China’s Expanding Military Maritime Footprints in the Indian Ocean Region (IOR)

India’s Response
China’s Expanding Military Maritime Footprints in the Indian Ocean Region (IOR)

India’s Response

Gopal Suri
China’s Expanding Military Maritime Footprints in the Indian Ocean Region (IOR): India’s Response

by Gopal Suri

ISBN 978-93-86618-12-2

First Published in 2017

Copyright © Vivekananda International Foundation, New Delhi

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the Publisher.

Disclaimer: The views and opinions expressed in the book are the individual assertion of the Authors. The Publisher does not take any responsibility for the same in any manner whatsoever. The same shall solely be the responsibility of the Authors.

Contents of this volume are based on information available from open sources, and no personal knowledge or classified material has been used: Gopal Suri

Published by
PENTAGON PRESS
206, Peacock Lane, Shahpur Jat
New Delhi-110049
Phones: 011-64706243, 26491568
Telefax: 011-26490600
email: rajan@pentagonpress.in
website: www.pentagonpress.in

Printed at Avantika Printers Private Limited.
CONTENTS

Foreword 7

1. The Indian Ocean in World Affairs 9
   The Indian Ocean 9
   Trade in the Indian Ocean 10
   International Shipping Lanes 11
   Piracy 13
   Political Instability 13
   India in the Indian Ocean 14

2. China’s Interests in the IOR 16
   China’s Recent Interests 16
   Security of Energy 18
   China’s Oil Imports 18
   China’s Gas Imports 18
   Sea Routes for China’s Oil and Gas Movement 20
   Chinese Investments 21
   China’s Trade 24
   China’s Quest for Natural Resources 26
   Minerals, Metals and Ores 27
   Agricultural Raw Materials 28
   Free Access to High Seas 29
   Power Projection: Global Aspirations 30
   Chinese Needs and the IOR 31
   Chinese Activity in IOR 32
   Deep Sea Exploration 32
   Gaining Stake in Regional Maritime Security 34
   Fears of American and Indian Intervention 35
   Bane of Piracy 36
   China’s Interests 37
3. **China’s Military Maritime Strategy and the Indian Ocean Region**
   - Build-up of the PLAN 43
   - Development of China’s Military Maritime Outlook 44
   - Current PLAN Strategy 45
   - The Science of Military Strategy (SMS) 46
   - The 13th Five Year Plan (2016-2020) 49
   - China’s Indian Ocean Outlook 51
   - China’s Indian Ocean Strategy 55

4. **Chinese Initiatives in the Indian Ocean Region, the 21st Century Maritime Silk Road and China Pakistan Economic Corridor**
   - China’s Vision 58
   - The 21st Century Maritime Silk Road 59
   - CPEC and Gwadar 63
   - China’s Aspiration 68

5. **Ports and Pipelines**
   - Maritime Infrastructure 71
   - China’s Ports in the IOR 71
   - Pipelines in IOR 80
   - Ports and Pipelines for China 82

6. **China’s Maritime Military Activity in the IOR**
   - Military Presence 87
   - Naval Deployment 88
   - Bases and Ports of Call 92
   - Chinese Arms Sales 94
   - Prognosis 98

7. **India’s Response**
   - India’s Concerns 101
   - Suggested Responses 106
   - Conclusion 110

**Index** 112
The Indian Ocean Region (IOR) in general, and the Indian Ocean in particular has turned into a strategic hot spot in the recent years. Ever a great oceanic expanse of geo-strategic significance due to its centrality in continental commerce and a conduit of energy supply to the Asiatic powers, this region has found added salience as a medium to the fruition of the ‘Chinese Dream’ as propagated by the People’s Republic of China (PRC). China therefore has launched a massive programme to establish its presence in this Region.

In the normal course of nation building endeavour, the PRC’s venture into this theatre would be understandable. The concern, however, that causes India to be wary of China’s Indian Ocean aspirations are the intention, and the means and methods that China adopts in registering its ‘presence’ in this expanse of Asiatic life-line. As is its wont, China sees the IOR as its ground of strategic domination in which its economic relationships are sought to be articulated based on military power projection. Accordingly, militarisation of the Indian Ocean has assumed top priority in China’s political and economic road map towards its achievement of global power status. Obviously, in so doing, it has triggered an entirely uncalled for competition with other stakeholders of the Indian Ocean – the United States, Britain, France, Australia and Japan among them. Given the PRC’s propensity of domineering attitude backed by military muscle-
flexing, that cannot be a development conducive to peace and regional harmony.

