most recent (eighth) meeting of the committee took place in Beijing on August 22, 2018. In a statement, they committed themselves to continued collaboration on bilateral military exchanges and cooperation, as well as cooperation on regional security.⁴⁴³ In September of 2018, the SANDF also announced enhanced cooperation with both China and

⁴⁴² Fabricius, Peter, "While Xi and Trump Hog Limelight at G20, Ramaphosa Declares It a Success for SA," *Daily Maverick*, Jul. 1, 2019, accessed Jul. 18, 2019, <https://www.dailymaverick.co.za/article/2019-07-01-while-xi-and-trump-hog-limelight-at-g20-ramaphosa-declares-it-a-success-for-sa/>. See also West, 2019.

⁴⁴³ China Military Online, "China-South Africa Defense Committee Holds Eight Meeting in Beijing," Aug. 24, 2018, http accessed Jul. 17, 2019, http://english.pladaily.com.cn/view/2018-08/24/content_9262529.htm.

Vietnam on logistics and training.⁴⁴⁴ South Africa and China also co-hosted a symposium on military logistics in March 2019—underlining how even in strategic relations, South Africa tends to focus on fields with the potential for non-conflict job creation and development.⁴⁴⁵

Despite the upgrading of strategic partnerships, military engagement makes up a relatively small aspect of the China-South Africa relationship. The relationship tends to draw more energy from trade, investment, and political cooperation than from military interaction. Among other reasons, this is arguably because post-apartheid South Africa has generally focused less on military cooperation and investment because of the highly militarized nature of apartheid. A notable indicator of this trend was a recent complaint by the head of the navy that South Africa's naval capability is declining in comparison with other African countries. He specifically mentioned Algeria, which has purchased large amounts of Chinese equipment and weapons over the last few years.⁴⁴⁶

Although this approach to a certain extent limits South Africa's cooperation with China, it also has certain benefits. One such benefit is that it keeps South Africa out of rivalries that have affected Indian Ocean relations over the last few decades. For example, the rivalry between India and China for influence in the Indian Ocean raises tensions in many Indian Ocean states, including in the Maldives, Mauritius, and the Seychelles. Indian concern about the expansion of Chinese influence into the Indian Ocean has translated into opposition to the Belt and Road Initiative and competing pressure on smaller regional countries to choose sides.

South Africa has little motivation to do so. China is its largest trading partner, but South Africa's trade relationship with India has been growing and currently stands at about \$10 billion per year, with equal levels of investment.⁴⁴⁷ The countries signed a strategic partnership agreement in 1997, one preceded by decades of close cooperation in the anti-apartheid

⁴⁴⁴ Tsogang, Kabelo, "China and Vietnam Tighten Collaboration with SANDF," Defenceweb, Sept. 6, 2018, accessed Jul. 17, 2019, <https://www.defenceweb.co.za/sa-defence/sa-defence-sa-defence/china-and-vietnam-tighten-cooperation-with-sandf/>.

⁴⁴⁵ Tsogang, Kabelo, "China and South Africa to Host First Military Logistics Symposium," Defenceweb, Nov. 5, 2018, accessed Jul. 18, 2019, <https://www.defenceweb.co.za/joint/logistics/china-and-south-africa-to-host-first-military-logistics-symposium/>.

⁴⁴⁶ Cloete, Kim, "South African Navy Falling Behind Other Navies in Africa," *Engineering News*, Jul. 15, 2019, accessed Jul. 18, 2019, <https://www.engineeringnews.co.za/article/south-african-navy-falling-behind-other-navies-in-africa-2019-07-15>.

⁴⁴⁷ Campbell, Rebecca, "Solid Relations Between India and South Africa Good for Bilateral Trade and Investment," *Engineering News*, Nov. 23, 2018, accessed Jul. 17, 2019, https://www.engineeringnews.co.za/article/solid-relations-between-india-and-south-africa-good-for-bilateral-trade-and-investment-2018-11-23/rep_id:4136

struggle.⁴⁴⁸ South Africa also has a large Indian diaspora, which raises the future potential for trade and investment. As both a country with strong relations with China and promisingly robust relations with India, it has consistently favored political and economic ties with both. The BRICS grouping has proved a useful mechanism in this regard because it provides a platform for cooperation where tensions between member states (notably between India and China) are momentarily set aside in favor of cooperation. South Africa and India are also members of the IBSA group (India, Brazil, and South Africa), which predated the BRICS.

South Africa's care to avoid some of the rivalry between China and India, however, does not obviate military interaction with India. South Africa's state-owned arms manufacturer Denel had been a major exporter to India until being blacklisted in 2005 under allegations of kickbacks. These were lifted in 2018, and Denel is expected to explore cooperation with Indian companies under Delhi's "Make in India" program.⁴⁴⁹ The countries strengthened their original strategic partnership via the 2006 Tshwane Declaration, which followed a meeting between the India-South Africa Defence Committee. The Declaration called for greater cooperation in defense, and also acknowledged that India had already provided training to the South African National Defence Force in UN peacekeeping and submarine operations.⁴⁵⁰ This agreement was further strengthened in 2019 in the form of the Three-Year Strategic Programme of Cooperation. This agreement expressed satisfaction at a wide range of defense cooperation between India and South Africa, mentioning by name defense production, collaboration, manufacturing, research and development, training, and joint exercises. It singled out naval cooperation under the auspices of the Indian Ocean Naval Symposium, and South Africa's participation in the First Multinational India-Africa Field Training Exercise in March 2019.⁴⁵¹

Issues of strategic competition and strategic rivalry in the Indian Ocean also came up during South Africa's presidency of the Indian Ocean Rim Association (IORA) in 2018. During its tenure, IORA moved towards establishing dedicated organs aimed at key areas including safety

⁴⁴⁸ Ministry of External Affairs, Government of India, India-South Africa Relations, Dec. 2017, accessed Jul. 17, 2019, https://www.mea.gov.in/Portal/ForeignRelation/36_South_Africa_December_2017.pdf.

⁴⁴⁹ Mishra, Abhishek, *India-South Africa Relations: A Perineal Bond*, Observer Research Foundation, Jan. 25, 2019, accessed Jul. 17, 2019, <https://www.orfonline.org/expert-speak/india-south-africa-relations-a-perennial-bond-47557/>.

⁴⁵⁰ Department of International Relations and Cooperation, South African Government, "The Tshwane Declaration on Reaffirming the Strategic Partnership Between South Africa and India," Oct. 2, 2006, <http://www.dirco.gov.za/docs/2006/india1006.htm>.

⁴⁵¹ Ministry of External Affairs, Government of India, "India-South Africa Joint Statement During State Visit of President of South Africa," Jan. 25, 2019, accessed Jul. 9, 2019, <https://www.mea.gov.in/bilateral-documents.htm?dtl/30952/IndiaSouth+Africa+Joint+Statement+during+State+Visit+of+President+of+South+Africa>.

and security (also blue economies, the empowerment of women, and tourism).⁴⁵² However, also in this forum, South Africa downplayed strategic competition in favor of an agenda of economic integration.⁴⁵³ South Africa is championing this issue across various forums, such as its support for the African Continental Free Trade Agreement in the South Africa Development Community, via the New Partnership for African Development (NEPAD) and the African Union, as well as in the G20. Through all this work, Pretoria has focused almost exclusively on the Indian Ocean region as a zone for development, economic integration, trade, and investment, rather than as a field for geostrategy. Against this background, it becomes clear that South Africa has much to gain from downplaying any potential strategic rivalry in the Indian Ocean, in favor of a rhetoric of cooperation and mutual development. This reality arguably informed South Africa's muted response to the concept of the Free and Open Indo-Pacific as promoted by the United States, Australia, Japan, and India.

The importance of China to South Africa's economy lies at the heart of this approach. South Africa is less interested in containing the BRI than in profiting from it while boosting relationships with any other possible investors and trading partners. The Belt and Road Initiative's concentration on connectivity aligns with this focus, and this is one reason for South Africa's enthusiastic support of the BRI. At the same time, India's influence along Africa's eastern seaboard and its involvement in the Indian Ocean island states also makes it a potential partner to push forward this agenda. It is expected that South Africa will keep trying to use its position in the Indian Ocean to maximize connectivity with multiple partners while avoiding strategic rivalries.

Conclusion

Although South Africa is both an Atlantic and Indian Ocean country, the last two decades have seen it focusing eastwards for trade and investment. Although the United States and Europe remain key partners to South Africa, its economic fortunes increasingly depend on China, with other Indo-Pacific powers such as India, Japan, and South Korea also playing increasingly important roles.

This is also true for strategic engagement. Although South Africa generally downplays strategic engagement in favor of a stronger rhetorical emphasis on economic integration and development, it has been expanding its military engagement with key countries in the wider

⁴⁵² South African Government, "IORA to Address Socio-Economic Challenges," *SANews.gov.za*, Aug. 28, 2018, accessed Jul. 17, 2019, <https://www.sanews.gov.za/south-africa/iora-address-socio-economic-challenges>.

⁴⁵³ Janse van Rensburg, Susara, Wilma Viviers, Martin Cameron, and Ali Parry, "Identifying Export Opportunities Between IORA Member States Using TRADE-DSM Methodology: A Case Study Involving South Africa and Thailand," *Journal of the Indian Ocean Region* 15, no. 1 (2019), <https://doi.org/10.1080/19480881.2018.1521777>

Indian Ocean community, most notably China and India. The slow but steady upgrading of strategic relations, the regular meetings under the auspices of the China-South Africa Defense Committee, and the continuing training and people-to-people exchanges between South Africa's navy and armed forces with those of India and China imply that strategic engagement helps to strengthen diplomatic relations between these powers. What the future strategic nature of these relationships will be remains unclear at present. Although there have been joint exercises, there currently does not seem to be much political will towards either rapidly escalating the engagement or boosting South Africa's military and naval capabilities beyond the commercial potential of sales from South African arms manufacturers. Unlike a country such as Algeria, South Africa does not seem to be rapidly amassing new arms or equipment.

In comparison, South Africa seems more interested in the commercial possibilities of Indian Ocean engagement. South African development plans increasingly focus on the commercial potential of the Indian Ocean's blue economy, the importance of its shipping lanes, and the hydrocarbon deposits found down Africa's eastern seaboard. Operation Phakisa, which focuses on infrastructure to boost trade and investment related to this blue economy, is a notable example.

This commercial perspective and the political importance of the China-Africa relationship across such forums as FOCAC and BRICS have made South Africa an early supporter of the Belt and Road Initiative. However, it is still unclear how South Africa will maximize its engagement with the BRI. Although it works closely with Chinese entities and aims to position itself as a gateway to Africa, that role increasingly seems more naturally suited to countries such as Kenya because of South Africa's geographical distance from key markets.

This means that South Africa will need to maximize its external relationships to reach its development goals. Commercial and political engagement with all powers in the Indo-Pacific, as well as its traditional Atlantic allies, will maximize South Africa's chances to fully exploit the opportunities offered by its strategic position between the oceans. In addition, increasing the already existing synergies between it and other emerging hubs in the Indian Ocean, including Mauritius, the Seychelles, and Indonesia, will be key to foregrounding South Africa's advantages in fields such as finance and tourism.

This will likely mean that South Africa will both keep pursuing strategic links with non-Western powers, including those of China and India, while trying to link these engagements to tangible development and economic outcomes.

The challenge for both South Africa and the other powers of the Indo-Pacific is how to balance strategic imperatives with the need for development and economic integration that has.

Sri Lanka: China's Commercial and Military Presence in the Indian Ocean: A Perspective from Sri Lanka

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Key Points:

- Sri Lanka increasingly views the Indian Ocean region (IOR) as critical to its own future.
- China's commercial presence in the IOR has brought high levels of *investment* to Sri Lanka. Some valid concerns have been raised about this investment, which can and should be addressed by national and multilateral policy measures. Other concerns about Chinese investment in Sri Lanka, however, are not grounded in the available evidence. In addition, more attention should be given to Sri Lanka's *trade and tourism* with China.
- Sri Lanka's main concern regarding military presence is the *overall* militarization of the IOR. To contain risks of that militarization, Sri Lanka is engaging with a range of strategic partners and facilitating multilateral dialogue on IOR issues, in line with its non-aligned heritage. Just as it seeks diverse economic partnerships, Sri Lanka should continue its diversified, multilateral approach to address the evolving strategic context of the IOR.

Introduction

States of the Indian Ocean are increasingly recognizing the importance of the Indian Ocean region (IOR) to their own destinies.⁴⁵⁴ In Australia, for example, a 2019 report observed that although the "Indian Ocean has long been Australia's Second Sea, after the Pacific Ocean...[t]hat

⁴⁵⁴ This paper benefited greatly from interviews with former and current naval commanders, including Admiral Dr. Jayanath Colombage, Admiral Travis Sinniah and Vice Admiral Piyal De Silva, officers of the Ministry of Foreign Affairs of Sri Lanka, management staff of the Colombo and Hambantota ports and the Port City Colombo, the insights of Dr. Ganeshan Wignaraja, and the excellent research assistance of Adam Collins, Malinda Meegoda and Pabasara Kannangara at LKI.

period of our history is drawing to a close.”⁴⁵⁵ In Sri Lanka too, a recent report identified the Indian Ocean as a possible “global growth pole” of the world economy.⁴⁵⁶ Policy-makers have pledged to develop Sri Lanka as an economic center of the IOR between Dubai and Singapore.

At the same time, competing narratives have emerged about China’s commercial and military presence in this increasingly important ocean. Some of these narratives note the benefits of China’s presence—which includes the vast Belt and Road Initiative (BRI)—for developing trade, infrastructure, and other forms of connectivity, thereby helping the IOR reach its growth potential.⁴⁵⁷ Others caution that China’s presence carries significant risks to IOR states, including economic dependence, unsustainable debt, environmental harm, infrastructure that may be used for military purposes, and, more broadly, a destabilizing effect on the region.⁴⁵⁸

Sri Lanka has become a site of these competing narratives on China’s presence in the IOR, with the port of Hambantota featuring prominently in negative accounts of China’s presence.⁴⁵⁹ In this context, it is important for Sri Lankan researchers to frankly examine the various narratives and develop their own evidence-based perspectives of China’s presence in the IOR.

This paper attempts to do that, proceeding in three parts to identify trends in China’s presence in the IOR and to evaluate how Sri Lanka is interacting with these trends. It begins in Part I by outlining the importance of the Indian Ocean to Sri Lanka, while Parts II and III examine China’s commercial and military trends, respectively, in the Indian Ocean and consider the impact of those trends in Sri Lanka—from economic, security, and other perspectives.

In regard to China’s commercial presence in Sri Lanka, this paper finds that some concerns about investment from China are strongly supported by the evidence and should be addressed by a combination of national and multilateral policy measures, while other concerns seem to

⁴⁵⁵ David Brewster, “Australia’s Second Sea: Facing Our Multipolar Future in the Indian Ocean,” Australian Strategic Policy Institute, 2019, <https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2019-03/SR%20134%20Australias%20second%20sea.pdf#page=55> .

⁴⁵⁶ Ganeshan Wignaraja, Adam Collins, Pabasara Kannangara, “Is the Indian Ocean Economy a New Global Growth Pole?” LKI, Working Papers Series No. 2, 2018, <https://www.lki.lk/wp-content/uploads/2018/10/LKI-Working-Papers-Is-the-Indian-Ocean-Economy-a-New-Global-Growth-Pole-Ganeshan-Wignaraja-Adam-Collins-and-Pabasara-Kannangara-4.pdf>.

⁴⁵⁷ “China’s Belt and Road Hits Problems but Is Still Popular,” *Financial Times*, 2018, <https://www.ft.com/content/814b39ea-e8cd-11e8-a34c-663b3f553b35>.

⁴⁵⁸ Daniel Kliman, Rush Doshi, Kristine Lee, and Zack Cooper, “Grading China’s Belt and Road,” CNAS, 2019, <https://s3.amazonaws.com/files.cnas.org/CNAS+Report+China+Belt+and+Road+final.pdf>

⁴⁵⁹ Maria Abi-Habib, “How China Got Sri Lanka to Cough Up a Port,” *New York Times*, 2018, <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>.

be driven more by great power rivalry than available evidence.⁴⁶⁰ It also finds there is room to grow Sri Lanka's trade and tourism with China, to levels comparable to other IOR states.

In regard to military presence, this paper identifies the overall militarization of the IOR, stemming from great power rivalry, as Sri Lanka's main concern—rather than Chinese military presence *per se*. Just as Sri Lanka should continue to encourage diverse partnerships in its economic development, it should likewise continue to engage with a range of strategic partners and facilitate multilateral dialogue to address the evolving challenges in the IOR.

Sri Lanka in the Indian Ocean

Before considering how Sri Lanka views China's presence in the region, it is worth outlining how Sri Lanka sees *itself* in the region. Although Sri Lanka has long considered itself a South Asian country, it has lately emphasized its additional identity as an Indian Ocean nation,⁴⁶¹ and it is developing itself as an economic center of the IOR between the two existing hubs of Dubai and Singapore.⁴⁶² In tandem with its aim to become a center of the Indian Ocean, the government has signaled acceptance of multiple Indian Ocean frameworks,⁴⁶³ including the BRI and the Asia-Africa Growth Corridor (AAGC) previously launched by India and Japan.⁴⁶⁴

Sri Lanka's identity as an Indian Ocean nation

There are good reasons for Sri Lanka's reimagined identity as an Indian Ocean nation. One is the persisting stalemate in South Asian politics and the region's main forum: the South Asian Association for Regional Cooperation (SAARC). India's "neighborhood first" policy and its promotion of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) as an alternative to SAARC have not shifted that stalemate in the South

⁴⁶⁰ Dushni Weerakoon, "Sri Lanka's Debt Problem Isn't Made in China," *East Asia Forum*, 2019, <https://www.eastasiaforum.org/2019/02/28/sri-lankas-debt-problem-isnt-made-in-china/>.

⁴⁶¹ Daniel Alphonsus, "Cartopolitics and Sri Lanka: Rereading and Repainting Twenty-First Century Asia," *Caravan*, 2015, <https://caravanmagazine.in/vantage/cartopolitics-and-sri-lanka-rereading-and-repainting-twenty-first-century-asia>

⁴⁶² Dinusha Panditaratne, "The Role of Sri Lanka in South Asia and Beyond: Emerging New Contours," 2018, RIS New Delhi, https://www.lki.lk/wp-content/uploads/2018/01/The-Role-of-Sri-Lanka-in-South-Asia-and-Beyond_-Emerging-New-Contours-Dr.-Dinusha-Panditaratne.pdf; and "Vision 2025: A Country Enriched," http://www.pmooffice.gov.lk/download/press/D00000000061_EN.pdf.

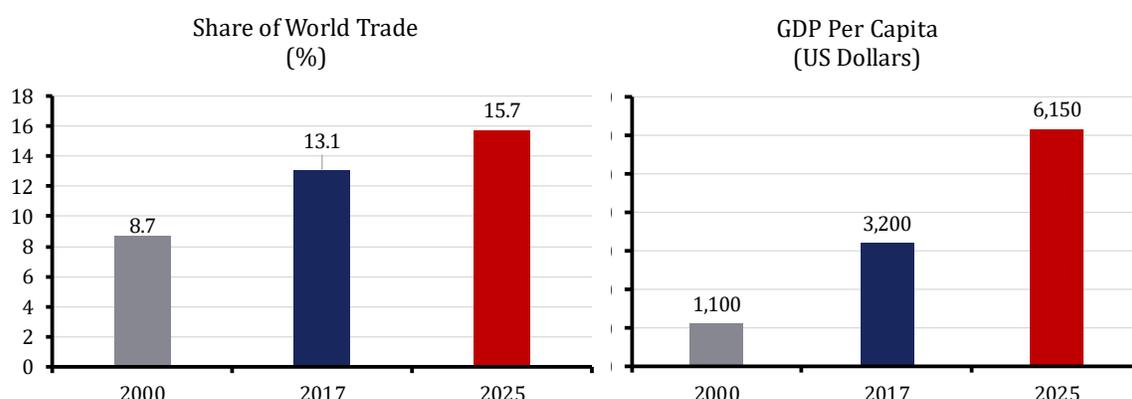
⁴⁶³ Lalin Fernandopulle, "Hambantota Port Will Bring Enormous Benefits to Economy-PM," *Sunday Observer*, 2018, <http://www.sundayobserver.lk/2018/07/01/business/hambantota-port-will-bring-enormous-benefits-economy-pm>.