India’s geographically ordained ‘control position’ in the IOR makes China see it as a rival and an obstacle to its hegemonic goals. The result is that China has featured the Indian Ocean as its military ‘beat’ which, combined with its intended military bases all around the Indian Peninsula, would isolate India from its traditional neighbourhood bondages.

This monograph titled ‘China’s Expanding Military Maritime Footprints in the Indian Ocean Region (IOR): India’s Response’ is a factual description of the PRC’s conceived, adopted and active methods to usurp the said ‘control position’ in the Indian Ocean. Having outlined the schemes which China pursues towards that end, the paper dwells upon certain key recommendations that would protect Indian interests and the interests of the sub-continental neighbourhood.

I am sanguine that the readers would find this analysis of much use in understanding the issue that looms as a new threat to India’s national security.

Jai Hind,

General NC Vij, PVSM, UYSM, AVSM (Retd)
Director VIF

New Delhi    Former Chief of the Army Staff &
Jul 2017    Founder Vice Chairman, NDMA

*
CHAPTER 1

The Indian Ocean in World Affairs

The Indian Ocean

The Indian Ocean is the third largest ocean of the world, and has gained increasing importance in world affairs since the last three decades of the century gone by. It has a singular geographical construct wherein it is bound by Africa in the West, Asia in the North and East, and Australia towards the South East. It stretches all the way to Antarctica in the South, and is also connected to the Atlantic and the Pacific oceans in its Southern reaches. The Indian Ocean has a number of access points, which makes it unique since control of these access points allows control of the extensive shipping lanes that carry vital cargo across the vast expanse of this ocean. The Indian Ocean is also home to regions that produce more than 40 percent of the world’s offshore petroleum, and rapidly growing economies which have brought it to the center stage of the world’s geopolitics. The region also has its share of troubles, with a number of unstable States and a host of problematic issues like piracy and fundamentalist terrorism. India sits at the head of this ocean – which is where the Indian Ocean derives its name from – and is one of the few stable democratic countries in the region. India’s historical legacy of having been the base for all real-politick in the colonial past of the region,
coupled with its current economic preeminence, not only makes it occupy a prominent place in all affairs of the region, but also makes it incumbent on India to take on a leadership role.

**Trade in the Indian Ocean**

The Indian Ocean derives its importance from the trade routes that crisscross its expanse. While various groups like the Andhras, Cholas and Arabs did control regional trade at various times in its history, the Indian Ocean remained largely free for navigation. Thus, trade continued unimpeded through the ages, till the advent of the Portuguese. It has also been the carrier of India’s foreign trade, with recorded evidence stretching back to the 9th Century BCE. Trade formed the centerpiece of the linkages binding the Indian Ocean Region (IOR), which was broken by the Battle of Diu in 1509. The Battle of Diu marked a decisive shift in this trend, when the Portuguese achieved mastery of these seas and laid the foundation for extra-regional European powers to control this trade. The disruptive effect of such extra-regional control destroyed the economies of the littoral nations of the IOR, after-effects of which are felt even today. Consequently, the patterns of trade were dictated by the needs of Europe, which were sometimes detrimental to the economic needs of the littoral nations. The trade routes of the Indian Ocean continue to be some of the most important in the world, though the goods carried on it have changed. They now carry two-thirds of the world’s seaborne trade in oil, 50 per cent of the world’s seaborne container traffic and one-third of the world’s seaborne bulk cargo. It, therefore, carries the world’s highest tonnage in the seaborne transportation of goods, but what is more interesting is the fact that only 20 per cent of this trade is intra-regional while 80 per cent of it is extra-regional. Maritime trade also constitutes the backbone of India’s economy despite geographical shifts in the pattern of India’s trade. India is strategically dependent on the import of a variety of resources – like oil and a range of commodities – from the resource-
rich countries of Latin America and Africa, to support its continued economic growth.

**International Shipping Lanes**

The highways of the modern world are resident on the oceans, and the Indian Ocean is no exception. This is the cardinal reason for the interest of extra-regional powers in the region, more so China, in recent times. It is these International Shipping Lanes (ISL) across the IOR that garner eyeballs in a conflict, or becoming tempting targets of inimical interests. A glance at the map shows the high density of the world’s shipping lanes which flow through the vast expanses of the Indian Ocean, connecting Europe, the Middle East, the Far East and the Americas.

With the opening up of the Arctic and the fabled North West passage in the not too-distant future and the continued demand

![Figure 1: Ship Density in the Indian Ocean](image)
for commodities in the fast growing economies of the region, this traffic will only increase. Disruption of this traffic can have disastrous consequences, not only on us – the residents of this region – but also on the global economy. Free and uninterrupted flow through these lifelines will require a multilateral approach towards regulation of this traffic, easing of trading restraints, taxes and other efforts to facilitate economic growth. The natural choke-points of the IOR make these Sea Lanes of Communication (SLOC) especially vulnerable in a conflict, as was witnessed during the Iran-Iraq war of the 1980s. Somalia-based pirates exploited this vulnerability again in the Gulf of Aden to extract huge ransoms till the world’s powers brought their military might to rein in this scourge. Pirates in Aceh province of Indonesia also extracted their pound of flesh in the 1990s, and some continue to do so till date in the Straits of Malacca. Historical precedents of the past when the Dutch controlled trade through the Moluccas in the 17th and

Figure 2: Somali Piracy
18th centuries further but tresses this fact. This vulnerability, therefore, continues to be a dictating factor in the maritime security calculus of all interested powers, regional or extra-regional, which has a cascading effect on the balance of power in the region.

**Piracy**

Both, local and transnational piracy, pose severe challenges to the maritime security of this vast region. The Indian Ocean saw the worst case of piracy when Somalia-based pirates nearly debilitated shipping off the East coast of Africa and the Gulf of Aden between 2005 and 2010. The expanse of piracy and the huge area affected by this scourge during this period is depicted in Figure 2. An analysis of the International Maritime Bureau (IMB) report on piracy for the period 1st January – 31st December, 2016 indicates the continuing threat in this region⁴. Although the report shows a decrease in hijackings in the Gulf of Aden and off Somalia since 2011, piracy continues to present a debilitating threat to commerce in this area. The report also indicates a very high level of piracy off the coasts of Indonesia, Malaysia and Philippines – which is a nuisance affecting the local region.

**Political Instability**

The IOR has a number of resident States severely affected by political instability. The current situation in Yemen, Iraq and Afghanistan is worrisome to say the least. The Washington-based think tank, Fund for Peace, carries out an annual ranking of 178 nations based on their levels of stability and the pressures they face. Ten countries of the IOR are graded as Alert to Very High Alert in the Fragility Index. These countries are faced with issues of state legitimacy and riven by internal strife, which has led to a number of destabilising entities – like insurgent and the terrorist groups taking residence in these countries. Many of these entities, like the Islamic State (IS), al-Shabab in Somalia and the al-Qaeda
in the Arabian Peninsula (AQAP), pose a huge challenge to regional security and stability. A glance at the Fragility Index for the IOR shows the large number of unstable States in the littoral. Nations like Sri Lanka and Myanmar have also emerged out of crippling civil wars and internal disturbances, and are in the process of democratising to current-day norms. These countries have initiated development programmes, which require large external investments to lift them out of their current economic state. They are, therefore, faced with severe domestic challenges while, at the same time, they present security challenges to the stability of the region.

India in the Indian Ocean

India has an enviable geographical location as it sits at the head of the Indian Ocean, half way between the passages that control access to this critical global commons. It is this quirk of tectonic evolution, coupled with the meteorological phenomena of the monsoon and the trade winds, that has given India a unique position in the history of economics and trade of the Indian Ocean. The history of the Indian Ocean is replete with stories of seafaring merchants from Arabia and the Far East, coming to India with their ships borne on these winds for trading in the ports of the sub-continent and then returning to their lands in a similar fashion. Indian seafarers are known to have ventured into the seas of Southeast Asia, looking for the ‘Islands of Gold’ in the post-Mauryan period in the 1st and 2nd centuries BCE. India was thus the geographical center of maritime trade in the Indian Ocean.