⁴⁶⁴ Sachin Chaturvedi and Anita Prakash, "Asia Africa Growth Corridor," ERIA, 2017, <http://www.eria.org/research/asia-africa-growth-corridor-a-vision-document/>.

Asian neighborhood. However, the second term of Indian Prime Minister Narendra Modi presents an opportunity for more success in this respect.

A second reason for Sri Lanka’s revived Indian Ocean identity is Sri Lanka’s clear “center stage” location in the middle of the Indian Ocean—in contrast to its rather less impressive position at the tail end of South Asia. Third and most importantly, the Indian Ocean is predicted to have a bright economic future. According to a 2018 study by the Lakshman Kadirgamar Institute, the Indian Ocean’s share of world trade will grow from 13 percent in 2017 to over 15 percent in 2025, while GDP per capita in the region is expected to almost double in the same period, from USD 3,200 in 2017 to USD 6,150 in 2025 (Figure 1).⁴⁶⁵

Figure 19. The Indian Ocean economy in 2025



Source: LKI calculations involving 28 IOR states, based on World Bank and IMF databases.

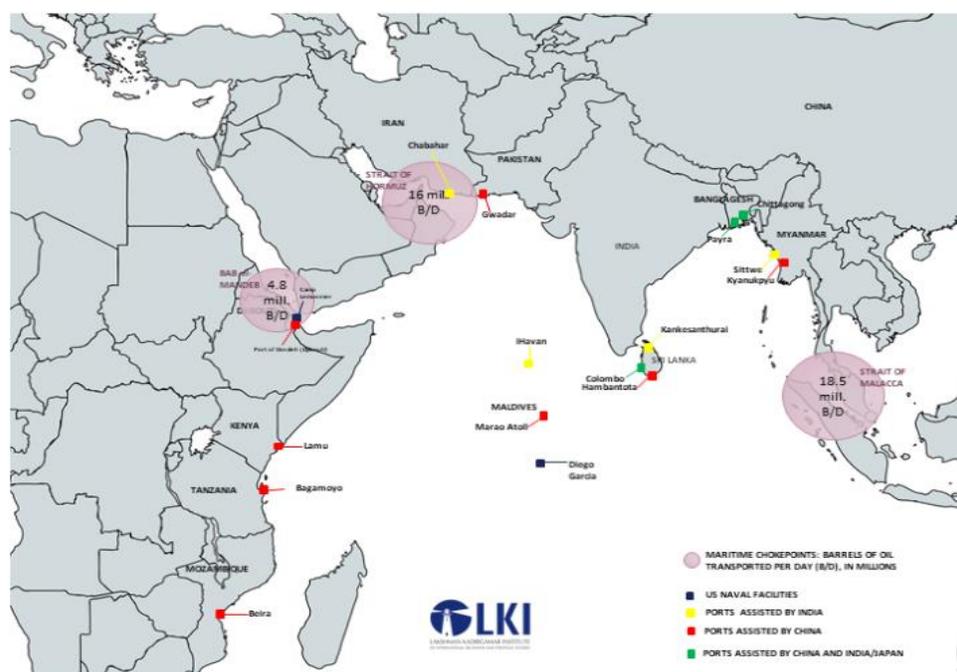
Sri Lanka’s role in Indian Ocean frameworks

The economic potential of the IOR has heightened the region’s significance, not only to Sri Lanka, but also to China and other states, leading them to develop various policy frameworks on the IOR. Sri Lanka is an important site of several of these frameworks.

⁴⁶⁵ Wignaraja et al., supra note 3.

The evolution of these frameworks is grounded in economic geography. Major maritime routes cross the IOR, transporting oil and other resources to China and elsewhere in East Asia.⁴⁶⁶ The world’s most severe choke points of maritime traffic, the Malacca Strait and Strait of Hormuz, are both along these routes.⁴⁶⁷ China’s impressive economic rise in the past three decades—and more recently its slowing growth rates and resulting excess economic capacity at home—have induced China to keep expanding its commercial footprint in the IOR and, in turn, to strategically protect its economic interests in the region.

Figure 20. Ports and strategic assets in the Indian Ocean



Source: Council of Foreign Relations (CFR)

Source: Council on Foreign Relations (CFR).

⁴⁶⁶ Daniele Ermito, “China’s Maritime Strategy and India’s Security Dilemma,” Global Risk Insights, 2016, <https://globalriskinsights.com/2016/03/china-maritime-strategy-and-india-security-dilemma/>.

⁴⁶⁷ Jeff Desjardins, “Watch the World’s Ships Sailing the Ocean in Real Time,” World Economic Forum, 2017, <https://www.weforum.org/agenda/2017/11/this-map-shows-every-ship-at-sea-in-real-time>.

All these circumstances have spurred a race to develop strategic assets in the IOR to protect the interests of major users and littoral states (Figure 2) under different policy frameworks. Sri Lanka's ports offer an example of these developments. As is well known, a Chinese company has invested in and is developing Sri Lanka's Port of Hambantota under a 99-year lease agreement. The same company, which runs over 40 port terminals worldwide, also successfully operates a terminal of the Colombo Port under a 35-year lease arrangement.⁴⁶⁸ Both the Hambantota Port and Colombo terminals are viewed as projects of China's expansive BRI framework, estimated to span 70 countries at a possible eventual cost of USD 1 trillion.⁴⁶⁹

In a notable recent development, India and Japan signed a Memorandum of Understanding (MoU) in May 2019 to develop another terminal of the Colombo Port.⁴⁷⁰ Although details are still being negotiated, this may be the first major infrastructure project in the Indian Ocean to be jointly developed by India and Japan.⁴⁷¹ The two countries highlighted their cooperative partnership by launching the Asia-Africa Growth Corridor (AAGC) in 2017 as an apparent alternative framework to the BRI.⁴⁷² At present, it is unclear whether they intend to continue partnering under the AAGC framework⁴⁷³ or a more informal arrangement.⁴⁷⁴ In any event, Sri Lanka will seek to maximize various frameworks and arrangements that cross the Indian Ocean, such as th

⁴⁶⁸ "CICT Ends 2018 with 2.65 Mn TEUS, 38% of Colombo Port's Volume," *Business Times*, 2019, <http://www.sundaytimes.lk/190106/business-times/cict-ends-2018-with-2-65-mn-teus-38-of-colombo-ports-volume-327999.html>.

⁴⁶⁹ "Belt and Road Initiative," European Bank for Reconstruction and Development, <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>

⁴⁷⁰ Sri Lanka Ports Authority, <https://www.slpa.lk/index.php>.

⁴⁷¹ Christopher Woody, "Japan Is Quietly Gaining an Edge Amid a Growing Competition Between India and China," *Business Insider*, 2018, <https://www.businessinsider.com/japan-developing-projects-in-indian-ocean-amid-china-india-rivalry-2018-5>.

⁴⁷² Julian Lasius, "Is Asia-Africa Growth Corridor the Answer to China's BRI?" Observer Research Foundation, 2017, <https://www.orfonline.org/expert-speak/is-asia-africa-growth-corridor-answer-to-chinas-bri/>

⁴⁷³ Sohini Nayak, "Connectivity Beyond Neighbours: India's Brimming Interest in South Africa Through the Asia-Africa Growth Corridor," Observer Research Foundation, 2019, <https://www.orfonline.org/expert-speak/connectivity-beyond-neighbours-indias-brimming-interest-in-south-africa-through-the-asia-africa-growth-corridor-49182/>

⁴⁷⁴ Twitter post by Dr. S. Jaishankar: Discussion on Advancing India-Japan Cooperation and Synergizing Our Act East Policy, 2019, <https://twitter.com/DrSJaishankar/status/1151158383723986944>.

Similarly, Sri Lanka has signaled acceptance of the Indo-Pacific framework,⁴⁷⁵ while stressing that “the Indian Ocean must maintain its own distinct identity.”⁴⁷⁶ Its enthusiasm for the Indo-Pacific framework, however, may be dampened by the framework’s relative lack of emphasis on economic development. It is intuitive that most IOR states will be attracted to partners and frameworks that focus on economic development. It is therefore unclear why proponents of the Indo-Pacific settled on promoting the region as “free and open” instead of the previously articulated alternative of a “free, open, inclusive, and prosperous” Indo-Pacific.⁴⁷⁷

By contrast, India’s SAGAR (Security and Growth for All in the Region) doctrine has a welcome emphasis on both security and development. Sri Lanka will likely await elaboration of the doctrine in Modi’s second term before it determines its view of and role in that doctrine, and Sri Lanka will be particularly interested in understanding the details of SAGAR’s “growth” strategy.

Harnessing China’s Commercial Presence in the IOR

Over the past four decades, China has increasingly positioned itself as a strong economic partner for countries across Asia and in the Indian Ocean—including Sri Lanka. The story of China’s rise since Deng Xiaoping’s reforms in 1978 is well known,⁴⁷⁸ but three points are useful in understanding China’s evolving presence in the Indian Ocean.

⁴⁷⁵ “Sri Lanka’s Foreign Policy and the Power Struggle in the Indian Ocean,” *Sunday Times*, 2018, <http://www.sundaytimes.lk/180722/sunday-times-2/sri-lankas-foreign-policy-and-the-power-struggle-in-the-indian-ocean-303343.html>.

⁴⁷⁶ “IOR Architecture Must Recognize Intrinsic Role of Littoral States-PM,” *Daily News*, 2018, <http://www.dailynews.lk/2018/08/29/features/160999/ior-architecture-must-recognise-intrinsic-role-littoral-states---pm>.

⁴⁷⁷ “India, Australia, Japan, US Call for Open Indo-Pacific Region,” *Economic Times*, 2019, <https://economictimes.indiatimes.com/news/defence/india-australia-japan-us-call-for-open-indo-pacific-region/articleshow/69603346.cms>.

⁴⁷⁸ Dan Kopf and Tripti Lahiri, “The Chart That Shows How Deng Xiaoping Unleashed China’s Pent-Up Capitalist Energy in 1978,” QUARTZ, 2018, <https://qz.com/1498654/the-astonishing-impact-of-chinas-1978-reforms-in-charts/>.

First, China's growth was trade-led.⁴⁷⁹ Its exports went from being equivalent to 5 percent of China's economy in 1978 to more than 36 percent of its GDP in 2006.⁴⁸⁰ Second, as China's economic growth accelerated and then started to slow,⁴⁸¹ it pursued investments elsewhere to deploy excess economic capacity and streamline trade flows.⁴⁸² Third, concurrent with a dramatic reduction in its poverty levels, China's GDP per capita grew by almost 24 times from 1978 to 2017,⁴⁸³ creating an enormous middle class that spends and travels more.⁴⁸⁴

These three developments have led to trends of greater trade, investment, and tourism by China in the IOR. As detailed below, Sri Lanka has tapped into the trend of more *investment* from China in the IOR, although with some concerns that it must address. By contrast, it is yet to harness trends of more *trade with and tourism* from China to the extent shown by other states in the IOR, and there is therefore room for growth in these two areas.

Investment: strong growth in Sri Lanka and some concerns

Sri Lanka, like other IOR states, has secured substantial Chinese investment. Based on the China Global Investment Tracker, which has tracked China's large-scale foreign investments (of over USD 100 million) since 2005, Sri Lanka has been the tenth largest destination for Chinese foreign investment in the region.⁴⁸⁵ Moreover, Chinese investment in Sri Lanka has increased in recent years, with particularly strong growth in 2017 and 2018 (Figure 3). Sri Lanka received around USD 924 million of Chinese foreign direct investment (FDI) in 2017 and USD

⁴⁷⁹ "Takeaways - Ganeshan Wignaraja on the Dynamics of China and India in a Recovering Global Economy," LKI, 2017, <https://www.lki.lk/publication/dr-ganeshan-wignaraja-recovering-global-economy-dynamics-china-india-future-global-growth/>

⁴⁸⁰ World Bank National Accounts Data and OECD National Accounts Data Files (1978-2017), https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?end=2017&locations=CN&name_desc=false&start=1978.

⁴⁸¹ "China's Economy Grows at Slowest Annual Rate Since 1990," *Financial Times*, 2019, <https://www.ft.com/content/9706b890-1ad7-11e9-9e64-d150b3105d21>.

⁴⁸² "How Will the Belt and Road Initiative Advance China's Interests?" China Power, 2017, <https://chinapower.csis.org/china-belt-and-road-initiative/>

⁴⁸³ GDP Per Capita Income, World Bank National Accounts Data and OECD National Accounts Data Files (1960-2018), World Bank, <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD?locations=CN>

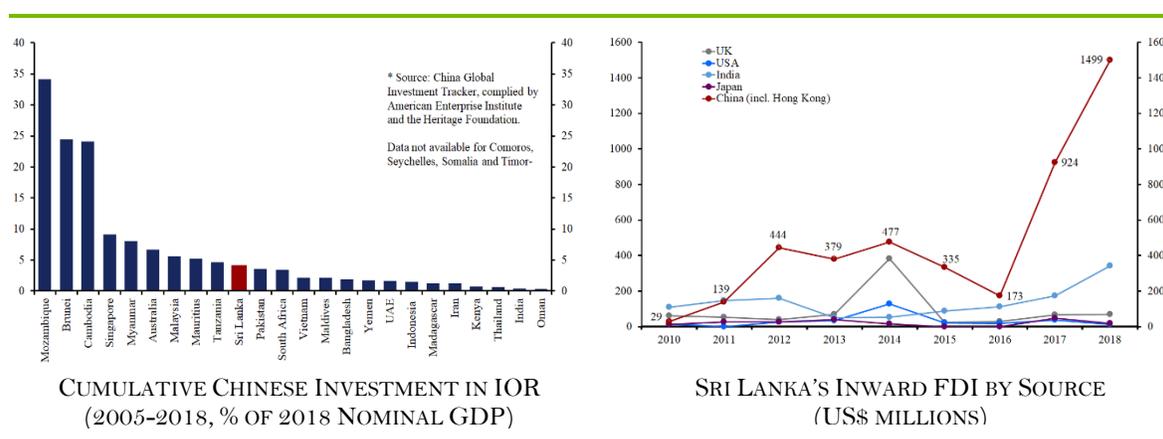
⁴⁸⁴ "How Well Off Is China's Middle Class?" China Power, 2017, <https://chinapower.csis.org/china-middle-class/>.

⁴⁸⁵ China Global Investment Tracker, American Enterprise Institute, <http://www.aei.org/china-global-investment-tracker/>

1.5 billion in 2018. This amounted to over half of Sri Lanka’s total FDI (around USD 1.7 billion in 2017⁴⁸⁶ and USD 2.3 billion in 2018).⁴⁸⁷

The high amounts of Chinese FDI in 2017 and 2018 include inflows for the lease of the Hambantota Port in southern Sri Lanka⁴⁸⁸ and reportedly also for the Port City in Colombo, a mixed-use commercial and residential development⁴⁸⁹ that is separate to the port itself and expected to include a financial center similar to the Dubai International Financial Centre (DIFC).⁴⁹⁰ Both these projects were initiated by the previous government prior to 2015 and were continued by the current government with amendments (most significantly, land that was to be granted on a freehold basis for the Port City will now be granted on a long lease).

Figure 21. Chinese investment in selected IOR states and Sri Lanka



Source: American Enterprise Institute; Board of Investment, Sri Lanka; and IMF.

Whether China maintains its outsized lead as a source of FDI in Sri Lanka depends partly on the success of other major FDI initiatives, such as the recent MoU with India and Japan to

⁴⁸⁶ Sri Lankan Investment Guide 2019, Board of Investment of Sri Lanka, http://www.investsrilanka.com/wp-content/uploads/2019/02/BOI-Investment-Guide-2019-Feb_2.pdf#page=6.

⁴⁸⁷ “Smooth Start for FDI: Govt.,” Daily FT, 2019, <http://www.ft.lk/top-story/Smooth-start-for-FDI--Govt-/26-674962>

⁴⁸⁸ “BOI-FDI Tops 2.14 Bn in 2018,” *Daily News*, 2019, <http://www.dailynews.lk/2019/05/10/finance/185200/boi-fdi-tops-214-bn-2018>.

⁴⁸⁹ “Sri Lanka Changes and Developments of Foreign Direct Investment Policy,” 2018, <https://www.unescap.org/sites/default/files/Investment%20Policy%20-%20Sri%20Lanka-%20Recent%20Changes%20%282017%2C%202018%29.pdf>.

⁴⁹⁰ Dubai International Financial Centre, <https://www.difc.ae>.

develop a terminal of the Colombo Port and the reported interest of Oman and a Singaporean entity to develop an oil refinery in Hambantota.⁴⁹¹

In any event, these trends show that China will remain a vital partner for Indian Ocean states to build their infrastructure, especially for states like Sri Lanka whose middle-income status limits access to concessionary funds from international agencies.⁴⁹² The Asian Development Bank (ADB) has indicated that developing Asia needs to invest USD 1.7 trillion a year in infrastructure (especially in transport and energy) until 2030 to maintain its growth momentum. Yet available funding is scarce.⁴⁹³ Therefore, though many concerns have been raised about Chinese investment, the question for Sri Lanka is what it can do to *improve* the net effect of Chinese investment, not whether and how it can limit Chinese investment.

Testing the concerns about Chinese investment in Sri Lanka against the available evidence reveals that some are valid and indeed imperative, while others require further study. Still others are unsupported by the evidence—despite being raised often by international commentators. Among the valid concerns, many apply equally to Chinese and other FDI in Sri Lanka, indicating that they stem from domestic policy gaps that Sri Lanka has the responsibility to address.⁴⁹⁴

Strongly supported concerns

Although an analysis of each and every concern about Chinese investment is beyond the scope of this paper, some valid concerns that apply generally to foreign investment in Sri Lanka, and may also be applicable to other IOR states, include the following:

⁴⁹¹ “Oman Reaffirms Interest in Sri Lanka Oil Refinery Project,” *Economy Next*, 2019, https://economynext.com/Oman_reaffirms_interest_in_Sri_Lanka_oil_refinery_project-3-14344-8.html

⁴⁹² Anushka Wijesinha, “Mind the Cap: How Will Sri Lanka Finance Its Development Needs?” *Talking Economics*, 2012, <http://www.ips.lk/talkingeconomics/2012/11/06/mind-the-gap-where-will-sri-lanka-find-the-money-to-finance-its-development-needs/>

⁴⁹³ “Meeting Asia’s Infrastructure Needs,” Asian Development Bank, 2017, <https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf>.

⁴⁹⁴ Twitter Post by Chatham House Asia-Pacific, 2018, <https://twitter.com/CHAsiaPacific/status/1057971447275053058>.

- (i) The lack of a national infrastructure plan, leading to ad hoc projects and resulting inefficiencies⁴⁹⁵—unlike, for instance, New Zealand, which devised a 30-year plan;⁴⁹⁶
- (ii) A shortfall in negotiating capacity—compared to, for example, Malaysia, which recently negotiated a substantial reduction in the cost of a Chinese-funded rail link;⁴⁹⁷
- (iii) A critical need to diversify sources of foreign investment, especially given signs of a slowing Chinese economy and a need for more export-oriented FDI; and
- (iv) Weakness of local institutions in tackling corruption,⁴⁹⁸ which is a pervasive concern that precedes rising Chinese FDI in Sri Lanka—compared to states such as Singapore.⁴⁹⁹

A forthcoming study will detail possible ways to address the above concerns.⁵⁰⁰ For example, one possible way to tackle issue (ii) above for states in the IOR that lack negotiating capacity is a regional legal mechanism hosted by the ADB or the Indian Ocean Rim Association (IORA) to bolster capacity to negotiate investment agreements, akin to the African Legal Support Facility hosted by the African Development Bank.⁵⁰¹ Similarly, a mechanism that has been proposed to help address issue (iii) is an Indian Ocean Development Fund, which would provide an alternative source of capital for IOR states and prioritize regional development.⁵⁰²

⁴⁹⁵ Shalini Mariyathas, Nihal Perera, and Mohamed Yehiya, “What Development Has Done to a Town: Lessons from Hambantota, Sri Lanka,” *Planning Research Journal*, 2016.