India’s unique geographical position was one of the main reasons for the Europeans to use it as a base for expansion of their colonial power to the Far East from the 16th and 17th centuries. The establishment of the Portuguese commercial empire in the Indian Ocean was facilitated by the establishment of their base in Goa in 1510 CE, which provided the springboard for their
subsequent conquest of Malacca in 1513 CE. This laid the template for the subsequent British rule over India and Southeast Asia in the 18th and 19th centuries CE. It is also pertinent to mention that the British base in Aden, which controlled access to and from the Red Sea, was supported from India. India, in the present time, continues to be in a central position in the Indian Ocean – geographically and economically – to affect events in the IOR.

* 

END NOTES

CHAPTER 2

China’s Interests in the IOR

China’s Recent Interests

Although China has had linkages with this part of the world which date back to the first millennium, she has been a rather late entrant to the Indian Ocean. The famous Admiral Zheng He’s voyages in the early part of the 15th century used the sea lanes of the Indian Ocean to reach various parts of Africa and Asia. However, China since then has been largely absent from the Indian Ocean. It is only during the past two decades that it has realised the importance of these waters, primarily due to the reserves of energy and natural resources that lie in the littoral of this ocean. China’s economic growth has been fuelled by energy supplies from this region, which will remain a major source into the foreseeable future. China’s emergence as a trading power also depends on the free flow of seaborne traffic, much of which is carried on the shipping lanes of the Indian Ocean. China has, therefore, been emphasising the importance of the Indian Ocean in recent times at various fora. In fact, Vice Admiral Su Zhiqian, Commander of East Sea Fleet, said at the Galle Dialogue in 2012: “Peace and stability of the Indian Ocean relates to that of the whole world; freedom and security of navigation on the ocean is vitally important to the restoration of the world economy.”
China has not officially articulated its interests or strategy in the IOR as it has done for other issues through the medium of White Papers. However, there is a large body of writing by various Chinese scholars on the subject. One of the most prominent is Shen Dingli, who enunciated China’s maritime interests as follows:

- Reunifying its offshore islands.
- Safeguarding its territorial waters.
- Assuring its Exclusive Economic Zone (EEZ) for its sole use, reasonably and economically.
- Protecting high sea collaboratively for global legitimate access.
- Respecting those legitimate maritime rights of other states as per relevant international law.
- Resolving maritime disputes with other claimants as peacefully as possible when they may arise, while reserving all means for sovereign purpose.

Some Chinese strategic analysts like Jiegen Zhang also talk of China’s increasing interests in the Indian Ocean. Other strategists like Zhou Bo say that China has ‘only two purposes in the Indian Ocean: economic gains and the security of SLOC’⁴. Zhou also talks of the US and India being the ‘most important for China’s freedom of navigation in the Indian Ocean’, hinting at their capabilities to interdict Chinese SLOCs... though he says this is unlikely. This view is also echoed by PLA Colonel Liu Mingfu (Retd), who goes so far as to say that the United States Navy is a major threat to China⁵. Considering these views, this essay attempts to outline some of China’s interests in the IOR on the premise that interests encompass all those key areas of national endeavour (for China) in the IOR which are essential for its growth.
Security of Energy

China’s energy needs are expected to increase exponentially in the coming decades, with forecasts predicting doubling of this consumption in the next three decades. Consumption of liquid fuels alone is predicted to double from its consumption of 10 MMbbl/day in 2010 to about 20 MMbbl/day in 2040 according to the United States Energy Administration (USEIA) in its ‘Outlook 2014’.

China’s Oil Imports

China’s oil consumption figures for 2015 stand at 578 million tonnes while the production was just 214 million tonnes with the daily consumption at more than 12 MMbbl/day. Consequently China has to import more than 70 per cent of its oil alone. Examination of the sources of China’s energy imports show that it depends largely on supplies from the Middle East, South and Central America, West Africa and the former Union of Soviet Socialist Republics (USSR). The chart below shows the sources of oil imports to China in 2014.

China’s Gas Imports

China also consumes large quantities of gas, to the extent of 180 million tonnes oil equivalent in 2015. Consequently, its domestic production of 124 million tonnes oil equivalent in 2015 is insufficient, leading to a large dependence on exports. While it imports a large quantity – to the extent of about 60 per cent from Central Asia – the remainder is imported from diverse sources, with Qatar and Australia being the largest suppliers. A glance at the chart below will show this diversity.
As can be seen from the above Figures 4 and 5, most of the energy imports have to come by sea, with 75–80 per cent of these transiting through the waters of the Indian Ocean while another large chunk, of about 10–15 per cent, transit through the Pacific Ocean. The remainder is imported through pipelines on land which is not very significant. This dependence on imports for its energy requirements is unlikely to reduce in the near term,
implying that the pattern of trade movement is likely to remain the same for some time to come.

**Sea Routes for China’s Oil and Gas Movement**

The sea routes for transportation of oil through the Indian Ocean traverse the Straits of Hormuz, Malacca Straits and the Lombok Straits, which are all geographical choke-points. Moreover, these SLOCs – both through the Indian Ocean and the Pacific Ocean – lie in waters where China does not have the required naval presence to deter threats. The Chinese are naturally concerned with this vulnerability, and hence, this issue finds mention in the military strategy as also in various writings in this field. Chinese maritime strategists like Col Liang Fang mention the Malacca Straits as an “important communication in the Indian Ocean and the Pacific Ocean Sea Lanes”.<sup>10</sup> A look at the map below, which illustrates China’s import routes and maritime choke-points,

![Figure 5: China’s Import Transit Routes and Maritime Choke-Points](image-url)
will give the reader an idea of the importance and vulnerability of these choke-points.

Consequently, these ISLs and the energy flow through them are theoretically liable to interdiction by an inimical adversary in a possible conflict, notwithstanding the practicalities of such belligerent action in international waters. It is this reality that has forced a shift in the People’s Liberation Army Navy’s (PLAN) “focus from offshore waters defense to the combination of offshore waters defense with open seas protection”\(^\text{12}\). The PLAN’s deployment in the IOR since 2008 has been geared towards achieving this capability, wherein the anti-piracy missions— involving escort of merchant vessels – have provided ample opportunity to its ships and their crews to hone the important skill of convoy protection. The PLAN has deployed almost 60 warships and replenishment ships till date for the anti-piracy escort missions, which is nearly half of the combat strength of the PLAN. These regular deployments have also enabled the PLAN to gain first-hand experience of the operating environment in the IOR, which will be crucial in any conflict. It has also helped the PLAN in developing the capability to effectively support sustained distant operations over extended periods.

**Chinese Investments**

China has been investing heavily in a number of countries around the world, and has undertaken major projects from railway lines to ports and other infrastructure. This paper restricts itself to the IOR, and hence a look at China’s investments in East Africa and the Asian littoral of the Indian Ocean as also Australia will be in order. In 2015, the summit of China-Africa Cooperation Forum upgraded China-Africa relations to a “comprehensive strategic and cooperative partnership”\(^\text{13}\). Chinese commercial presence in East Africa is primarily in the infrastructure sector spanning oil and gas, railways, ports and the like\(^\text{14}\). Many of these projects involve building linkages from the ports to the hinterland,
requiring construction of roads and railways. The Chinese recently inaugurated a railway line connecting the strategic Red Sea port of Djibouti and Addis Ababa, the capital of landlocked Ethiopia – the fastest growing economy in Africa. The line was built at a cost of $3.4 billion, and started trial service last October with official launch on January 10, 2017\textsuperscript{15}. China is also funding most of Djibouti’s 14 major infrastructure projects, valued at a total of US$ 14.4 billion according to the Agence France-Presse\textsuperscript{16}. Chinese investment in Indonesia has seen a quantum jump in recent years, with Chinese companies investing in mineral smelters, such as nickel and bauxite, as well as in the cement, automotive and steel industries\textsuperscript{17}. China is now strengthening economic engagement with Myanmar by building a deep-water port at Kyaukphyu in the troubled southwestern Rakhine Province at the cost of US$ 280 million\textsuperscript{18}. Pakistan and Sri Lanka have also seen increased

![Chinese Outward FDI in IOR: 2008-2013 (Million USD)](image_url)

Figure 6: Chinese Outward Foreign Direct Investment in IOR
flows of Chinese Foreign Direct Investment (FDI) in the past few years, especially in the wake of the announcement of the so-called ‘China’s Belt and Road Initiative’. The graphics below show the flow of Chinese investment to various countries in the region as also to specific countries in the Northern IOR. The data has been culled from United Nations Conference on Trade and Development (UNCTAD) reports on bilateral investment flows, which are available till 2013.