⁴⁹⁶ “Thirty Year New Zealand Infrastructure Plan 2015,” The Treasury, 2018, <https://treasury.govt.nz/information-and-services/nz-economy/infrastructure/thirty-year-new-zealand-infrastructure-plan-2015>.

⁴⁹⁷ “Malaysia Renegotiated China-Backed Rail Project to Avoid \$5bn Fee,” *Financial Times*, 2019, <https://www.ft.com/content/660ce336-5f38-11e9-b285-3acd5d43599e>.

⁴⁹⁸ Abi-Habib, *supra* note 6.

⁴⁹⁹ “Singapore’s Corruption Control Framework,” Corrupt Practices Investigation Bureau, 2016, <https://www.cpi.gov.sg/about-corruption/corruption-control-framework>.

⁵⁰⁰ “Lakshman Kadirgamar Institute Launches Academic Study on the Belt and Road Initiative,” Lakshman Kadirgamar, 2018, <https://www.lki.lk/lakshman-kadirgamar-institute-launches-academic-study-on-the-belt-and-road-initiative/>

⁵⁰¹ African Legal Support Facility, <https://www.aflsf.org>.

⁵⁰² The Indian Ocean: Defining Our Future, Colombo, October 11-12, 2018, <http://www.indianoceanfuture.lk/wp-content/uploads/2019/04/Navigating-Challenges-and-Prospects-in-the-Indian-Ocean-Towards-a-shared-understanding.pdf#page=69>.

In addition to the above multilateral measures, national responses are also required. For Sri Lanka to diversify its foreign investment, it must accelerate steps to improve its investment climate, especially its ease-of-doing business indicators,⁵⁰³ including rule of law aspects.⁵⁰⁴ Issue (iv) above can be mitigated by legal reforms similar to those wisely introduced in Australia, which restrict foreign political donations⁵⁰⁵ and require those who undertake public activities on behalf of foreign entities to register their foreign interests.⁵⁰⁶ The success of similar measures in Sri Lanka, however, will again depend vitally on strengthening Sri Lanka's rule of law.

All four concerns above can also be addressed in Sri Lanka by establishing clear and regular processes of national policy planning, with bipartisan input and a longer term outlook. Resulting white papers and plans should be implemented by an independent public service, headed by permanent secretaries.⁵⁰⁷ This systemic change may need a constitutional amendment. Under Sri Lanka's present constitution, secretaries to government ministries cease to hold office when a cabinet is dissolved, with the result that new secretaries are appointed after elections and return to the policy drawing board. The government's public communications should include regular updates on the adopted plans, via both traditional and social media.⁵⁰⁸

Concerns needing further study

Concerns that warrant further study and appropriate policies—ideally though the policy planning process noted above—include the environmental effect of infrastructure projects and the impact of such projects on local labor and other stakeholders. These concerns have been raised about Chinese loans more vigorously than about other foreign investment—partly

⁵⁰³ Ease of Doing Business in Sri Lanka, 2019, <https://www.doingbusiness.org/en/data/exploreconomies/sri-lanka>.

⁵⁰⁴ Trang Tran and Priyanka Kher, "How Can Countries Better Manage Investment Risks Along the BRI?" World Bank Blogs, 2019, <http://blogs.worldbank.org/trade/how-can-countries-better-manage-investment-risks-along-bri>.

⁵⁰⁵ Foreign Donations, Australian Electoral Commission, 2019, https://www.aec.gov.au/parties_and_representatives/financial_disclosure/files/foreign-donations-fact-sheet-2019.pdf

⁵⁰⁶ Australian Government Attorney General's Department, <https://transparency.ag.gov.au>.

⁵⁰⁷ "Questions on the Legality of Sri Lanka Ministry Secretaries," Economy Next, 2019, https://economynext.com/Questions_on_the_legality_of_Sri_Lanka_ministry_secretaries-3-12804.html

⁵⁰⁸ The Constitution of the Democratic Socialist Republic of Sri Lanka, 2015, <https://www.parliament.lk/files/pdf/constitution.pdf#page=62>.

because China's main financing institutions, namely the China Development Bank and China Export-Import Bank, lack the environmental and social policies of the ADB and World Bank.⁵⁰⁹

However, the policy gaps between Chinese banks and the ADB/World Bank may be narrowing, at least in regard to mitigating environmental harm.⁵¹⁰ The relatively new Asian Investment and Infrastructure Bank (AIIB), which is a China-initiated but multilateral development bank, has a detailed environmental and social framework. In a welcome decision, the AIIB recently approved its first loans to Sri Lanka, of USD 153 million and USD 80 million, for urban regeneration and landslide risk reduction. Civil society and governments in BRI countries could lobby Chinese banks to shift their policies towards AIIB standards.⁵¹¹

Weakly supported concerns

Finally, besides valid concerns and those that warrant further study, some concerns raised in respect to Sri Lanka do not square with the available evidence. Such concerns include claims that Chinese investment comes with a debt trap⁵¹² and is for “dual-use”⁵¹³ projects, i.e., for both commercial and military use. Chinese investment in the Hambantota port and the related 99-year lease by China Merchants Port Holdings Company (CMPHC), which manages ports in 16 countries across six continents—including in Australia, Brazil, Nigeria, France, South Korea, and US—is usually cited in reports as prime examples of these concerns.

Policy-makers in Sri Lanka recognize that Sri Lanka's public debt—which was estimated at 91 percent of GDP⁵¹⁴ at the end of 2018—is too high, even if it is lower than that of many countries,

⁵⁰⁹ “New Report on China Development Bank Shows the Bank Lagging Behind Its Peers,” Friends of the Earth, 2012, <https://foe.org/2012-07-new-report-on-china-development-bank-shows-the-bank/>.

⁵¹⁰ Emerging Sustainability Frameworks: China Development Bank and China Export-Import Bank,” Friends of the Earth United States, 2016, <https://1bps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/wpallimport/files/archive/emerging-sustainability-frameworks-CDB-ChinaExim.pdf>

⁵¹¹ Asian Infrastructure Investment Bank, Environmental and Social Framework, 2016, <https://www.aiib.org/en/policies-strategies/download/environment-framework/20160226043633542.pdf>.

⁵¹² “China Tries to Calm Jitters About the Belt and Road Initiative,” *Economist*, 2019, <https://www.economist.com/china/2019/04/25/china-tries-to-calm-jitters-about-the-belt-and-road-initiative>.

⁵¹³ Wilson Vorndick, “China's Reach Has Grown: So Should the Island Chains,” Asia Maritime Transparency Initiative, 2018, <https://amti.csis.org/chinas-reach-grown-island-chains/>.

⁵¹⁴ Fiscal Policy and Government Finance, Central Bank of Sri Lanka, Annual Report 2018, https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2018/en/10_Chapter_06.pdf#page=29.

including Japan, Greece, and Lebanon⁵¹⁵ (whose debt to GDP ratios stood at around 237 percent, 183 percent, and 151 percent, respectively, at the end of 2018).⁵¹⁶

However, about half of Sri Lanka's central government debt⁵¹⁷ at the end of 2018 was owed to local lenders, as shown in Figure 4. Of the other half (i.e., Sri Lanka's *external* central government debt), China holds only about 9 percent,⁵¹⁸ mostly as concessionary loans.⁵¹⁹ Japan holds 10 percent of Sri Lanka's external debt, while the World Bank and ADB together hold 23 percent. Debt held by China has crept upward and is certainly a data point to watch, but remains relatively small. Indeed, commentators have noted that new Chinese loans are helping to service Sri Lanka's debt to *non*-Chinese lenders.⁵²⁰

⁵¹⁵ Jeff Desjardins, "Here's How Much Debt Your Country Is n Right Now," World Economic Forum, 2019, <https://www.weforum.org/agenda/2019/01/visualizing-the-snowball-of-government-debt>

⁵¹⁶ GDP Percentages of Greece, Japan and Lebanon 2010-2024, International Monetary Fund, https://www.imf.org/external/pubs/ft/weo/2019/01/weodata/weorept.aspx?pr.x=29&pr.y=4&sy=2010&ey=2024&scsm=1&ssd=1&sort=country&ds=.&br=1&c=174%2C158%2C446&s=GGXWDG_NGDP&grp=0&a=

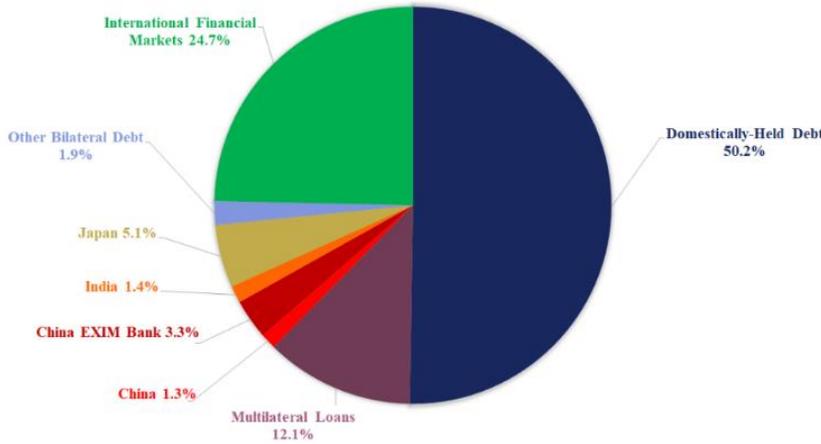
⁵¹⁷ Annual Report 2018, Central Bank of Sri Lanka, <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2018>.

⁵¹⁸ IMF country report No. 19/135, 2019.

⁵¹⁹ Daniel Alphonsus, "China's Legendary Loans to Sri Lanka, a Tale of 5 Myths," *Sunday Observer*, 2018, <http://www.sundayobserver.lk/2018/07/29/opinion/china-s-legendary-loans-sri-lanka-tale-5-myths>.

⁵²⁰ Umesh Moramudali, "Is Sri Lanka Really a Victim of China's 'Debt Trap'?" *Diplomat*, 2019, <https://thediplomat.com/2019/05/is-sri-lanka-really-a-victim-of-chinas-debt-trap/>.

Figure 22. Ownership of Sri Lankan government debt (end-2018, percentage share)



Source: Central Bank of Sri Lanka Annual Report 2018.

In respect to the claim of dual-use projects by China, three points are relevant to evaluating this claim as it applies to Hambantota. First, the lease agreement explicitly prohibits the port operators from engaging in or allowing military activities within Sri Lankan territory, whether on land, in air, or at sea (onshore and offshore), and likewise confirms the Sri Lankan government's *sole authority and power* over such activities.

Second, as an indication of how Sri Lanka is exercising that authority and power, it has permitted seven naval ships to visit Hambantota since 2016, none of which were Chinese. Visits in 2019 to date (June 2019) include a Japanese maritime self-defense force ship and two US ships⁵²¹ as part of the Cooperation Afloat Readiness and Training (CARAT) naval exercise.⁵²² Approximately 240 personnel are stationed at the Sri Lankan Navy (SLN) base in Hambantota, which is being readied as the new site of the SLN's Southern Command, and three units of four officers patrol inside the port premises.⁵²³

⁵²¹ "US Navy Ships Arrive at Hambantota Port for CARAT Exercise," Daily FT, 2019, <http://www.ft.lk/shipping/US-Navy-ships-arrive-at-Hambantota-Port-for-CARAT-exercise/10499-676684>.

⁵²² "Two US Naval Ships in the Island," Ministry of Defence Sri Lanka (MoD), 2019, http://www.defence.lk/new.asp?fname=Two_US_naval_ships_in_the_island_20190419_02.

⁵²³ "Navy Strengthens Presence in and Around Hambantota Port," *The Morning*, 2018, <http://www.themorning.lk/hambantota/>.

Third, Sri Lanka’s authority and power over its ports is in fact acknowledged by the US Coast Guard, whose International Port Security officers periodically audit Sri Lanka’s fulfillment of the International Ship and Port Facility Security (ISPS) Code.⁵²⁴ Notwithstanding that these three points demonstrate Sri Lanka’s authority over its ports, Sri Lanka must naturally continue to exercise a high degree of vigilance and control while permitting ship visits by all its strategic partners—as further discussed in Part III below.

Trade and tourism: potential for sustained growth in Sri Lanka

In contrast to the high levels of investment that Sri Lanka has received from China, the country has not yet reaped the potential of *trade with and tourism* from China. This is apparent when examining trends of China’s trade and tourism across the Indian Ocean.

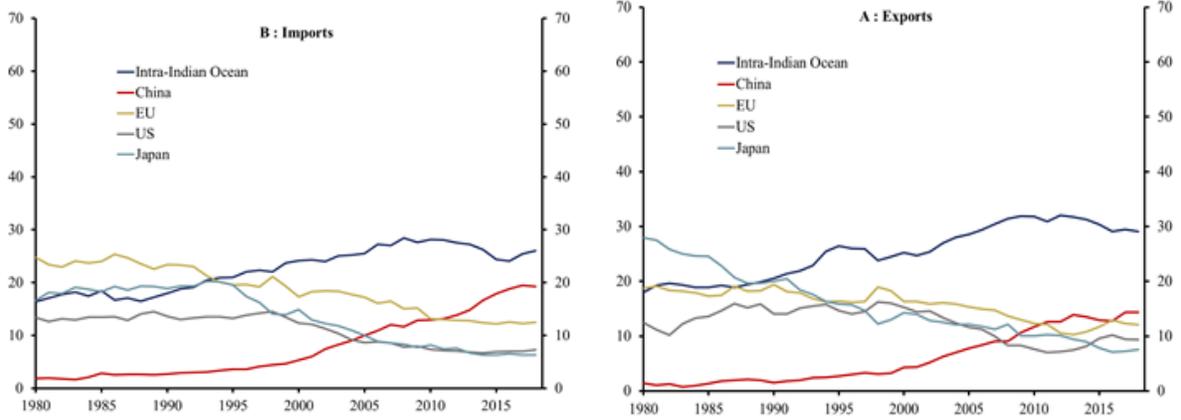
Trade: Sri Lanka’s untapped opportunity for exports to China

During the last two decades, IOR states—including Sri Lanka—have started to import more from China at the expense of other major markets, including the European Union (EU), Japan, and the US. Similarly, IOR states have steadily grown their exports to China, to the extent that more of their exports now go to China than to the EU, Japan, or the US. These remarkable trends are shown in Figure 5A below.

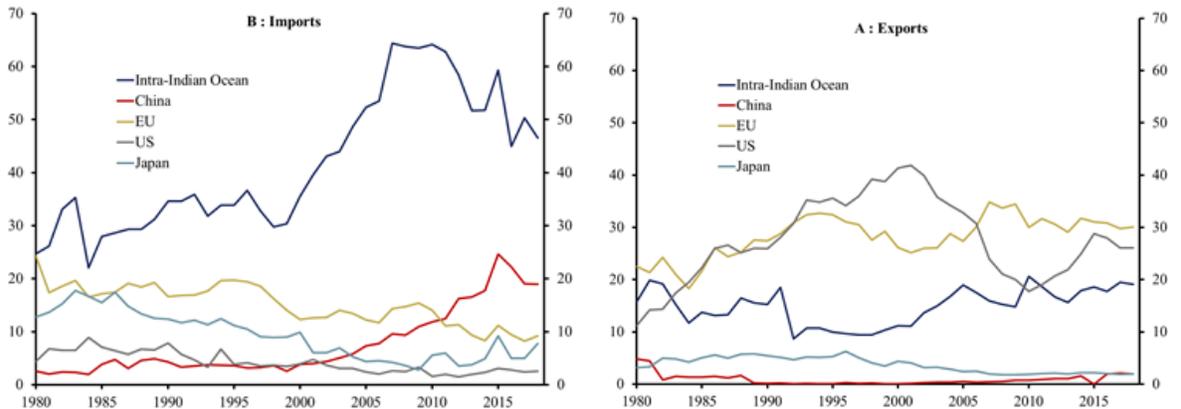
⁵²⁴ Position Description: https://photos.state.gov/libraries/sri-lanka/5/pdfs/Commercial_Assistant-PD.pdf#page=2.

Figure 23. (A and B): Trade in goods by IOR states and Sri Lanka

5A: Indian Ocean goods trade by partner (% of total, 1980–2018)



5B: Sri Lanka's goods trade by partner (% of total, 1980–2018)



Source: LKI calculations based on the IMF Direction of Trade Statistics.

As indicated in Figure 5B, however, Sri Lanka, has *not* followed the trend of other IOR states in regard to its *exports* to China. Sri Lanka continues to export very little to China, while most of its exports head to the EU and US. Negotiations to establish a free trade agreement (FTA) between China and Sri Lanka were initiated in 2013 and have made some progress, but they

seem unlikely to conclude before the next presidential and parliamentary elections in Sri Lanka, which will take place in late 2019 and 2020, respectively.⁵²⁵

In any event, economists have pointed out that the FTA will not automatically increase exports to China.⁵²⁶ Sri Lanka's weak export growth has been attributed to many factors, such as the lack of diversification in its exports in recent decades. This has been a persistent economic challenge and has hindered Sri Lanka's ability to tap into the Chinese market and value chains.⁵²⁷

Tourism: sustaining the growth of Chinese tourism in Sri Lanka

Just as Sri Lanka has not tracked the growth of IOR states in increasing its exports to China, Chinese tourism in Sri Lanka remains low when compared with other states in Asia and the IOR.⁵²⁸ Tourist arrivals from China rose quickly from 2013 to 2016 but have since flattened, despite the overall rise in tourist arrivals to Sri Lanka during that period (Figure 6).⁵²⁹ By contrast, tourism from India and western Europe has continued to grow, following a trajectory set after the end of the civil war in 2009.

⁵²⁵ "Sri Lanka-China FTA: Challenges and Opportunities," Verité Research, 2018, https://www.veriteresearch.org/wp-content/uploads/2018/10/Sri-Lanka-China-FTA_-Challenges-Opportunities.pdf.

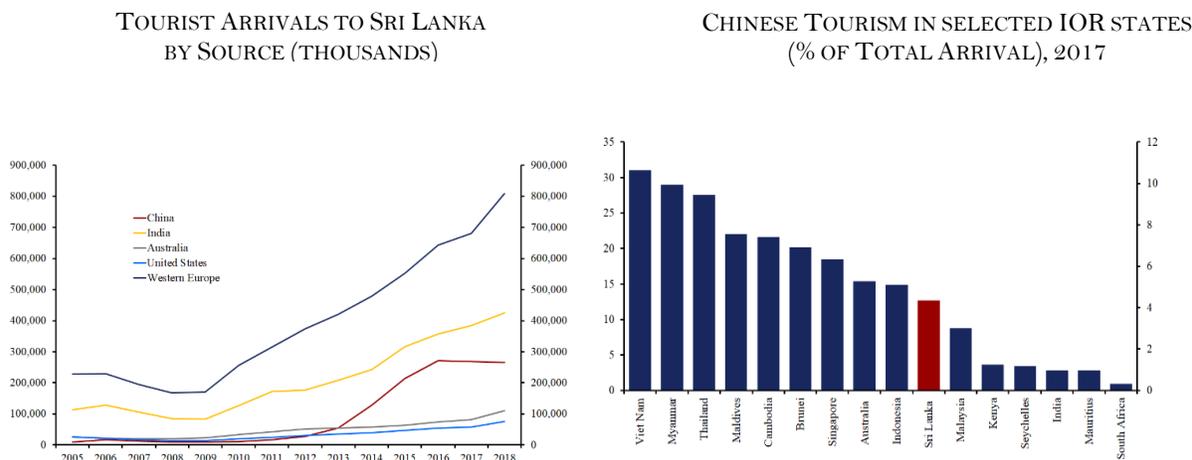
⁵²⁶ Janaka Wijayasiri and Nipuni Perera, "Barriers Beyond Tariffs: Sri Lanka's Exports to China," Daily FT, 2016, <http://www.ft.lk/article/564554/Barriers-beyond-tariffs--Sri-Lanka-s-exports-to-China>.

⁵²⁷ "Sri Lanka Growth Diagnostic: Executive Summary," Centre for International Development, Harvard University, 2018, https://srilanka.growthlab.cid.harvard.edu/files/srilanka/files/growth_diagnostic_executive_summary.pdf#page=3.