The above graphs clearly show a discernible increase in Chinese investment in Indonesia, Myanmar, Sri Lanka and Thailand. Most of these countries are located along the East-West shipping route which straddles the Indian Ocean, and is the main artery for energy supplies to China. The geographical lay of China’s 21st Century Maritime Silk Road (MSR) initiative also parallels this artery while the China Pakistan Economic Corridor (CPEC) marries up with the MSR through the Pakistani port of Gwadar.

![Figure 7: Chinese Outward FDI in Northern IOR](image)

Chinese Outward FDI in Northern IOR (Million US$)
The importance of this artery in the strategic calculus of China and its imprint in its Outward FDI is, therefore, obvious.

**China’s Trade**

China has been a major trading nation throughout its history, and relied on overseas routes for conduct of this trade – more so after the decline of the ancient Silk Road\(^9\). The reliance on the seas for conduct of trade has since increased significantly, with estimates of world seaborne trade volumes surpassing 10 billion tons in 2015\(^{20}\). China remains one of the drivers of maritime trade with a major impact on its trajectory. Chinese shipping accounts for nearly 15 per cent of the world’s shipping fleet – the largest share in the world, barring those registered in countries with flags of convenience like Panama, Liberia and the Marshall Islands.\(^{21}\)

China’s trade totalled nearly US$ 4 trillion in 2015\(^{22}\), most of which was carried on the seas. However, trade with countries in

![Figure 8: China’s Percentage Share of IOR Country Exports\(^{23}\)](image-url)
the IOR amounts to about 7–8 per cent of its total trade though it is growing at about 10 per cent annually. The figures given below depict China’s share in the export and import baskets of countries of the nations of the IOR.

China’s exports to countries in the IOR are clearly on the rise as can be seen in Figure 9. Australia is especially (greatly) dependent on China for its trade, with nearly 35 per cent of its exports intended for China. Many countries of the region are hugely dependent on Chinese imports, creating a situation where the balance of trade favours China, giving it leverage to be used

Figure 9: China’s Percentage Share of IOR Country Imports²⁴
when required. Many of these countries are at the lower end of the development spectrum, with largely nascent democratic political conditions making them further susceptible to economic leverage.

China’s Quest for Natural Resources

China’s quest for natural resources is a corollary to its economic growth over the past few decades. It requires huge quantities of resources like energy, minerals, metals and ores, as well as food supplies to sustain its continued growth. China has implemented a long-term natural resources strategy that maximises the State’s control over exploration, production, pricing and exports. China has, over the years, imported huge quantities of natural resources from various parts of the world – especially from Africa and Australia. The current economic slowdown in China has affected commodity markets, but its dependence on imports for natural resources is unlikely to reduce. In this section, this essay looks at China’s dependence on the countries of the IOR for various natural resources like metals and ores, minerals and agricultural raw materials. Australia is the biggest source for all these resources, far outstripping the next nearest supplier to China.

However, China’s voracious appetite for natural resources is not without its problems. The fear that Chinese ignore basic legal, environmental and labour standards in their rush to secure resources, leading to corruption, pollution and exploitation in these countries is very real, and has seen severe backlash in some of the affected countries. Notwithstanding these issues, China has garnered political influence in all these countries, many of which are fledgling democracies or continue to be dictatorships, especially in Africa. While China follows an avowed policy of non-interference in the domestic affairs of other countries, this is the exact influence which it can leverage to its advantage in safeguarding its national interests.
Minerals, Metals and Ores

China possesses an abundant supply of coloured metal mineral resources but most of it is of low-grade ores, and only one-third of the total amount of mineral ores can be processed through available technology\(^{27}\). Consequently, it depends on imports for sustaining its rapid economic growth to bridge the growing demand and supply gap. South Africa is one of the largest exporters of ferrochrome, supplying more than 90 per cent of it to China, which is consumed by her stainless steel industry\(^{28}\). Indonesia supplied almost 15 per cent of China’s thermal coal demand (about 40 million tonnes) last year\(^{29}\). Australian exports of iron ore to China in 2013-14 accounted for 57 per cent of the country’s total value of goods exports, i.e. about $57 billion (Australian) while coal exports to China accounted for about $9.5 billion in the same year.