⁵²⁸ "Asia's Most Visited Countries," *Nation*, 2018, <https://www.nationthailand.com/asean-plus/30356395>.

⁵²⁹ "What It Takes for Sri Lanka to Achieve 5 Million Tourists by 2021," Daily FT, 2019, <http://www.ft.lk/special-report/What-it-takes-for-Sri-Lanka-to-achieve-5-million-tourists-by-2021/22-672321>.

Figure 24. Tourism to Sri Lanka and Chinese tourism in the IOR



Source: Sri Lanka Tourism Development Authority and other national databases.

Chinese tourists are less significant to Sri Lanka (they were less than 15 percent of total arrivals in 2017) than to many other countries in the IOR (for instance, Chinese tourists account for more than 20 percent of tourists to the Maldives). This suggests that there is room for growth in Chinese tourism to Sri Lanka by tapping into both established and newer traveler preferences of China’s middle class.

Economists have argued for coordinated measures⁵³⁰ by Sri Lankan authorities and Chinese partners to tap into this growth potential by improving air connectivity, Sri Lanka’s presence on Chinese electronic travel sites and blogs, Chinese translator services and apps to guide tourists in Sri Lanka, and different food and shopping options.⁵³¹

Unsurprisingly, many countries declared travel advisories after the terrorist attacks in Sri Lanka on Easter Sunday 2019. In a move that boosted Chinese soft power in Sri Lanka, China

⁵³⁰ N.R. Ravindra Deyshappriya, “Chinese Tourist Numbers in Sri Lanka: A Case for Improving Growth,” LSE’s Engagement with South Asia, 2018, <https://blogs.lse.ac.uk/southasia/2018/02/27/chinese-tourist-arrivals-to-sri-lanka-a-case-for-improving-growth/>.

⁵³¹ N.R. Ravindra Deyshappriya, “Sri Lanka-China Economic Relations in Comparative Perspective: Ample Room to Grow,” LKI, Working Papers Series No. 1, 2016, <https://www.lki.lk/wp-content/uploads/2017/06/LKI-Working-Paper-Sri-Lanka-China-Economic-Relations-RD.pdf>

was the first country to lift its advisory, a day after Prime Minister Ranil Wickremesinghe met with foreign diplomats in Colombo on May 24, 2019, to appeal for such change.⁵³²

China's prompt response to the call to lift travel advisories was widely reported and applauded in local media and by political leaders.⁵³³ What is more important, however, is that this diplomatic decision also led to the return of pre-2016 growth rates of Chinese tourism in Sri Lanka. This is an indicator that relevant officials should watch and act upon as required.

Navigating Military Trends in the IOR

With the rise in China's commercial interests in the IOR (as described above and evidenced by the 5,000 large commercial ships that cross the Indian Ocean each year to and from China), China has joined the US as a non-littoral state with a strong interest in the region's security.⁵³⁴ As described below, China has steadily increased its military expenditure and capacities and is emerging as a contributor of military aid by way of vessels and training.

A combination of the relatively new security interests of China and the established interests of the US and other major users of the IOR—together with the natural interest of India as a major littoral state—has led to rising strategic competition in the IOR and ensuing anxiety among smaller littoral states. As Prime Minister Wickremesinghe stated in October 2018:⁵³⁵

Strategic tensions can threaten the immense potential of this region involving regional powers, littoral states, major maritime users of the Indian Ocean, and non-state actors as well. In addition, such tensions are not only limited to the surface of the Indian Ocean, but now extend to its sub-surface waters and its airspace as well.

As detailed below, Sri Lanka's response to these growing strategic tensions, evidenced by the increasing militarization in the IOR and expanding military aid by China and other powers, has been to draw on its non-aligned heritage by engaging with a variety of strategic partners and encouraging regional dialogue to address challenges in the IOR.

⁵³² "China Relaxes Travel Advisory for Lanka," Business Standard, 2019, https://www.business-standard.com/article/pti-stories/china-relaxes-travel-advisory-for-lanka-119052500974_1.html.

⁵³³ Twitter post by Karu Jayasuriya, 2019, <https://twitter.com/KaruOnline/status/1132647520155258880>.

⁵³⁴ "The Indian Ocean, Defining Our Future," October 11-12, <http://www.indianoceanfuture.lk/wp-content/uploads/2019/04/Navigating-Challenges-and-Prospect-in-the-Indian-Ocean-Towards-a-shared-understanding.pdf#page=36>.

⁵³⁵ Ibid.

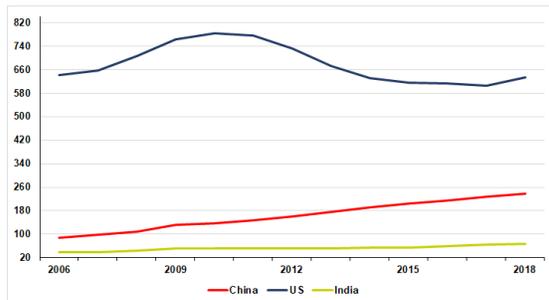
Increasing militarization in the IOR

One sign of the strategic tensions noted above by Sri Lanka's Prime Minister is the increasing military expenditure of global and regional powers. China has steadily increased its defense spending, albeit more consistently in line with its GDP than the US (Figure 7). India too joined the ranks of the top five countries for defense spending in 2017⁵³⁶ and climbed further in 2018 to become the fourth largest defense spender.⁵³⁷

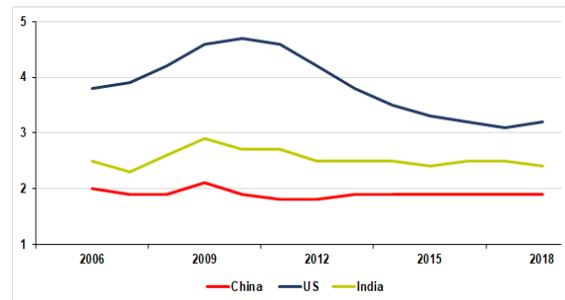
Remarkably, India is the only lower-middle income country among the top 10 spending countries on military expenditure,⁵³⁸ an indication of the trade-offs it is making for defense purposes. China (in second place) and Russia (in sixth) are upper middle-income countries, while all other states among the top 10 military spenders are high-income countries.

Figure 25. Comparison of military spending

Military expenditure (USD billions)



Military expenditure as % of GDP



Source: Stockholm Peace Research Institute (SIPRI) Military Expenditure Database.

⁵³⁶ Briony Harris, "These Countries Spend the Most on Defense," World Economic Forum, 2018, <https://www.weforum.org/agenda/2018/05/india-worlds-biggest-defence-military-spender/>.

⁵³⁷ Nan Tian et al., "Trends in World Military Expenditure, 2018," SIPRI fact sheet, 2019, https://www.sipri.org/sites/default/files/2019-04/fs_1904_milex_2018.pdf.

⁵³⁸ World Bank Country and Lending Groups, World Bank, 2020, <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

Sri Lanka is naturally concerned about how this increased military expenditure by global and regional powers affects the Indian Ocean. A former Navy Commander, Admiral Dr. Jayanath Colombage, has estimated that about 120 naval ships from various countries are in the IOR at any given time. He notes that the number of warships visiting Sri Lankan ports each year has more than doubled in a decade, from an average of 21 warships in 2008–2010 to an average of 57 warships in 2016–2018. Another former Navy Commander, Admiral Travis Sinniah, has observed the risks of more submarines in the IOR—including nuclear submarines—especially given Sri Lanka’s lack of submarine detection capabilities.⁵³⁹

Although experts concur that the US retains superior naval capabilities,⁵⁴⁰ China’s increasing expenditure has bolstered its naval fleet to become the world’s largest by number of vessels.⁵⁴¹ China’s initial naval deployments in the IOR, which began in 2008 as anti-piracy operations, have now been regularized and amount to around four to five ships of the People’s Liberation Army Navy (PLAN) in the IOR at any given time.⁵⁴² China established its first naval base in Djibouti in 2017 and reportedly staged a live-fire drill in the IOR in the same year.⁵⁴³

Military aid: gifts and training

In addition to China’s increased military expenditure and capacities over the past decade, two emerging trends may be described as examples of China’s rising “softer” military power in the form of military aid. First, commentators have noted the relatively new development⁵⁴⁴ of China gifting naval vessels, with the Seychelles and Fiji being among the early recipients.⁵⁴⁵ The

⁵³⁹ “Takeaways - Admiral (Retd.) Travis Sinniah and Dr. Harinda Vidanage on “The Asian Arms Race, Geopolitics and Possible Implications for Sri Lanka,” LKI, 2019, <https://www.lki.lk/publication/takeaways-admiral-ret-d-travis-sinniah-and-dr-harinda-vidanage-on-the-asian-arms-race-geopolitics-and-possible-implications-for-sri-lanka/>.

⁵⁴⁰ David Lague, “China’s Vast Fleet Is Tripping the Balance in the Pacific,” Reuters Investigates, 2019, <https://www.reuters.com/investigates/special-report/china-army-navy/>.

⁵⁴¹ Steven Lee Myers, “With Ships and Missiles, China Is Ready to Challenge US Navy in the Pacific,” *New York Times*, 2018, <https://www.nytimes.com/2018/08/29/world/asia/china-navy-aircraft-carrier-pacific.html>.

⁵⁴² David Brewster, “China’s Limited Role in the Indian Ocean,” Real Clear Defense, 2019, https://www.realcleardefense.com/articles/2019/02/12/chinas_limited_role_in_the_indian_ocean_114179.html.

⁵⁴³ “Chinese Naval Fleet Stages Live-Fire Drill in Indian Ocean,” Xinhua net, 2018, http://www.xinhuanet.com/english/2017-08/25/c_136555350.htm.

⁵⁴⁴ Euan Graham, “Beijing’s Maritime Gifts,” *The Maritime Executive*, 2018, <https://www.maritime-executive.com/editorials/beijing-s-maritime-gifts>.

⁵⁴⁵ George Thande and Sharon Uranie, “China Gifts Maritime Patrol Ship to Seychelles,” *Seychelles News Agency*, 2014, <http://www.seychellesnewsagency.com/articles/357/China+gifts+maritime+patrol+ship+to+Seychelles>.

SLN received its first gift of a vessel from China in June 2019. This ship from China is the latest to be gifted to Sri Lanka from several countries in the past five years, including from Australia, India, Japan, and the US (Figure 8).

It has been observed that gifts of naval vessels from other countries may come with significant costs of repair and ongoing maintenance,⁵⁴⁶ especially when they are not newly and specially constructed for Sri Lanka. In addition, while these gifts improve Sri Lanka's maritime domain awareness (MDA) of surface ships—which is undoubtedly a priority area for Sri Lanka—they have not been given to build Sri Lanka's MDA of submarines, another important need.⁵⁴⁷

⁵⁴⁶ P. K. Balachandran, "Military Expert Warns Lanka Against Accepting Aged Warships Even as Gifts," *Citizen*, 2018, <https://www.thecitizen.in/index.php/en/NewsDetail/index/5/14570/Military-Expert-Warns-Lanka-Against-Accepting-Aged-Warships-Even-As-Gifts>.

⁵⁴⁷ Harinda Vidanage, "Coming Submarine Wars: Implications for Sri Lanka," *Daily Mirror*, 2018, <http://www.dailymirror.lk/article/Coming-Submarine-Wars-Implications-for-Sri-Lanka-153321.html>.

Figure 26. Naval vessels given to Sri Lanka (2004–2019)

Year	Gifted Country	Type of Vessel	Receiving Service
2004	US	Medium Endurance Cutter	Sri Lanka Navy
2014	Australia	Two Bay-Class Patrol Boats	Sri Lanka Navy
2015	India	Offshore Patrol Vessel	Sri Lanka Navy
2017		Offshore Patrol Vessel	Sri Lanka Coast Guard
2018	Japan	30m Type Patrol Boat (new)	Sri Lanka Coast Guard
		Two Fast Patrol Vessels (new)	Sri Lanka Coast Guard
2019	Australia	Three Stabicraft vessels	Sri Lanka Coast Guard
	US	Hamilton Class Cutter	Sri Lanka Navy
	China	Type 053H2G Frigate	Sri Lanka Navy

Source: LKI, drawn from various national sources.

The second example of China’s nascent military aid is its training of foreign military officers, a development that is observed particularly in respect to African military officers⁵⁴⁸ following China’s second policy paper on Africa released in 2015.⁵⁴⁹ For Sri Lanka, India remains the top provider of military training to Sri Lankan officers, while China also trains significant numbers, followed by Pakistan, Bangladesh, the US, and the UK. The current heads of the armed forces in

⁵⁴⁸ Lina Benabdallah, “China-Africa Military Ties Have Deepened. Here Are 4 Things to Know,” *Washington Post*, 2018, https://www.washingtonpost.com/news/monkey-cage/wp/2018/07/06/china-africa-military-ties-have-deepened-here-are-4-things-to-know/?utm_term=.ca9e60cb763a.

⁵⁴⁹ “China’s Second Africa Policy Paper,” 2015, http://www.china.org.cn/world/2015-12/05/content_37241677_9.htm.

Sri Lanka have been trained by a range of partner countries, including the US and India (Army); US and China (Navy); and India, Bangladesh, and Pakistan (Air Force).

Sri Lanka’s “non-aligned” responses to growing militarization and military aid

Smaller state perspectives on China’s steadily increasing military expenditure and capacities, as well as its emerging military aid to IOR countries, are perhaps best encapsulated in a recent report of the Center for Strategic and International Studies (CSIS), which stated,

China’s increased military presence in the Indian Ocean should not come as a surprise. China is following in the traditional path of other rising powers; it is expanding its military operations to match its interests abroad.⁵⁵⁰

What is important to smaller IOR states such as Sri Lanka is that China’s rise remains peaceful and not destabilizing. This outcome requires the cooperation of China and all major users and littoral states of the IOR, which each have a part to play in containing the risks of growing militarization. For its part, Sri Lanka is promoting stability and cooperation in various ways. It is welcoming naval visits from all countries,⁵⁵¹ developing its commercial ports and military readiness with many partners, and pursuing a common understanding among states and users of the IOR about regional challenges and how these may be overcome.

These various approaches reflect Sri Lanka’s heritage of non-alignment, even as it maintains close ties with nuclear weapons states in its neighborhood. Sri Lankan ports have welcomed 472 naval ships from 2008 to May 2019 from more than 25 nations, including 96 ships from India, 74 from Japan, and 39 from China. Sri Lanka is developing its ports and other critical infrastructure with multiple partners. In 2019, Japan agreed to provide a concessionary loan for Sri Lanka’s first urban light rail project, in addition to the loan to develop a terminal of the Colombo Port with India.⁵⁵²

Similarly, just as Sri Lanka receives military aid from several countries, it conducts military exercises with several strategic partners. Sri Lanka conducts bilateral exercises with India (the

⁵⁵⁰ Zack Cooper, “Security Implications of China’s Military Presence in the Indian Ocean,” CSIS, 2018, https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180627_Cooper_SecurityImplications.pdf?BC9DJQ8a4bZDRcAWY0u2qR5..7EwzZ9G.

⁵⁵¹ Balachandran, supra note 93.

⁵⁵² “Sri Lanka Gets Japanese Rs48bn Soft Loan for Light Rail,” Economy Next, 2019, https://economynext.com/Sri_Lanka_gets_Japanese_Rs48bn_soft_loan_for_light_rail-3-13687-6.html.

Mitra Shakthi exercise⁵⁵³ and naval SLINEX exercise,⁵⁵⁴ held annually) and the trilateral DOSTI exercises⁵⁵⁵ with India and the Maldives, most recently held in 2018. With the US, Sri Lanka participated for the first time in CARAT⁵⁵⁶ in 2017 and in RIMPAC in 2018.⁵⁵⁷ By contrast, the last bilateral military exercise with China, Exercise Silk Route, was in 2015, although China is among the countries (including the US, India, Australia, and Russia) that joined the 2018 Cormorant Strike, an annual exercise organized by Sri Lanka.⁵⁵⁸

Finally, Sri Lanka has responded to strategic tensions in the IOR by reactivating its historical role in Indian Ocean policy.⁵⁵⁹ Specifically, it is encouraging littoral states and major users to discuss and arrive at a common understanding of regional challenges in the IOR and possible ways forward. Sri Lanka convened a major conference in October 2018 on the future of the Indian Ocean. Given the centrality of the Indian Ocean to Sri Lanka, Sri Lanka needs to ensure the IOR remains a stable zone of trade⁵⁶⁰ where states continue to adhere to established norms in the United Nations Convention on the Law of the Sea,⁵⁶¹ such as freedom of navigation, while also supporting newer needs such as freedom of digital connectivity.⁵⁶²

In taking the approaches explained above (engaging with many strategic partners and pursuing a cooperative dialogue in the IOR), Sri Lanka is not acting alone. Indeed, it could be

⁵⁵³ Exercise Mithra Shakthi Concludes, MoD, 2019,

[http://www.defence.lk/new.asp?fname=Exercise Mithra Shakthi concludes 20190411 02](http://www.defence.lk/new.asp?fname=Exercise+Mithra+Shakthi+concludes+20190411+02).

⁵⁵⁴ Indo-Lanka Joint Naval Exercise SLINEX-2018 Commences in Trincomalee, MoD, 2018,

[http://www.defence.lk/new.asp?fname=Indo Lanka joint naval exercise SLINEX 2018 commences in Trincomalee 20180908 01](http://www.defence.lk/new.asp?fname=Indo+Lanka+joint+naval+exercise+SLINEX+2018+commences+in+Trincomalee+20180908+01).

⁵⁵⁵ Suraksha Leaves for DOSTI-XIV, MoD, 2018,

[http://www.defence.lk/new.asp?fname=Suraksha leaves for DOSTI XIV 20181125 01](http://www.defence.lk/new.asp?fname=Suraksha+leaves+for+DOSTI+XIV+20181125+01).

⁵⁵⁶ Cooperation Afloat Readiness and Training (CARAT) Exercise in Trincomalee, MoD, 2017,

[http://www.defence.lk/new.asp?fname=Cooperation Afloat Readiness and Training CARAT Exercise in Trincomalee 20171002 01](http://www.defence.lk/new.asp?fname=Cooperation+Afloat+Readiness+and+Training+CARAT+Exercise+in+Trincomalee+20171002+01).

⁵⁵⁷ US Navy Announces 26th Rim of the Pacific Exercise, 2018,

https://www.navy.mil/submit/display.asp?story_id=105789.

⁵⁵⁸ Exercise Cormorant Strike IX- 2018 begins, MoD, 2018,

[http://www.defence.lk/new.asp?fname=Exercise Cormorant Strike IX 2018 begins 20180907 03](http://www.defence.lk/new.asp?fname=Exercise+Cormorant+Strike+IX+2018+begins+20180907+03).

⁵⁵⁹ 1971 The Indian Ocean-Zone of Peace, <https://lk.one.un.org/7060/en/the-indian-ocean-zone-of-peace>.

⁵⁶⁰ “‘The Indian Ocean: Defining Our Future’ Conference Concludes in Colombo,” 2018,

<https://www.lki.lk/events/the-indian-ocean-defining-our-future-conference-concludes-in-colombo/>.

⁵⁶¹ Supra note 81.

⁵⁶² Ibid.

described as adopting regional best practices. As Singapore’s Prime Minister Lee Hsien Loong remarked at the 2019 Shangri-La Dialogue:⁵⁶³

What can small countries can [*sic*] do....We do our best to try to be friends with both [the US and China] and to maintain our relationships with both and develop ties—whether it is economic, whether it is trade, whether it is human-resource development, or whether it is diplomatic relations [and even] security exchanges and visits and exercises.

Conclusion

Sri Lanka, which has long been viewed as a South Asian country, now increasingly sees its future as tied to the Indian Ocean.⁵⁶⁴ There is a sense that China’s commercial presence in the IOR offers exceptional economic opportunities, while its military presence must be understood and managed in view of geopolitical dynamics. This paper has therefore engaged in a contextual analysis of China’s commercial and military presence in the Indian Ocean that takes into account the role of China and other major users and states in the region.

The paper identified several trends in China’s commercial and military presence in the IOR that apply to Sri Lanka. Commercial trends include a high level of Chinese investment in the IOR; more trade between IOR states and China, including exports to China; and increasing Chinese tourism. In regard to military presence, two other trends were observed. They are China’s growing military presence and capability, as a result of its economic rise and commercial interests, and the emerging use of military aid in the form of gifts of vessels and military training.

Although Sri Lanka is yet to fully harness trade and tourism opportunities with China, it has been Sri Lanka’s largest source of FDI since 2012. Concerns about a Chinese “debt trap” and “dual use” projects are only weakly supported by the available evidence, but there are valid concerns about Chinese investment (and indeed other foreign investment) in Sri Lanka that call for systemic reforms and new initiatives. Among the necessary changes is to have clear policy planning processes⁵⁶⁵ with bilateral input that can address Sri Lanka’s shorter and long-term developmental needs (including governance, economic, and environmental needs).

⁵⁶³ Lee Hsien Loong, 18th Asia Security Summit: The ISS Shangri-La Dialogue,” Keynote Address 2019, International Institute for Strategic Studies.

⁵⁶⁴ Speech by Dep. Foreign Minister Dr. Harsha e Silva at the Institute of South Asian Studies, Ministry of Foreign Affairs, 2017, <https://www.mfa.gov.lk/depfm-isas/>.

⁵⁶⁵ Ganeshan Wignaraja, “What Is Next for Middle-Income Asia and Sri Lanka?” LKI, 2018, <https://www.lki.lk/blog/what-is-next-for-middle-income-asia-and-sri-lanka/>.

A policy planning approach in Sri Lanka should also extend to the areas of defense and foreign policy⁵⁶⁶ to help forecast and tackle concerns about the military presence of China and other major actors in the IOR, and the approach should involve transparent public communications of these policies. In the meantime, Sri Lanka is appropriately responding to militarization by drawing on its non-aligned traditions, including welcoming naval visits from all nations, developing its commercial ports and military capacity with several partners, and pursuing a collective dialogue and understanding in the IOR about regional challenges and how to address them.

Finally, it should be noted that this paper has not been able to study two issues that warrant further examination. The first is that commercial and military presence in the IOR appears to be converging in areas of technology, particularly surveillance. The second is that China is refining its use of soft power (described by some as “sharp power”), which can influence how states such as Sri Lanka view China’s presence. Surveys indicate that Sri Lankans view China more favorably than India⁵⁶⁷ and the United States.⁵⁶⁸ Policy planners must prepare to address technological developments and changing uses of soft power in the Indian Ocean.

UK: Trends in China’s Commercial and Military Presence in the Indian Ocean Region: A UK View

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Key Points:

- The UK is currently renewing its long-standing interests in the Indian Ocean region (IOR)

⁵⁶⁶ Allan Gyngell, “The Uncertainty Principle: The 2017 Australian Foreign Policy White Paper in Historical Context,” *Security Challenges* 14, no. 1, 2018, <https://www.regionalsecurity.org.au/resources/Documents/Gyngell.pdf>.

⁵⁶⁷ “China Is Key to Sri Lanka’s Progress: Survey,” Daily FT, 2017, <http://www.ft.lk/article/636090/China-is-key-to-Sri-Lanka-s-progress-survey>.

⁵⁶⁸ Paul Staniland, “Approval of Chinese and American Leadership in South Asia,” Paul Staniland, 2019, <https://paulstaniland.com/2019/05/08/approval-of-chinas-leadership-in-south-asia/>.

- In its diplomatic, economic, and military push into the region, China poses a number of challenges and dilemmas to the UK
- The UK is now addressing “the limits of the possible” in its responses to these challenges both individually and in concert with allies and partners

The UK Vision of the Indian Ocean Region

The UK considers the IOR to be a complex and volatile area. Therefore, predictions about future developments there, or about the policy directions that outside countries should take towards it, are fraught with uncertainty. The IOR is clearly an area of significant economic growth potential, and India, Saudi Arabia, and Iran are likely to be among the regional leaders. However, the problems posed by population growth, climate change, societal change, and potential domestic and international conflict must be managed. For example, Southwest Asia’s population is likely to grow by 50 percent over the next 30 years. It will also remain the world’s largest hydrocarbon- producing region, but its consumption levels will rise to the extent that even Saudi Arabia could become a net energy importer by that time.⁵⁶⁹ In addition, Indian, Pakistani, and Southeast Asian economic activity, as well as concomitant resources and other requirements, has the potential for considerable growth. Here as elsewhere, governmental legitimacy, particularly in uncertain times, depends on the effective provision of prosperity. For all these reasons, the level of competition for resources (including water) and for markets seems likely to rise.

Heightened competition will probably affect outside powers as much as local ones. Current trends suggest that both Russia and the US will depend far less on the resources of the IOR (particularly oil), while China, Japan, and South Korea will depend on it more. One likely result of this change will be an enhanced presence of China, Japan, and South Korea in the region, which may result in America and Russia becoming more interested in the area for geopolitical reasons, rather than for more straight-forward economic reasons.

Such interventions could markedly change the trajectory of development in the region. The Chinese Belt and Road Initiative, if it works as its proponents hope it will, could result in a level of infrastructure investment that would have considerable consequences. It would affect Pakistan through the China-Pakistan Economic Corridor (CPEC) project, and it would also solidify Chinese presence in the region. The UK notes that this enhanced presence is already showing signs of that presence taking a markedly military as well as commercial form:

⁵⁶⁹ UK Ministry of Defence, *Global Strategic Trends*, sixth edition (2019), 160-1.

*A significantly more capable Chinese navy (supported by base facilities in the region) could help secure its access to the Gulf, protecting trade and national interests. China may even become a serious competitor to Western countries over arms deals and form bilateral security arrangements with countries in the region.*⁵⁷⁰

Given existing levels of wariness in New Delhi about that presence, growth in the Chinese naval presence seems likely to result in heightened tensions between two of the world's biggest economies in the not-too-distant future. These tensions could well become harder edged as the military power of those two countries increases. One of the most obvious arenas for this heightened competition is likely to be Southeast Asia. For centuries, Southeast Asia has been heavily engaged from both East and West, and now it is well on the path to becoming a global economic player in its own right. Geopolitically, Southeast Asia is the pivot point between the Indian and Pacific Oceans, explaining why so many see those two oceans as a combined area.

In all these ways, developments in the IOR will both reflect and affect wider global international relationships. Accordingly, external players such as the UK are likely to maintain and develop their interests in the region in a variety of familiar and possibly novel ways as the region changes. British policy will therefore be shaped by both things that have changed and things that haven't.

Three Continuities

Contributing to the international order. The first of these continuities in the UK's attitudes towards the IOR is the country's sense of itself as having something to contribute to the wider "rules-based" international order. Thus, the National Security Capability Review of March 2018 stated:

*As Global Britain, we are reinvesting in our relationships around the world. We are championing the rules-based system, which has served our interests as a global trading nation and is of vital importance as geopolitics becomes more contested.*⁵⁷¹

The recent ruling on the Chagos/Mauritius case, therefore, causes something of a dilemma for the UK government. On the one hand, it could defend what is strategically a very important base by taking refuge in the fact that the ruling is only "advisory." On the other hand, it would not wish to risk an established reputation for "doing the right thing" and taking its international

⁵⁷⁰ UK Ministry of Defence, *Global Strategic Trends*, sixth edition (2019), 164.

⁵⁷¹ *National Security Capability Review*, UK Government, Mar. 2018, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705347/6.4391_CO_National-Security-Review_web.pdf.

responsibilities seriously.⁵⁷² The UK is one of Europe's highest military spenders. It prides itself on the effectiveness of its soft power, and it is one of the few countries to devote 0.7 percent of its GDP to international aid.⁵⁷³ For these reasons, and because of the intrinsic importance of everything that happens in that area, the UK's natural default position is to seek involvement in the IOR.

This sense of the country having an international "role" is reinforced by (and according to some accounts may also have contributed to) its current convulsions over Brexit. Believing that the UK has always played a wider role and should, if anything, aim to do so even more in the future, leading Brexiteers have suggested that the UK—unconstrained by the fetters of incipient European federalism—would be able to resume more of its historic role in the outside world than it could from within the European Union (EU). The EU's current inability to agree on a common position on topics as varied as Venezuela, the Intermediate Range Nuclear Forces Treaty, the situations in Syria and Libya, and the connections between migration and security feeds this sense of national frustration.⁵⁷⁴ The aspiration to be "international by design" generally promoting peace and protecting its citizens and interests, as stressed in the 2015 SDR, also strongly reinforces the UK's desire to play a significant role in the IOR.⁵⁷⁵ "Global Britain," in short, should be more than just a slogan, and such a desire long preceded Brexit.⁵⁷⁶

Changing circumstances but continuing interests. The second continuity is the abiding nature of many UK interests in the IOR, despite the demise of its imperial role in the 1970s. Over three million citizens of the UK—nearly five percent of the whole population—originates from the Indian subcontinent, meaning the British can hardly fail to take a strong interest in the tensions between India and Pakistan. Likewise, the UK still has considerable economic and social interests in Southeast Asia. Far more British citizens now live in Singapore than ever did during the age of Empire. Southeast Asia is the UK's third-largest, non-EU export market, and the UK is the second biggest EU investor in the area. Moreover, Southeast Asia is the UK's third-biggest market for defense exports. For all these reasons, the British, like other Europeans, have concluded that they should try for a more persistent presence not just in Southeast Asia

⁵⁷² It is too early to gauge the UK's likely reaction to this problem; some might argue for a solution based on the existence of UK sovereign bases still on the island of Cyprus.

⁵⁷³ Jessica Elgot and Peter Walker, "Foreign Aid 0.7% Pledge Will Remain, Says Theresa May," *The Guardian*, Apr. 21, 2017.

⁵⁷⁴ Laurence Norman, "In Volatile World, Europe Struggles to Find Its Voice," *Wall Street Journal*, Feb. 19, 2019; Walter Russell Mead, "Europe's Challenge is Decline, Not Trump," *Wall Street Journal*, Feb. 19, 2019.

⁵⁷⁵ UK Ministry of Defence and Foreign & Commonwealth Office, *The UK's International Defence Engagement Strategy, 2017*; Malcolm Chalmers, *Still International by Design?* RUSI, briefing paper, May 2017.

⁵⁷⁶ Nick Childs, "The Measure of Britain's New Maritime Ambition," *Survival* 8, no. 1 (Feb-Mar 2016), 131-150.

but in the whole of the Indo-Pacific region, as part of an “All of Asia” project that also includes such key players as Japan, South Korea, China, Australia, and New Zealand. Some of the evidence for this desire for greater presence is a renewed interest in seeking greater maritime engagement in the whole region. Although some of this is undoubtedly controversial, the general intent to play a greater role in the region is palpable.⁵⁷⁷ But the real point is that this is a **continuing** preoccupation, as demonstrated by Britain’s long-standing naval presence in the region.

Back in the 1970s, the ink had hardly dried on the Wilson Government’s controversial decision to abandon Singapore and its “East of Suez” commitment before the British naval staff, with Foreign Office approval, set about making an annual series of “group deployments” through the area possible. Shortly after that, they established the so-called “Beira patrol”—a permanent frigate force off the Gulf, which little by little acted as a forerunner for the substantial task group and semi-permanent mine countermeasures force that distinguished itself in the first Gulf War in the 1990s and has remained and slowly grown ever since.⁵⁷⁸ The Five Power Defense Arrangements, combined with the “Five Eyes” relationship (especially with Australia and New Zealand) along with the continuing deployment to Brunei and even the significant oiling facility at Sembawang in Singapore, make it seem less like the British are “coming back” to the region and more like they never really left.⁵⁷⁹ In short, now that the taxing land-centric distractions of Iraq and Afghanistan have largely receded, the British naval presence can more easily return to normal.

To summarize, these two continuities combine into a determination for the UK to play a major role in the IOR, a role which is independent of its European preoccupations but which fits with its long-standing desire to nurture the American connection. This would certainly seem to be a part of the British naval effort towards the region, in the expectation that such an effort would be welcomed by the United States.⁵⁸⁰ Firstly, the UK thinks of itself as a strongly “internationalist” power. Secondly, it has, in almost Palmerstonian terms, a near-permanent set of important interests in the region.⁵⁸¹ This combination of incentives suggest that the UK

⁵⁷⁷ UK Defence Secretary, “Gavin Williamson Sets Out Vision for Defence in Global Britain,” Ministry of Defence, <https://www.gov.uk/government/organisations/ministry-of-defence>; Geoffrey Till, “Brexit & Southeast Asia: Return of British Naval Presence?” *RSIS Commentary CO19019*, Feb. 7, 2019.

⁵⁷⁸ Warren Chin, “Operations in a War Zone: the Royal Navy in the Persian Gulf in the 1980s,” in *The Royal Navy and Maritime Power in the 20th Century*, ed. Ian Speller (London: Frank Cass, 2005).

⁵⁷⁹ Geoffrey Till, “The Return of Globalism: The Royal Navy East of Suez 1975-2003,” in G. Kennedy *British Naval Strategy East of Suez, 1900-2000* (London: Frank Cass, 2005).

⁵⁸⁰ James R. Holmes, “Britannia Helps Rule the Waves,” *Foreign Policy*, Feb. 20, 1919.

⁵⁸¹ In the House of Commons on August 7, 1844, Prime Minister Lord Palmerston famously observed that Great Britain has no permanent allies, only permanent interests.

would seek to play a significant role in the IOR irrespective of a substantial Chinese presence in the region.

However, there is also a third, unhappy, continuity in British policy towards the region. Pulled forward by its interests but held back by limited resources, Britain had a near-permanent strategic dilemma in having to support two competing commitments simultaneously: Europe and what was for years called the Far East. Perhaps the worst example of this was the so-called “Singapore Strategy,” which confounded the Royal Navy in the 1930s and led to the sinking of the *Prince of Wales* and *Repulse* in December 1941, the fall of Singapore in February 1942, and the beginning of the end for the British Empire. Quite simply, Britain and the Royal Navy did not have the military resources to adequately service both commitments at the same time. Not recognizing this led to a disastrous defeat in 1942, and recognizing it later resulted in the agonized retreat from “East of Suez” in the 1970s.⁵⁸² Obviously, this continuity works against the other two in shaping Britain’s policies towards the IOR. One consequence of this is a renewed emphasis on its search for allies and partners in the region who collectively can help provide adequate responses to the many challenges that the region faces.

...And one new element in the IOR

However, the new, substantial, and developing Chinese role in the region has certainly been noticed by the UK:

*China’s aspirations and rapid progress towards achieving great power status could be one of the most important geopolitical factors shaping the region, and perhaps even the global world order. China is using (and is likely to continue to use) a number of economic, political, and military strategies to generate regional influence and challenge US interests.*⁵⁸³

British attitudes towards Chinese activity and presence in the IOR is, of course, in part a consequence of more general views about the future role of China, which are widely shared around the world. Will China fulfil its promise to rise peacefully and to become a responsible stakeholder in the defense of the international system and the rules-based order? Or, on the other hand, will it seek hegemonic dominance first regionally and then perhaps globally? Should China’s economic activity be seen as an opportunity or as a potential threat? Should the UK and the rest of the world accept China’s “win-win” protestations? To what extent will China seek to displace the United States, and how should US allies and partners react to this?

⁵⁸² A good convenient account is: Alessio Patalano, “Days of Future Past? British Strategy and the Shaping of Indo-Pacific Security,” *Policy Exchange*, 2019.

⁵⁸³ UK Ministry of Defence, *Global Strategic Trends*, sixth edition (2019), 181.

For the British, these general concerns play out in six specific but related IOR issues. The first of these is a general concern about the abiding long-term intentions of China in the region, not least in regard to the Belt and Road Initiative (BRI) and its Maritime Silk Road component. There is, in the UK as elsewhere, uncertainty about what the BRI is actually likely to amount to, since representations of it seem to change so much that even some Chinese observers seem uncertain about its scope and future direction, even though it was launched more than five years ago.⁵⁸⁴ For some, skepticism about the extent to which the BRI can live up to its promises is buttressed by observations that China has many internal problems and that its slowing rate of growth has fallen behind that of some of its neighbors, such as Vietnam and Indonesia.⁵⁸⁵ Such doubts qualify a British willingness to participate.

Secondly, there is also uncertainty about the opaqueness of many of the financial arrangements that support infrastructure investment throughout the region. In some cases, such as the apparent contradiction between the funding of both the Melaka Gateway port project and a continuing interest in the construction of a canal across the Kra Isthmus, aspects of the BRI project do not appear to make commercial sense and are certainly something of a gamble. Is there really likely to be sufficient shipping in southern waters to sustain these two mega-projects simultaneously, especially given the prospect of greater usage of Arctic sea routes in a globally warmed future? It is easy for such commercial skepticism to switch to dark concerns about what is *really* behind such projects.

Here one of the problems may well be the very different nature of the Chinese economy compared to its Western equivalents, where the state has a much smaller role in the direction and support of economic affairs. Perhaps, some argue, the Chinese approach reflects this simple fact and also has a surplus of heavy industrial capacity. Moreover, it commands sufficient equity to back more than one horse in many races.

As is shown by current controversies over the acceptance of Huawei 5G telecommunications technology or help in constructing nuclear power stations, the UK initially appeared to be more inclined to give the Chinese the benefit of the doubt about such uncertainties than some of its other partners. This willingness is doubtless reinforced by the pragmatism demonstrated by city financiers ready to profit from sometimes dubious projects. Nonetheless, the UK accepts

⁵⁸⁴ Xinhuanet News, “The 21st Century MSR Helps African Development,” Feb. 13, 2015, cited in Veerle Nouwens, *China’s 21st Century Maritime Silk Road: Implications for the UK*, RUSI, occasional paper, Feb. 2019.

⁵⁸⁵ Sir Vince Cable was the Business Secretary during the so-called Golden Era. Vince Cable, “Don’t Let Healthy Skepticism about China Become Paranoia,” *City News*, Feb. 4, 2019; Chris Buckley, “Chinese Leader on Edge in Year Rife with Risks,” *Wall Street Journal*, Feb. 26, 2019.

the need for rigorous scrutiny of such opportunities.⁵⁸⁶ One of the reasons for early British involvement in the AIIB in the so-called “Golden Era” of UK-China promise was that it would allow the British to see what it entailed from the inside rather than the outside, hopefully giving the British the opportunity to guide Chinese enterprise into more transparent and productive directions. Similarly, the EU with British support is to set up the EU Investment Screening Initiative to carry out just such examinations.⁵⁸⁷ Because free-marketeers and UK companies desperate for such investment opportunities tend to be impatient with these concerns, British attitudes tend to hover uncertainly somewhere between enthusiastic involvement and outright suspicion towards shared projects both in the UK and the IOR. In some respects, the current government under Theresa May has been markedly more skeptical about heavy engagement with China than its predecessor.⁵⁸⁸

Thirdly, some British concerns reflect the jaundiced and very traditional views of one mid-eighteenth-century observer who remarked: “The Balance of Trade, I cannot too often repeat it, is in Fact the Balance of Power.”⁵⁸⁹ The hard-nosed conclusion that follows from this view is that indebtedness to China inevitably implies a loss of sovereignty and an increase in relative Chinese influence in the region, which could easily prove destructive to British and Western interests. The higher the level of indebtedness, the worse the risk (Cambodian deference to China being a case in point). The UK has also noted the degree of regional push-back against excessive dependence on Chinese goodwill. Examples include Malaysia to some extent and certainly Sri Lanka, where the contract terms for Hambantota have been changed to increase the degree of Sri Lankan control and reduce the prospect of unauthorized military use. Such local concerns might in fact work to the UK’s advantage:

The Maldives, Sri Lanka, Nepal, and Bangladesh are likely to be increasingly mindful of the dangers of the Chinese debt trap (if China decides to call in its infrastructure loans)

⁵⁸⁶ Dan Strumpf, “Huawei Sees Years to Address UK Concerns Over Software,” *Wall Street Journal*, Feb. 9-10, 2019; Demetri Sevastopulo, “UK Says Huawei is Manageable Risk to 5G,” *Financial Times*, Feb. 17, 2019; Jeremy Fleming, Director of GCHQ, address at 35th IISS Fullerton Lecture, Singapore, Feb. 25, 2019.

⁵⁸⁷ Jonathan Stearns, “Europe’s Investment-Screening Plan Clears Final Political Hurdle,” *Bloomberg*, Feb. 14, 2019.

⁵⁸⁸ In May 2018, Prime Minister May, already more skeptical of Chinese blandishments than her predecessor, withstood heavy pressure for Britain to be the first G7 country to provide blanket support for the BRI, and perhaps connectedly, she came away with less in the way of trade offers than had been expected. Alex Daniel, “China. How George Osborne’s ‘golden era’ lost its shine,” *City News*, Feb. 17, 2019. For China, Italy was soon to fill the gap.

⁵⁸⁹ Malachy Postlethwayt, *Great Britain’s True System*, (London: 1757), 234, Q JH 89.

and will probably look to the US and the UK as a counterweight to the regional powers. Sri Lanka in particular may seek to forge closer ties with the UK, France, and the US.⁵⁹⁰

The problem with this response, of course, is that UK investment funding and general levels of support are likely to be much smaller, and so hardly a straight alternative to what China can apparently offer. At best, UK funding and support would be a partial corrective to the spread of undue Chinese influence in the area.

Fourthly, if more narrowly, London has for many years been the center of the world shipping industry. Originally, this was because the UK was also by far the world's biggest ship owner and operator, but now its rests much more on long years of experience in such crucial support maritime industries as brokerage, P&I clubs, classification societies, maritime insurance, and Admiralty courts. Although some of this has already slipped away to Singapore and Hong Kong, the rise of China into a position of dominance in the international shipping industry can hardly fail to be a cause for anxiety, especially given the damage that Brexit is projected by some to cause the UK's all-important banking services. Here the response is likely to be the same as it was with the rise of such capacity in Hong Kong and Singapore—if you can't beat them, join them. Hence the claim that London should be the “natural Western hub” of the BRI.⁵⁹¹ China has an extra incentive because the involvement of the UK banking industry in Chinese projects will help elevate their financial transparency and probity in the observance of international standards in environmental protection, the protection of human and intellectual property rights, and so forth, while also providing a window for closer scrutiny of what is actually going on.

Fifthly, China's increasing control of ports throughout the region inevitably raises concerns that the famous “string-of-pearls” might in fact be finally coming into fruition and that this will inevitably be to China's strategic benefit, allowing it to continue to construct such bases and facilities as a means of logistic support for a substantially greater naval presence. The extent to which the acquisition of facilities, if not bases, represents an ideological reversal of long-held Chinese views on the inherent offensiveness of bases (because they allowed interference in local affairs by distant countries who had no right to be there) could be thought both alarming in its own right and an example of the unpredictable changeability of Chinese views and

⁵⁹⁰ UK Ministry of Defence, *Global Strategic Trends*, sixth edition (2019), 172.

⁵⁹¹ A phrase used in an address by Charles Bowman, Lord Mayor of the City of London, as cited in Angus McNeice, “London ‘Natural Western Hub for Belt and Road,’” *China Daily*, Mar. 20, 2018.

policy.⁵⁹² China has closed ports to outsiders on occasion,⁵⁹³ and this fact, together with the much greater naval presence that their use supports, could exacerbate regional tensions (given Indian sensitivities about this) and potentially hinder RN operations in the region. This could especially apply to RN vessels engaged in activities of which the Chinese disapprove, such as FONOPS.⁵⁹⁴ On the other hand, having just extended or opened such facilities itself in both Bahrain and Qatar,⁵⁹⁵ and reportedly being interested in developing more such facilities further east, the Royal Navy is hardly in a position to argue that in themselves such bases imply malign intent.

Sixthly, and finally, this brings us to the general issue of the UK's attitude towards a Chinese military and specifically naval presence in the region. The same argument that was made about bases applies here too. The UK generally acknowledges that, given the wide range of Chinese interests in the IOR (citizens, merchant ships, markets, resources), the Chinese navy has every right to be there alongside other navies from outside the region. Moreover, this presence could offer an opportunity to encourage China to accept responsibility for contributing to the defense of the international rules-based order, since the Chinese navy arguably did this through its participation in the anti-piracy mission off Somalia. At the same time, there is some wariness about the growing Chinese presence as a sign of a major and unsettling shift in the global naval balance and the consequent promise of a less-certain future. That the Chinese navy has benefitted professionally from the Somali operation is widely acknowledged, and attitudes towards the future trajectory of China's naval power depend much more on assessments of the aspirations behind that future. Inevitably, there is little evidence of this in the IOR so far, but China's behavior over and in the South China Sea is not thought encouraging. The UK's concerns about this are further increased by knowing that four of the main IOR countries with which it wants to maintain and develop close relations (Japan, India, Australia, and the United States itself) all take a distinctly jaundiced view of China's increased naval capabilities in the region.

For the British, there is a particular problem when the policy imperatives that emerge from these six issues of concern appear to conflict. A very clear instance of this occurred in February 2019 when, as already noted, Defense Secretary Gavin Williamson in a speech at the RUSI described British maritime intentions toward the IOR in characteristically robust terms, which reportedly led to the Chinese cancelling a projected visit to Beijing by the Chancellor of the

⁵⁹² Given its previous public statements on such issues, the Chinese adoption of an ambitious carrier program and its provocative island-building campaign in the South China Sea are two other possible examples of unexpected and potentially alarming reversals of policy.

⁵⁹³ "China Denies US Navy Ships Request for Hong-Kong Visit," *Wall Street Journal*, Sept. 25, 2018.

⁵⁹⁴ David Bond, "Royal Navy Chief Vows to Send Ships Through South China Sea," *Financial Times*, Oct. 22, 2018.

⁵⁹⁵ Tim Ripley, "UK Announces New Omani Training Programme," *Jane's Defence Weekly*, Nov. 7, 2018.

Exchequer, Philip Hammond. Since that trip was clearly intended to bolster trading relations between the two countries that the government considered especially important for post-Brexit Britain, Williamson's speech was widely criticized from a wide range of standpoints. Some argued that promising to send a British carrier battle group to the region was militarily foolish and unnecessarily provocative (two not entirely reconcilable charges). George Osborne, a former Chancellor of the Exchequer (and one particularly responsible for establishing the Golden Era of Anglo-Chinese commercial relations in the first place) was especially vitriolic:

*You have got the defense secretary engaging in gunboat diplomacy of a quite old-fashioned kind at the same time as the chancellor of the exchequer and the foreign secretary are going around saying they want a close economic partnership with China.*⁵⁹⁶

More moderate sceptics wondered if such an effort would actually deliver the benefits hoped for and pointed out that generating a carrier battlegroup of a carrier, two DDs, two FFs, an SSN, and several auxiliaries for such a deployment would much constrain an overstretched Royal Navy in other necessary operations elsewhere.

Others, however, came to Williamson's defense, arguing that a dispassionate reading of the actual speech did not support many of the criticisms. Defenders also argued that China should not through such bullying behavior be allowed to exert a veto on where the Royal Navy could operate its ships, and that simply yielding to this kind of pressure would encourage further Chinese intransigence towards the rules-based order.⁵⁹⁷

Although there was no specific reference to the South China Sea in Williamson's speech, it was understandable that the Chinese should read such a link into it, given the Royal Navy's demonstrated willingness to exercise its navigational rights in the area, not least with the passage of the fleet flagship HMS Albion past the Paracels to Vietnam in August 2018.⁵⁹⁸ Moreover, Prime Minister May chose to make the point about Britain's determination to uphold the rules-based order in a speech given on the deck of HMS Queen Elizabeth.⁵⁹⁹ Also, the presence of US Marine Corps aircraft on the carrier, together in all probability with a Dutch frigate in the escort group, would multi-lateralize the "intrusion" in a manner that the Chinese would particularly dislike. A Chinese economic reaction that the British would find uncomfortable would seem quite possible.

⁵⁹⁶ Quoted in Rob Merrick, "Chancellor Will Not Make Trade Trip to China Next Week Amid Fury at Gavin Williamson's Pledge to Send Aircraft Carrier," *The Independent*, Feb. 16, 2019.

⁵⁹⁷ John Hemmings, "Gavin Williamson's Critics Miss the Point. There is a Strong Case for Resisting Chinese Aggression," *Daily Telegraph*, Feb. 17, 2019. See also John Hemmings and James Rogers, "The South China Sea: Why it Matters to 'Global Britain,'" The Henry Jackson Society, Jan. 2019.

⁵⁹⁸ "China Slams British Navy's South China Sea Intrusion," *Global Times*, Sept. 6, 2018.

⁵⁹⁹ HMS *Queen Elizabeth*, Portsmouth: Theresa May's Speech, UK Government, Aug. 16, 2017.

The furor seemed to confirm impressions already gained in some quarters that, overall, the government's policies towards the IOR and China's presence in it were in disarray. To its critics, a whole-of-government approach currently appeared beyond the capacity of the main departments involved (the Cabinet, the Ministry of Defense, the Treasury, and the Foreign and Commonwealth Office) actually to deliver, and it appeared they were all pursuing their own distinctive lines towards the six issues identified earlier. The government's defenders, however, argue that the UK is currently in exploratory mode and that there is a spectrum of choice about the UK's relations with China, not a simplistic binary choice of "for" or "against" Beijing. In the present circumstances, then, a degree of flexible ambiguity in the UK's attitudes towards the presence of China in the IOR is no bad thing.

US: Is the Past Prologue: PLA Navy Presence in the Indian Ocean?

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Introduction

The Chinese flag has become ubiquitous on the high seas around the world, especially in the Indian Ocean (IO) where annually many hundreds of Chinese-flagged tankers, container liners, and bulk carriers cross-cross the Indian Ocean conducting the trade that made China the world's largest trading nation in 2013. The presence of Chinese warships has also become routine—especially in the Arabian Sea, where the PLA Navy began in late 2008 to protect a portion of its sea lanes that were under threat from Somali pirates. It is still at it, nearly 11 years later; since that first deployment China has adroitly blended its shipping protection mission with traditional naval diplomacy by making certain that its warships routinely conduct goodwill visits and naval exercises with most of the Indian Ocean littoral countries.

The rationale behind China's growing interest in the Indian Ocean in general and the Arabian Sea in particular is directly tied to two related imperatives. First is President Xi Jinping's signature Belt and Road Initiative (BRI), whose maritime component is known as the 21st Century Maritime Silk Road and which is essentially a convenient way to characterize the economic interests that China has developed along the entire Indian Ocean rim. Second is the related concern about the vulnerability of its sea lanes to interruption. Daily, tankers cross the Indian Ocean carrying oil from either the Persian Gulf or Angola in West Africa to China, or are returning empty for another cargo. At the same time, large numbers of container ships travel much the same sea lanes in reverse to deliver Chinese exports to the Middle East and to Europe. Beijing's anxieties over the vulnerability of this shipping in times of conflict have been extensively discussed in a variety of authoritative documents. The best example is China's last defense white paper, entitled *China's Military Strategy*. This strategic document is reasonably transparent in expressing anxiety regarding China's sea lanes:⁶⁰⁰

With the growth of China's national interests, its national security is more vulnerable to international and regional turmoil, terrorism, piracy, serious natural disasters and epidemics, and the security of overseas interests concerning energy and resources, strategic sea lines of communication (SLOCs), as well as institutions, personnel and assets abroad, *has become an imminent issue*. (Emphasis added.)

⁶⁰⁰ The State Council Information Office of the People's Republic of China, *China's Military Strategy*, May 2015, <http://eng.mod.gov.cn/Database/WhitePapers/index.htm>,3.

Having the ability to address the SLOC should the need arise is the most important of China's overseas security interests in the Indian Ocean region, because sea lanes are the veins and arteries that keep China's economic heart pumping. For example, in 2017 China imported an average of 8.4 million barrels of crude oil per day, approximately 50 percent by ship from the Persian Gulf.⁶⁰¹ That means that on any given day approximately 84 VLCC-class tankers were underway somewhere in Indian Ocean or South China Sea working in the China oil trade. Half were inbound to China, and the other half were returning to load more crude oil.⁶⁰²

PLA Navy Presence in the Indian Ocean

For the past decade the PLA Navy (PLAN) presence somewhere in the Indian Ocean has averaged four surface warships and two replenishment tankers, organized into two independent task forces. One of these task forces of two warships and a replenishment support ship is directly involved in the UN-authorized antipiracy mission in the Northern Arabian Sea and Gulf of Aden. The other, similarly organized, task force either is underway in the northern Indian Ocean headed to the Arabian Sea to relieve the onstation antipiracy force, or, after being relieved of its piracy patrol responsibilities, is conducting bilateral exercises or naval diplomacy missions along the Indian Ocean or Mediterranean Sea littoral before returning to China.

In addition to its surface combatant deployments, since 2014 the PLAN has also deployed submarines into the IO. According to the former US commander of Pacific Command, the PLAN sends a submarine to the IO twice a year, where each one normally conducts three months of operations before returning to China. Chinese sources have claimed that these submarine patrols contribute to the antipiracy operation. Conducting covert coastal surveillance is possible, of course, but seems unlikely. The more likely reasons behind the deployments are to gather experience associated with "blue water" submarine operations a long way from home port, and to amass knowledge on water conditions and thermal layers in the Indian Ocean that are so important to submarine operations. In sum, the PLAN submarine force is amassing experience that could eventually result in at least one PLAN submarine being deployed to the IO region full time. This would not be the first time that a Northeast Asian navy has dispatched submarines in the Western Indian Ocean; during the final two decades of the Cold War, the

⁶⁰¹ Chinese customs data reported in: "Table of China December Data on Oil, Oil Product, LNG Imports," *Dow Jones Institutional News*, Jan. 25, 2018.

⁶⁰² Back-of-the-envelope calculations: 6,560 nm from Hormuz to Shanghai via Malacca. Average tanker speed of 13 kt equates to a 21-day transit. Fifty percent of 8.4 M bbls of daily import average means that a total of 4.2 M bbls has to arrive daily from the Persian Gulf. Each VLCC tanker carries an average of 2 M bbls. Hence, two VLCC tankers need to arrive in Shanghai every day. The result is that on any given day, 42 (21 days x 2) tankers are somewhere along the sea lane to China, and a similar number are outbound from China to the Persian Gulf.

Soviet Union's Pacific Fleet provided a routine submarine presence in the Northern Arabian Sea.

Today, this small PLAN presence in the IO is not especially threatening. It is operating far from home and is well away from the protection that its land-based air forces and missile forces provide. In East Asia, the PLA has the huge operational advantage of being in home waters—it is, in effect, the “home team.” In the Indian Ocean, its small task forces are very much an “away team” that is vulnerable to a vastly superior Indian Navy and India's land-based airpower. Similarly, when the PLAN arrives in the Northern Arabian Sea, it is operating in waters that are “home” for the US Fifth Fleet, which is headquartered in Bahrain and operates in the Persian Gulf and Northern Arabian Sea.

Thus, on a day-to-day basis, PLAN operations are centered in areas where much of the air space can be controlled by the United States or India. It is operating with zero air cover. On the other hand, as a general rule, submarines are difficult to locate, even in the best of conditions, and the Indian Navy's antisubmarine warfare (ASW) capabilities are not strong. It is possible that PLAN submarine deployments may also be intended to serve as an on-scene deterrent, reminding the Indian Navy that two can play the game of presenting a threat to vital SLOCs.

This is the situation today, but this chapter is about the future. It is about what current PLAN presence foreshadows between now and the next decade. It is about the growth of a significant portion of the PLAN that has, or will shortly have, the capability to operate a militarily credible number of well-designed large sea-going warships with air cover, globally but especially in the Indian Ocean, and sustain them on far-seas stations for months at a time.

As of this writing, since 2004 China has commissioned or launched 102 ships that are demonstrably capable of sustained operations in the far western seas of the Indian Ocean. These are all warships, save for 10 large multipurpose replacement ships. The list includes two aircraft carriers, 25 modern multimission guided missile destroyers (DDGs), 30 modern frigates, and 26 submarines. Significantly, this is not a final building objective but is simply a current count on the way to an unknown endpoint. China continues to build these blue-water-capable ships and submarines with no publicly known numerical force structure objective. In other words, we simply do not know how large the PLAN will become, because Beijing, unlike every other major naval power in the world, refuses to reveal that fact. What we do know is that China already has in hand a powerful, well-balanced mix of warships that are capable of operating anywhere in the world. They will be especially drawn to the Indian Ocean because of the Maritime Silk Road and SLOC anxiety.

To Look Forward, We Start by Looking Back

China's pending emergence as an Indian Ocean naval power is not the first time that a traditional Eurasian land power has found reason to deploy warships to the IO region. For the last 20 years of the Cold War, the Soviet Union maintained a substantial number of ships on station in the Indian Ocean. I point this out in order to provide some historical context for what I suspect will take place in the future. As Mark Twain purportedly quipped, "History does not repeat, but it often rhymes."

Soviet Presence in the Indian Ocean (1968-1990)

Between 1968 and 1990, Washington and Moscow competed for political influence in the Indian Ocean region. Each side attempted to gather "third world" countries into its camp. The Indian Ocean region was not unique in this regard; the competition went on globally, but—given the number of newly independent states that emerged in Africa, the Middle East, South Asia, and Southeast Asia following the end of World War II because of decolonization—the Indian Ocean littoral was a particularly active arena. The Soviet Union's decision to deploy what came to be a substantial naval presence to the Indian Ocean was motivated by the fact that the region already roiled with anti-Western, anti-imperialism, anti-Israel attitudes that drew inspiration from the "in-your-face" nationalism of military strongmen such as Egypt's Gamal Nasser. Soviet arms sales, or outright grants, were successfully sought by new nations that embraced socialism or Marxism to guarantee their security. Soviet armament largess was also seen as a tangible expression of great power political/military support. In return, many of these countries were quite willing to grant access to the Soviet Navy.⁶⁰³

Moscow hoped to exploit the vacuum occasioned by the British pullout from "East of Suez" because of crushing economic problems. In those days, before the establishment of US Central Command and US Africa Command, the Persian Gulf and Red Sea were the responsibility of European Command, while Pacific Command, at the time deeply engaged in Vietnam, had responsibility for the entire Indian Ocean. The only full-time USN presence was the tiny US Middle East Force in the Persian Gulf, which was commanded by a rear admiral and homeported at the British base in Bahrain. The force itself consisted of a permanently assigned flagship, a small 2,700-ton converted seaplane tender, and two (and eventually late in the decade, four) rotationally assigned destroyers. For much of the 1970s, the Persian Gulf and Northern Arabian Sea remained a relative backwater for the US Navy. USN presence was not

⁶⁰³ Richard B. Remnek, "Soviet Access to Overseas Naval Support Facilities: A Military and Political Analysis," in Philip S. Gillette and Willard C. Frank eds., *The Sources of Soviet Naval Conduct* (Lexington, MA: Lexington Books, D.C. Heath and Co, 1990), 251-267.

welcomed by a majority of the Muslim states because of Washington's support of Israel. By 1974, 28 ports in 11 Indian Ocean region countries were closed to the US Navy.⁶⁰⁴

From the spring of 1969 onward, the Soviets maintained a continuous naval presence largely focused on the Gulf of Aden. This was a studied decision on Moscow's part despite a difficult logistics situation created after 5 June 1967, when Egypt closed the Suez Canal at the beginning of the Six Day War. At the end of the war, Suez stayed closed while Egyptian and Israeli armies faced each other across the canal. In fact, the canal remained closed until the end of a second conflict—the Yom Kippur War—and subsequent peace negotiations, eight years later in 1975.

The Soviet Navy's Pacific Fleet in Vladivostok became responsible for providing the Soviet Indian Ocean Squadron since it was the Soviet fleet concentration closest to Aden. It was *only* 6,600 nautical miles away, compared to 12,000 nm for the Soviet Northern Fleet and 11,200 nm for the Soviet Black Sea Fleet. (With the canal closed, ships from the two Europe-based Soviet fleets needed to circumnavigate Africa in order to reach the Indian Ocean.) The Soviet Pacific Fleet was up to the time–distance challenge. In order to save wear and tear on diesel engines and save fuel, the Soviets often towed their diesel-powered submarines and small frigates on the long transits from Vladivostok to the Gulf of Aden.⁶⁰⁵

Soviet Navy presence in the Indian Ocean region jumped from 200 ship-days in 1967 to just under 4,200 ship-days in 1969.⁶⁰⁶ By 1971, the Soviet Indian Ocean Squadron's presence had increased to 8,900 ship-days with a force that was a mix of five to six surface combatants and two to four submarines, plus support ships. By 1980 the Soviet Indian Ocean Squadron had reached the unprecedented level of 32 ships: 11 surface combatants, 3-5 submarines, and 16 auxiliaries (tenders, barracks ships, oilers, etc.).⁶⁰⁷

The Soviets were relentless in seeking privileged access to port naval facilities around the Western Indian Ocean littoral, and were largely successful in doing so. The People's Democratic Republic of Yemen (PDRY), also known as South Yemen, and, soon thereafter, Somalia were big success stories. PDRY made the major port of Aden available, as were anchorages around Socotra Island in the Gulf of Aden. Besides Socotra, the Soviet Navy anchored semipermanent

⁶⁰⁴ At the time, only Manama (Bahrain), Port Louis (Mauritius), Karachi (Pakistan), Colombo (Sri Lanka), and Bandar Abbas and Bandar Shapur (Iran) made available fuel and other supplies to transiting USN ships.

⁶⁰⁵ Director of Naval Intelligence, *Understanding Soviet Naval Developments, Fifth Edition*, Office of the Chief of Naval Operations, Washington, DC, April 1985, 24.

⁶⁰⁶ Michael Palmer, *Guardians of the Gulf: A History of America's Expanding Role in the Persian Gulf, 1883-1992*, (New York: Simon and Schuster, 1992), 87.

⁶⁰⁷ Director of Naval Intelligence (OP-096), *Understanding Soviet Naval Developments, Sixth Edition*, Office of the Chief of Naval Operations, Washington, DC, July 1991, chart on 40.

mooring buoys off the Seychelles west of Diego Garcia, along the Cargados Carajos Shoal that is 268 nm northeast of Mauritius, and east of Madagascar near the Comoros archipelago.⁶⁰⁸

Gaining access to the Somali port of Berbera in 1972 was of significant benefit to the Soviet Navy since it was a sheltered location that was deep enough to accommodate large ships pierside, greatly facilitating pierside logistics, significant voyage repair, and crew rest. (Think of Berbera and Aden as base surrogates for Djibouti today; they are both within 220 nm from Djibouti.) Thanks to having access to Berbera, onstation time for deployed Soviet Pacific Fleet ships increased from five months to almost a year.⁶⁰⁹

The Soviet Union reached an agreement with the Somali government to improve and modernize the port of Berbera in return for Soviet access beyond the port itself. The Soviet Union eventually built Berbera (which is only 150 nm away from Djibouti) into a significant base that included a missile storage facility for the Soviet Navy, an airbase with a 13,500-foot runway and fuel storage that was capable of handling large bombers, and extensive radar and communications facilities. By 1975 the Soviet Navy was flying long-range Il-38 May ASW aircraft from Berbera. The ability to operate from Berbera and other Somali airfields provided the Soviets with reconnaissance and ASW capability over much of the Arabian Sea.⁶¹⁰

The Soviets overplayed their hand, and, as a result, forfeited bases in Somalia. They took advantage of an opportunity to replace Washington's influence in neighboring Ethiopia following a 1974 army coup.⁶¹¹ But Soviet attempts to keep both Mogadishu and Addis Abba happy failed dramatically when the Somalis decided to invade the Ogaden region of Ethiopia before Soviet military assistance to Ethiopia could tip the military balance against them. Moscow found itself supplying both sides of the war and attempted to mediate a ceasefire. When that failed, Moscow effectively abandoned Somalia, and threw its support behind

⁶⁰⁸ Geoffrey Jukes, "Soviet Naval Policy in the Indian Ocean," in Michael MccGuire et al., eds., *Soviet Naval Policy: Objectives and Constraints*, Center for Foreign Policy Studies (Halifax, NS: Dalhousie University, 1975), 479-485.

⁶⁰⁹ It is worth noting that Berbera still plays an important geostrategic role. The United Arab Emirates (UAE) firm DP World just arranged a deal to run Berbera from the de facto independent province now known as Somaliland; this arrangement provides the UAE military with a more permanent facility in its fight across the gulf against Houthi rebels in Yemen. Asa Fitch, "DP World to Manage Somaliland Port of Berbera," *Wall Street Journal*, Sept. 5, 2016, <https://www.wsj.com/articles/dp-world-to-manage-somaliland-port-of-berbera-1473086050>.

⁶¹⁰ Captain James F. Kelly, USN, "Naval Deployments in the Indian Ocean," *Proceedings of the U.S. Naval Institute*, Vol 109/5/963 (May 1983), https://www.usni.org/document/kelly-james-1983-109-5-963pdf?magazine_article=62450.

⁶¹¹ In the late 1960s, Ethiopia was the location of the largest US economic and military assistance program and largest embassy in Sub-Saharan Africa.

Ethiopia. Soviet military aid and advisors flooded into Ethiopia, along with 15,000 Cuban combat troops that were air- and sea-lifted by the Soviets from Angola in West Africa. The invading Somalis were driven out of Ogaden.⁶¹² Infuriated, Somalia annulled its treaty with the Soviet Union and expelled all Soviet advisors in the country.⁶¹³

The Soviet submarine problem

A dramatic increase in full-time USN presence began in mid 1978, with the beginning of the Iranian Revolution. When the US Embassy in Tehran was stormed on November 4, 1979, the Carter administration dispatched a second carrier battle group to the Northern Arabian Sea. This, in turn, triggered an increase in the size of the Soviet Indian Ocean Squadron, mentioned above.

The increase included more submarines. The three to five submarines in the Soviet Indian Ocean Squadron were a major headache for US Navy forces operating in the same body of water. The Soviet Navy began a nearly continuous nuclear-powered attack submarine (SSN) presence along with an increase in conventional “Foxtrot” class diesel/electric boats. This often included the presence of two Victor III class submarines, the Soviet Navy’s most modern SSNs.⁶¹⁴ Suddenly, keeping track of Soviet SSNs and SSGNs operating in these waters became a major operational task. This generated significant resource demands for a full range of air, surface, and submarine ASW resources as well as for airbases where land-based maritime patrol aircraft operated. Eventually, assets were organized that were dedicated to tracking Soviet submarines from the time they entered the Indian Ocean until they arrived on station.⁶¹⁵ This preoccupation was partially dictated by the unlikely but nagging concern that the Soviets might launch a surprise attack; more immediately, it was the fear of being embarrassed by an undetected Soviet submarine slipping through the carrier screen to within close firing range

⁶¹² Remnek, “Soviet Access to Overseas Naval support facilities,” 259-60.

⁶¹³ Don Oberdorfer, “The Superpowers and the Ogaden War,” *Washington Post*, Mar. 5, 1978, <https://www.washingtonpost.com/archive/politics/1978/03/05/the-superpowers-and-the-ogaden-war/00f60ef2-01b4-4cd3-8c5f-e545>.

⁶¹⁴ Kelly, “Naval Deployments in the Indian Ocean.”

⁶¹⁵ Director of Naval Intelligence, *Understanding Soviet Naval Developments, Fifth Edition*, 24.

and then making its presence known—a naval “gotcha moment.”⁶¹⁶ (The PLA Navy did this to a US carrier in 2006.)⁶¹⁷

Everything changed when Mikhail Gorbachev became general secretary of the Communist Party of the Soviet Union in 1985. He instituted a new look in Soviet foreign policy, making it less menacing, promoting *Glasnost* and *Perestroika* at home and pledging peace and cooperation abroad. This had a direct impact on Soviet naval posture in the Indian Ocean. By 1986, submarines were no longer deployed to the region, and a final withdrawal from the Indian Ocean region took place in February 1991. The Soviets abandoned the facilities at Ethiopia’s Dahlak Island and Yemen’s Socotra Island. Aircraft reconnaissance deployments to Aden ceased, and the Soviet Indian Ocean Squadron sailed home.⁶¹⁸ Ten months later the Soviet Union put itself out of business.

The “So What?” question

What is the relevance of this look back at a 20-year slice of the Cold War in the Western Indian Ocean? The short answer is “it depends.” It depends first on what Beijing’s Central Military Commission decides to do in the coming years about PLA Navy presence in the Indian Ocean. This brief summary of the last two decades of the Cold War in the Indian Ocean is intended as a cautionary tale—an example of how a modest naval presence, then by the Soviets and today by the Chinese, can dramatically grow and have a decided impact on the balance of power in the western half of the Indian Ocean. It also depends on how one forecasts the future of the Sino-US relationship. Will it continue to be as contentious as it is today? This seems likely, because there is widespread bipartisan support in the Congress and among Asian security specialists for the Trump administration’s decision to shift the strategic context of America’s

⁶¹⁶ As CO of a destroyer escorting USS *Constellation* (CV- 64) during operations in the Northern Arabian Sea we were constantly involved in ASW detection operations when a Soviet submarine got underway from its Socotra Island anchorage.

⁶¹⁷ Bill Gertz, “Chinese sub stalked U.S. Fleet,” *Washington Times*, Nov. 13, 2006, (accessed June 29, 2019), <https://www.washingtontimes.com/news/2006/nov/13/20061113-121539-3317r/>.

⁶¹⁸ Statement of Rear Admiral Thomas A, Brooks, USN, DNI, before the Sea Power, Strategic and Critical Materials Sub-Committee of the House Armed Services Committee on Intelligence, Mar. 7, 1991.

relationship with China from “engagement” to “strategic competition.”⁶¹⁹ The rationale for this shift was first described in the White House’s *2017 National Security Strategy*, released under President Trump’s signature, which declared, “A geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific region.”⁶²⁰

Before 2017 there was more or less a “live and let live” relationship between the United States and China in the Indian Ocean region. Since then, however, strategic competition between the two, playing out largely in the political and economic realm has arrived, largely because Washington elected to become more “competitive.” This competition is relatively new for Washington, but it is not new for the region. New Delhi and Beijing have been engaged in strategic competition involving Chinese political and economic relationships with India’s neighbors—Sri Lanka, the Maldives, and Bangladesh—and, of course with India’s “traditional” antagonist Pakistan for many years. The ongoing contestation between India and China for strategic partners and military access now coexists with one between Washington and Beijing. America’s approach to “competition” has largely been confined to outspokenly critical US government analysis of what it has dubbed as “Chinese debt-trap diplomacy” associated with loans for building or expanding port and airport facilities along the erstwhile “21st Century

⁶¹⁹ The article that made it acceptable for Democrats to agree with the Trump administration’s abandonment of “engagement” came from two relatively senior officials from the Obama administration, both with significant experience in dealing with China. See Kurt M. Campbell and Ely Ratner, “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs*, 97, no 2 (March/April 2018), <https://www.foreignaffairs.com/articles/china/2018-02-13/china-reckoning>. The best analysis from the administration’s perspective is from Vice President Mike Pence in his speech at Hudson Institute. See “Remarks by Vice President Pence on the Administration’s Policy Toward China,” Oct. 4, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/>. Another “engagement failed” article by an experienced China hand is John Pomfret’s “Engagement with China Is Failing. Time for ‘Constructive Vigilance,’” *Washington Post*, Nov. 28, 2018, <https://www.washingtonpost.com/news/globalopinions/wp/2018/11/28/engagement-with-china-is-failing-time-for-constructivevigilance>. Finally an excellent analysis of the “engagement failed” debate from a well-regarded China scholar is Alastair Iain Johnston’s “The Failure of the ‘Failure of Engagement’ with China,” *The Washington Quarterly*, Summer 2019, 99-114.

⁶²⁰ Donald J. Trump, *National Security Strategy of the United States of America*, The White House, Dec. 2017, <file:///E:/NSS-Final-12-18-2017-0905-2.pdf>, 3, 45-46.

Maritime Silk Road.”⁶²¹ More significantly for the security implications of competition, the NSS also expanded the official scope of America’s Asian security interests from its traditional East Asian and Pacific Ocean orientation to one that includes the Indian Ocean region. Confusingly, it elected to define the “Indo-Pacific” as a region that stretches from the west coast of India to the western shores of the United States.⁶²² This definition confused many since it left much of the western Indian Ocean and virtually all of the Arabian Sea—where the PLA Navy has been most active—outside the official definition of “Indo-Pacific.” In truth, this does not really matter, because policy has treated the Indian Ocean region seamlessly. The fact that the Trump administration’s definition of the Indo-Pacific does not cover the entire Indian Ocean, does not change the reality that the geographic scope of security interests has been expanded to include the Indian Ocean region. To emphasize this shift, the name of combatant command responsible for the region was changed to “Indo-Pacific Command.”⁶²³ In short, the 2017 strategy document should be considered the opening shot in the expansion of Sino-US competition to the Indian Ocean region.

As a follow-on to the NSS, the Pentagon produced two strategy documents—first the 2018 *National Military Strategy* (NMS), and then the 2019 *Department of Defense Indo Pacific Strategy Report*. They both doubled down on competition by asserting that China “seeks *Indo-Pacific regional hegemony* in the near-term and displacement of the United States to achieve

⁶²¹ This perspective is reflected well in U.S-China Economic and Security Review Commission, “2018 Annual Report to Congress: Executive Summary,” Nov. 16, 2018, https://www.uscc.gov/sites/default/files/annual_reports/Executive%20Summary%202018%20Annual%20Report%20to%20Congress.pdf. For example: “Beijing wants to use BRI to revise the global political and economic order to align with Chinese interests. Official Chinese communiqués focus on the initiative’s economic objectives—building hard and digital infrastructure, fueling domestic development, and expanding markets and exporting standards. But China also seeks strategic benefits from BRI, despite its insistence to the contrary. Beijing’s geopolitical objectives for the project include securing energy supplies, broadening the reach of the PLA, and increasing China’s influence over global politics and governance. Countries around the world are starting to compare their experiences with BRI projects to China’s lofty rhetoric and early promises of easy, no-strings-attached infrastructure financing. As a consequence, some participating countries have begun to voice concerns about BRI projects creating unsustainable debt levels, fueling corruption, and undermining sovereignty.” See pages 10-11.

⁶²² *National Security Strategy of the United States*.

⁶²³ Scott Neuman, “In Military Name Change, U.S. Pacific Command Becomes U.S. Indo-Pacific Command,” *The Two-Way: Breaking news from NPR*, May 31, 2018, <https://www.npr.org/sections/thetwo-way/2018/05/31/615722120/in-military-name-change-u-s-pacific-command-becomes-u-s-indo-pacific-command>.

global preeminence in the future” (emphasis added).⁶²⁴ The documents provide no evidence for this claim, nor do they define the nature of the “hegemony” Beijing seeks. Hegemony is commonly understood as some blend of leadership, dominance, predominant influence, and authority. It has been commonplace to suggest that China ultimately seeks to play the leading role in East Asia, and wants to supplant the United States as the predominant power in that region. What these two official U.S. government documents claim, however, is that China’s hegemonic ambitions are not limited to the Western Pacific region and now include the Indian Ocean region as well. If China does have hegemonic goals, an early manifestation should be an increase in its military presence in the region.

Comparing the Soviet Experience to China’s Current Indian Ocean Posture

Among the obvious differences between today and the Cold War period discussed previously is that today’s US Navy posture in the Indian Ocean is the direct opposite of what it was in the 1970s. Then, the US footprint was tiny and the Soviets’ footprint, from the late 1960s on, was substantial. Today it is the PLA that has the small footprint, whereas the US Fifth Fleet, headquartered in Bahrain, is the predominant naval power in the Western Indian Ocean. The other obvious difference is that the Soviet motivation for involvement in the Indian Ocean was dictated by the philosophical political-economic struggle between communism and capitalism (the free world); it was a zero-sum, often very violent struggle between the Communist Bloc, led by Soviet Union and “Red” China, and the “West,” led by the United States to gather like-minded states to one another’s side.

Geo-economic motivation is why the PLA is in the Indian Ocean

China’s serious geo-economic considerations regarding the security implications of its growing economic footprint along the Indian Ocean predate by a decade Xi Jinping’s 2013 kickoff of the Belt and Road Initiative. As a result of study and analysis, the Central Military Commission (CMC) concluded that the nation’s growing overseas economic interests had created political and security issues that had to be addressed. This judgment was made public in 2004, when the PLA’s top mission guidance was changed. Then Party secretary Hu Jintao, head of the CMC,

⁶²⁴ James Mattis, “Summary of the 2018 National Defense Strategy of the United States of America,” Department of Defense, undated, <file:///E:/2018-National-Defense-Strategy-Summary.pdf>, 2; and Department of Defense, *Indo-Pacific Strategy Report: Preparedness, Partnership and Promoting a networked Region*, June 1, 2019, https://media.defense.gov/2019/May/31/2002139210/-1/-1/1/DOD_INDO_PACIFIC_STRATEGY_REPORT_JUNE_2019.PDF, 8.

announced a new set of “Strategic Missions and Objectives” for the Chinese armed forces.⁶²⁵ This document reflects a major turning point in Chinese thinking about the role of the PLAN, because the Chinese military was directed to play a greater role in “safeguarding China’s expanding national interests.” It calls on all the armed forces to broaden their view of security to account for China’s evolving national interests—especially its expanding global economic footprint, reflected in part by overseas investment and the dramatic growth in the number of Chinese civilians abroad, particularly in Africa. It also emphasized the central importance of imported natural resources, especially oil, to feed the economy. What it meant for the navy, was that it needed to develop “blue water” capabilities, while the entire PLA needed to become more “expeditionary.” It needed to eventually be able to provide security as far away as East Africa.

Experience in distant theater naval operations

When the Soviet Navy decided to create the Soviet Indian Ocean Squadron (*Eskadra* in Russian) in the late 1960s, it had already learned how to sustain naval squadrons or flotillas in the East Mediterranean. Therefore, using the concepts associated with sustaining a reasonably significant naval presence outside of Soviet home waters in order to pursue national political objectives in a particular region (including protection of Soviet commercial shipping) were not new. What *was* new was the experience of logistically supporting them thousands of miles away from Soviet homeports. The Soviets’ logistical solution was to deploy a significant number of support ships—repair ships, berthing barges, oilers, dry cargo, etc.—that were permanently moored in a politically friendly port or roadstead so that Soviet warships could be well provisioned and maintained. This was a rough approximation of the US Navy’s approach during the Pacific campaign of World War II.

Looking to the future, this is an approach that the PLAN could employ if it decides to create a larger footprint independent of its antipiracy mission. China has so far never expressly created a deployed naval squadron that was assigned broad regional political, economic, and security objectives. But, over time, PLAN leadership has learned the value of capitalizing on its counterpiracy presence in the Northern Arabian Sea, by extending the deployment period so the PLAN task groups could conduct broader political/diplomatic tasks before and after the piracy patrols. This would not be possible if PLAN ships were not operationally reliable. It is doubtful that after six or so months of steady operations the PLAN would send its ships to West African or Eastern Mediterranean ports if it were worried about them breaking down far from home in areas with no ready maintenance support at hand. Beijing’s use of the PLA Navy as a tool of China’s diplomatic agenda by showing the flag and its handsome new ships in distant

⁶²⁵ Hu Jintao, “Understand the New Historic Missions of our Military in the New Period of the New Century,” National Defense Education website of Jiangxi Province, on line, available at: <http://gjjv.jiangxi.gov.cn/y1.asp?did+11349.htm>.

ports is very much in the tradition of how the US Navy has been employed in the post-World War II decades, and what other great navies, including the Soviet Navy, have practiced.

Basing issues

One of the most obvious similarities between the Soviet IO experience and China's current activity is the desire for basing facilities in the Horn of Africa. At first glance the Soviets appear more ambitious because their political-ideological agenda for the so-called "third world" impelled a need to constantly collect friendly nations, especially those with useful basing potential. Over a 20-year span in and around the Horn of Africa, the Soviets established major naval and air support facilities in Berbera, Somalia, in Ethiopia's Dahlak Islands in the Red Sea, and in Aden and on Socotra Island in Yemen (PDRY).

China is as eager as the Soviets to gain access to as many places as possible along the Indian Ocean littoral, especially the Horn of Africa. But China is approaching the desire for shore support for its naval ships through what should be characterized as a "place *and* base" way to establishing assured access throughout the Indian Ocean region. It has many "places" potentially available, thanks to friendly political relations with most of the littoral nations. When combined with the ubiquitous presence of COSCO Logistics in many of these nations, they provide a trusted state-owned enterprise (SOE) that can reliably provide food, fuel, shore support such as fresh water, and shore electrical power so that ships' generators can be shut down for maintenance.⁶²⁶

This sort of support was adequate for counterpiracy task forces for nine years, but Beijing eventually found it necessary to change its long-standing policy of decrying overseas bases as features of hegemonic behavior when the navy realized it needed something more substantial and permanent than merely pulling into a "place" such as Salalah, Oman, for food, fuel, and shore leave. Like the Soviet Navy, the PLAN wanted a place of its own. As a result, we now have the spectacle of Beijing rationalizing Djibouti as a logistics "outpost" in the western portion of the Indian Ocean as a necessary contribution to regional security and development—as well it might be.

The attractiveness of politically stable Djibouti as a basing facility for the US, Japan, France, Italy, and now China, provides a useful contrast to the political turmoil in host countries that bedeviled the Soviets, and, to a lesser degree, the United States, during the Cold War. China reached a basing agreement with the government of Djibouti in 2015, and on August 1, 2017,

⁶²⁶ See www.cosco.com/en/global_offices/staff.jsp?catId=299.

China's first overseas base was opened (see Figure 27). In return, the president of Djibouti was granted a four-day state visit to Beijing, where a number of economic deals were arranged.⁶²⁷

Figure 27. Opening ceremony at PLA's first overseas base in Djibouti, August 1, 2017



Source: "China plans to build Djibouti facility to allow naval flotilla to dock at first overseas bases," *South China Morning Post*, Sept. 27, 2017.

When it comes to sea lanes, the significance of the port of Djibouti and its adjacent port of Doraleh, located at the Bab al Mandeb chokepoint leading to the Red Sea and Suez Canal, is obvious. In addition, however, it has the potential to support PLAN missions that are not related to antipiracy. This is not a modest facility; it has the potential, and likely mission, to also support Chinese UN peacekeeping forces in Africa; act as a rally-point for Chinese diplomats, businessmen, and laborers who have been evacuated from troubled African countries; and contribute a wider PLA Navy presence mission throughout the Western Indian Ocean that could quickly morph into protection of sea lanes in case of crisis with India or the United States.

Crucially, this facility also provides the PLA with a permanent intelligence focal point that can provide PLA forces in the region with evaluated, finished regional information. Significantly, it appears large enough to someday become the headquarters of a PLA regional commander, who

⁶²⁷ Bai Tiantian, "Djibouti president kicks off Beijing visit as China expands interest in Africa," *Global Times*, Nov. 11, 2017, <http://www.globaltimes.cn/content/1076682.shtml>.

conceivably could have responsibility for PLA Navy activities throughout some portion of the Indian Ocean. Finally, unlike the Soviets, the Chinese also have significant and legitimate economic interests in the Horn of Africa that make the Djibouti facility practical and understandable. These are clearly spelled out in an *East Asia Forum* article:

China's capital exports to Africa are on the rise... China's stock of overseas direct [investment in Africa](#) more than doubled between 2011 and 2015 from US\$16 billion to US\$35 billion. China also extended [loans totaling US\\$63 billion](#) to African nations for power, transport and other projects over the same period.

This growth of investment in and lending to Africa has contributed to an increase in Chinese citizens on the continent. Official Chinese statistics show that from 2011 to 2015 the number of Chinese citizens working in Africa increased from [180,000 to 264,000](#), while unofficial estimates of the overall number of Chinese citizens in Africa range from [1 to 2 million](#). China also continues to be a large contributor to UN peacekeeping efforts in Africa—particularly in [South Sudan](#), where Beijing has [invested billions](#) in the oil sector.⁶²⁸

Some 1,500 nm east of Djibouti across the Arabian Sea, lies the Pakistani port of Gwadar. It is perfectly placed to become a base for PLAN ships with a mission to patrol the approaches to the Strait of Hormuz. The Soviets did not have to worry about oil sea lanes from the Persian Gulf; China does. According to the US Department of Defense, Pakistan is the likely choice for a “place” to become Beijing’s next base.⁶²⁹ In 2015, China obtained a 40-year lease to manage the port. Gwadar is the maritime terminus of the China-Pakistan Economic Corridor (CPEC), an ambitious economic project that includes highways, dams, hydropower projects, railways, and pipelines.⁶³⁰

Making friends in the Indian Ocean region

The Soviets capitalized on the popularity of socialist or Marxist political-economic systems among emerging nations, this, when combined with a defense industry that provided massive amounts of military assistance, served as a way to gain and sustain “friendships” in the region. China also wants regional relationships, but is using different tools. The Soviets depended on

⁶²⁸ Jeffery Becker and Erica Downs, “China’s Djibouti military base the first of many,” *East Asia Forum*, 27 June 2018, <http://www.eastasiaforum.org/2018/06/27/chinas-djibouti-military-base-the-first-of-many/>.

⁶²⁹For an official discussion by the US government on the topic of Chinese overseas access, see Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China 2017*, Office of the Secretary of Defense, 20 May 2017, https://www.defense.gov/Portals/1/Documents/pubs/2017_China_Military_Power_Report.PDF, 5.

⁶³⁰ An interactive link, “China’s super link to Gwadar Port,” *South China Morning Post*, <https://multimedia.scmp.com/news/china/article/One-Belt-One-Road/pakistan.html>

Marxist political mentorship and modern weapons at “friendship prices.” Until recently, China had largely eschewed the political and instead focused on “win-win” economic approaches that centered on infrastructure development and no-questions-asked loans, to gain access. Now its version of “win-win” also includes touting its model and techniques of social control as a way to maintain political stability for fellow authoritarians.⁶³¹

China’s move into Djibouti has a significant economic component that relates to Ethiopia. Ethiopia has been among Africa’s fastest growing economies and was China’s leading investment destination in sub-Saharan Africa. Between 2006 and 2015, Chinese entities loaned more than \$13 billion for infrastructure and industrial parks, although in 2018 investment eased among concerns over Ethiopia’s political instability.⁶³² The Addis Ababa–Djibouti Railway was built between 2011 and 2016 by the two Chinese companies that also manage the operations of the railway, providing passenger, freight, and maintenance services. It links Addis Ababa in Ethiopia with the Port of Doraleh in Djibouti, and it provides landlocked Ethiopia with railroad access to the sea. More than 95 percent of Ethiopia’s trade passes through Djibouti, accounting for 70 percent of the activity at the Port of Djibouti.⁶³³ China has over 400 separate investment projects, representing US\$ 4 billion worth of Foreign Direct Investment (FDI) in Ethiopia.⁶³⁴ But, as the June 2019 coup attempt in Ethiopia illustrated, Beijing has been reminded, just as the Soviets were, that it can never assume long-term political stability with Horn of Africa nations.⁶³⁵

The 21st-Century Maritime Silk Road

The Soviet Navy came to the Indian Ocean region because of political opportunism, lending tangible support to the many newly independent colonies that Moscow hoped to enlist as “card-carrying” members of the global “Socialist Camp.” In contrast, China comes seeking raw materials, investment opportunities and markets for Chinese exports. It also comes because the most cost-effective way to transport its exports to the Middle East Africa and Europe is via

⁶³¹ Note on Chinese advancement of political model

⁶³² “China scales back investment in Ethiopia,” *Financial Times*, June 13, 2018, <https://www.ft.com/content/06b69c2e-63e9-11e8-90c2-9563a0613e56>

⁶³³ Aaron Maasho, “Ethiopia to take stake in Port of Djibouti, its trade gateway—state media,” Reuters, May 1, 2018, (Accessed June 14, 2019), <https://www.reuters.com/article/ethiopia-djibouti/ethiopia-to-take-stake-in-port-of-djibouti-its-trade-gateway-state-media-idUSL8N1S81QA>

⁶³⁴ Staff reporter, “Chinese FDI in Ethiopia reaches USD four bln,” *The Reporter*, Sept. 1, 2018, <https://www.thereporterethiopia.com/article/chinese-fdi-ethiopia-reached-usd-four-blm>.

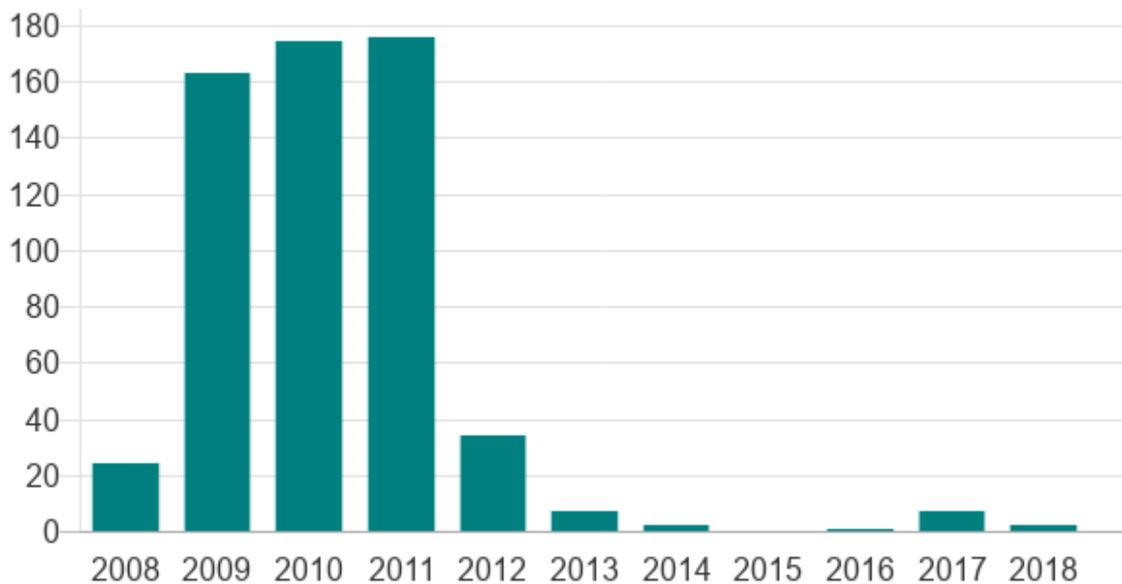
⁶³⁵ “Killings and claims of an attempted putsch rock Ethiopia,” *The Economist* (print edition), June 27, 2019, (accessed July 1, 2019), <https://www.economist.com/middle-east-and-africa/2019/06/27/killings-and-claims-of-an-attempted-putsch-rock-ethiopia>.

the Indian Ocean. By 2013, when Xi Jinping inaugurated his signature Belt and Road Initiative (BRI), the “the Maritime Silk Road” sea lane was already a well-established fact.

The series of interrelated sea lanes that run from China’s major ports, through the Indonesian Straits, and then along the Indian Ocean’s northern littoral, grazing East Africa (including Djibouti), before transiting the Red Sea and Suez Canal into the Eastern Mediterranean, is a millennium-old trading route. This “road” has been heavily traveled by China’s (as well as other nations’) shipping. While piracy emerged for a few years as a serious concern (see Figure 28), the fact is that since the end of World War II no country has attempted to sever this link. It is implicitly guarded by maritime nations along the way—especially Australia and India—and by forward-deployed US naval forces.

Figure 28. Somali pirate attacks, 2008-2018

Somali pirate attacks, 2008-2018



Source: European Naval Force.⁶³⁶

This chart suggests that the piracy problem has largely dissipated, but the PLAN piracy patrols relentlessly continue to be dispatched. This strongly suggests that Beijing has a broader interest, such as wanting the presence of Chinese warships in the far reaches of the Indian Ocean to become a normal fact of life. The downturn in piracy activity has permitted the

⁶³⁶ “Somali Pirates: How foreign powers are tackling it,” Dec. 11, 2018, <https://www.bbc.com/news/world-africa-46454055>.

implicit broadening of the counterpiracy task force mission to encompass the full range of operational responsibilities encompassed by the phrase “safeguarding China’s expanding national interests.” It should also be noted that the PLAN is still a relative newcomer to the “blue water navy” club, so “blue water” training and experience are important to the PLAN’s professional development even if there are few pirates to shoo away. Just as forward deployments are a way of life in the US Navy in peace or war, for the PLAN there is no substitute for the experience gained and challenges overcome when ships must operate for months at a time, thousands of miles away from home bases.

Submarines in the Indian Ocean

For the earliest days of the Soviet naval presence in the Indian Ocean, submarines formed an important part of the Indian Ocean Squadron. The PLAN has already followed that model with submarine deployments to the Indian Ocean and apparently to the Arabian Sea as part of an antipiracy task force. Because submarines remain the most difficult type of warship to keep track of, this has triggered anxiety on the part of the Indian Navy, which worries about its own sea lanes to East Africa and the Persian Gulf. Based on prior experience with the Soviets, depending on the pace of PLAN submarine deployments to the Indian Ocean region, it may be necessary to develop a theater-wide approach to submarine monitoring that includes Australia and India.⁶³⁷

One reason why the Soviets determined that a naval presence in the Indian Ocean was desirable was its anxiety over US Navy SSBN deployments to that region. Today, the issue of SSBN deployments in the Indian Ocean has reemerged, with an entirely different cast of players. In August 2016, India commissioned its first SSBN, *INS Arihant*. This indigenously built submarine is the first of a planned class of five Indian SSBNs. In November 2018 *Arihant* was declared operationally ready after it completed its first deterrence patrol.⁶³⁸ The goal for New Delhi is an assured nuclear second-strike capability against Pakistan and China. This is a new threat for China, and raises the question of whether it will respond with ASW efforts aimed at keeping track of India’s SSBNs or deploy its own SSBNs to the Indian Ocean in order to provide a different ballistic missile approach azimuth from that of India.⁶³⁹

⁶³⁷ “US helping India Track Chinese Subs,” *Indian Defense News*, Jan. 21, 2017, <http://www.indiandefensenews.in/2017/01/us-helping-india-track-chinese-subs.html>.

⁶³⁸ “INS Arihant: A warship which can dive to 300 metres, remain under water for months,” *Economic Times*, Nov. 5, 2018, <https://economictimes.indiatimes.com/news/defence/ins-arihant-a-warship-which-can-dive-to-300-metres-remain-under-water-for-months/articleshow/66516888.cms>.

⁶³⁹ Kyle Mizokami, “Why China and Pakistan should fear India’s Arihant class of submarine,” *The National Interest*, Jan. 22, 2017, <http://nationalinterest.org/blog/the-buzz/why-chinapakistan-should-fear-indias-arihant-class-19128>.

Implications for the Future

But as China continues to make significant investments along the Maritime Silk Road—all the way from its western termini in Italy and Greece, through the Suez Canal and Red Sea to Ethiopia and Djibouti, along the littoral of the subcontinent to Pakistan, Sri Lanka, and the Maldives to the Indonesian Straits—it seems unlikely that Beijing will be willing to remain dependent upon the forward-stationed naval power of the United States and India for sea lane security. After all, these are the navies that have ability to interrupt the sea lane as well as guard it. In the Western Indian Ocean, US Fifth Fleet holds maritime power; in the Central and Eastern Indian Ocean, the Indian Navy is supreme; and in the Eastern Indian Ocean and approaches to the Indonesian straits, the Australian Navy and US Seventh Fleet are on duty. Collectively, these forces hold the security of China’s “Maritime Silk Road” in their hands.

This suggests that as China’s stake in the Indian Ocean region continues to expand, Beijing will call upon its navy to introduce more naval capability into the Indian Ocean on a rotational basis. The goal is to redress the current imbalance in IO regional maritime power. This means that more bases and more ships will eventually be present.

The PLA Navy already has all the necessary pieces in hand—carrier air, land attack cruise missiles on multimission destroyers, sophisticated air-defense-capable destroyers, ASW frigates, multiproduct replenishment ships, and large amphibious ships—that, when assembled, have the potential to be a very credible multimission naval task force. By 2020 China will have the second-largest modern amphibious capability in the world (after the United States), and potentially will be able to embark between 5,000 and 6,000 marines for operations anywhere in the world. When combined with modern destroyers and frigates as escorts and an aircraft carrier to provide air defense and limited strikes at land targets, such a force could easily form a credible PLA power-projection force.

In the Cold War, Washington saw itself in a competition for access, treating it as a zero-sum game; however, that is not the case today, as the unfolding Djibouti experience illustrates. Today if there is a game for influence, it is between New Delhi and Beijing; Washington is not playing. Washington pursues access and basing agreements with Indian Ocean littoral states solely based on US military needs and so far has not actively sought to counter Chinese attempts to gain influence.

Beijing’s fixation with SLOC defense and the related protection of the maritime leg of BRI has put the PLAN into an unfamiliar situation. The PLAN is the “away team,” forced to operate in the shadow of the most capable military in the region, the armed forces of India. But, other than working to prevent terrorists from landing along its extensive coast line, India apparently does not have a unifying theory for the defense of maritime approaches that resembles China’s A2/AD because, until now, India has not needed one. In the future, depending on New Delhi’s threat perception of the PLAN presence, India may need to capitalize on its geographic position

to put in place a joint area-denial capability to defend its maritime interests. A useful example would be Australia. In the Eastern Indian Ocean, the very capable armed forces of Australia already pursue a defense of Australia based on a sea denial strategy that employs submarines and land-based airpower coupled to advanced open ocean surveillance.

Should the PLAN begin to maintain a routine naval presence in the Indian Ocean in addition to its antipiracy operations, such an increase seems likely to increase Indian apprehension regarding long-term Chinese objectives along the Indian Ocean littoral. That could increase the incentives for an even closer Indian-American naval relationship. The pace of that relationship will naturally be dictated by the overall state of Sino-Indian relations; however, it is conceivable that an increase in PLAN presence, especially submarines, could result in some sort of combined India-US ASW organization dedicated to keeping track of in-region PLAN submarines. India's concerns about China's growing influence have also spurred its own engagement activities with its near neighbors, Sri Lanka and the Maldives, as well as the Indian Ocean island states of Mauritius and the Seychelles.

A highly speculative implication is that by the mid 2020s the PLAN could begin to maintain a deployed carrier-centered fleet of 15 to 20 ships in the Western Indian Ocean. Assuming a generous turn-around ratio of 5 to 1, the PLAN is already able to maintain 18 warships on station in the Western Indian Ocean on a full-time basis. The major shortfall is in carrier-based aircraft. The PLAN would not enjoy the potential of carrier-based air on a full-time basis. That potentially could be offset, with land-based fighters deployed to Djibouti or Gwadar. This is not without problems. First, a major problem would be gaining host nation approval. Second, China would have to construct the fields, which would be expensive and controversial in both cases, although Gwadar seems to present less of an engineering problem. In Djibouti, the adjacent air field associated with China's base is suitable for helicopters but is too short for military jets. Personal discussions with experts from Djibouti suggest, however, that, due to its orientation, the field is well suited for being extended into the Indian Ocean, with landfill used to create a runway capable of use by military aircraft.

In short, China already has a naval capability of over 100 ships that can routinely deploy to the Indian Ocean. It is entirely possible that by 2025 this capability could grow to around 150 ships, including three carriers. It seems very likely that, in its desire to have in place a credible capability to secure its sea lanes that cross the Indian Ocean, Beijing will begin to gradually build up its daily presence in the Indian Ocean, separate from its antipiracy efforts, and attempt to do so in a non-threatening way. The strategic impetus would be Sino-US competition plus a growth in US-Indian-Australian naval cooperation. Despite China's formulaic protestations that its intent is peaceful, Indian Ocean nations are likely to become more concerned about their own security. This has already happened in East Asia, where China's desire to ensure its own security through military modernization combined with an assertive security policy, has made its neighbors feel less secure.

This forecast is not preordained. The Chinese CMC could easily conclude that in practice protecting a sea lane across the Indian Ocean is simply too hard, and choose to keep the majority of its blue water navy active in East Asia.

That would mean it had decided that its naval presence needs would be handled much as they have been for the last decade—with a handful of ships. Given the investment already made in Djibouti—along with the continuing importance of the Maritime Silk Road, plus Xi Jinping’s call for a “world class navy”—this option seems less likely. The more likely outcome is, as I suggest, a growth in PLAN presence aimed at creating a PLAN Indian Ocean Squadron.

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