The graph below shows the values of Chinese imports from various nations of the IOR in the period 2011–15. China’s import of minerals from countries of the IOR amounted to US$ 51.7 billion,
out of which Australia accounted for US$ 41 billion. The total import of metals and ores amounted to about US$ 62.8 billion in 2015, of which Australia alone accounted for US$ 46 billion. The value of imports from the rest of the countries of the region is depicted in the graph below for ease of representation and assimilation.

![Graph: China's Import of Ores & Metals from the IOR](image)

**Figure 11: China’s Import of Ores & Metals from the IOR**

**Agricultural Raw Materials**

In addition to minerals and metals, China also imports agricultural raw materials like natural rubber, raw cotton and various fibers. This is on account of the fact that China has a restricted amount of arable land due to its geography, and hence needs to import large quantities of agricultural raw materials. Thailand is a major source of these imports, especially rubber, with nearly 46 per cent of Thailand’s exports of agricultural raw material amounting to nearly US$ 4.5 billion going to China. Indonesia also exports nearly 28 per cent of its raw materials to China, making it very susceptible to any changes or policies of the Chinese market. Australia is the biggest supplier of raw materials to China, with imports exceeding US$ 37 billion, with
wool and cotton forming the bulk of this trade. The graph below depicts China’s imports of agricultural raw materials from countries of the IOR – barring Australia, since the large scale of trade can distort the representation.

![Figure 12: China’s Import of Agricultural Raw Material from the IOR](image)

**Free Access to High Seas**

China’s growth is increasingly dependent on the seas for its trade as also for import of essential energy supplies and various raw materials. In fact, it is the Chinese east coast which has witnessed major development in the last two decades. The Chinese focus on development of their Western regions is also linked to the sea as witnessed in projects like the CPEC, which attempts to link these regions to the Indian Ocean. Initiatives like the 21st Maritime Silk Road, which will be discussed later, is also intended to harness the advantages of maritime routes for the Chinese idea of ‘regional development’. The importance that the Chinese attach to maritime issues is borne out by when President Xi Jinping stated to a Politburo study session in July 2013 that while China would pursue the path of peaceful development, it would “never
abandon its legitimate maritime rights and interests; furthermore, it will never sacrifice its core national interests.”

The Defence White Paper of 2013, ‘The Diversified Employment of China’s Armed Forces’ states: “The seas and oceans provide immense space and abundant resources for China’s sustainable development, and thus, are of vital importance to the people’s well-being and China’s future”.

China’s dependence on the seas necessitates uninterrupted access to the sea lanes of the oceans which carry its trade. However, the Chinese are quite aware of the possible interruptions to such access, especially because of the global American presence. Shen Dingli says, “China is becoming more interested in building its blue water navy so as to assure that the international code of free access to maritime global common will remain undisrupted”, especially when considering American ‘maritime hegemony’.

This perception of American hegemony is also echoed by other scholars who consider the US “to be a hegemonic maritime power that is not only dominant in the Atlantic or Pacific, but also in the Indian Ocean”. Chinese perceptions of India’s ambitions to ‘control of the Indian Ocean’ further underline their felt need for free access to the shipping lanes of this ocean. The Chinese, therefore, lose no time in reiterating their legitimacy of stakes in the Indian Ocean, and the rights of free access to its waters for all countries.

Access to the waters of the Indian Ocean will continue to remain an issue of extreme interest to the Chinese well into the future as their dependence on energy imports and other materials, which originate in the IOR or transit through it, is unlikely to reduce anytime soon. Consequently, it will figure prominently in all strategic thought and dictate maritime and military policy.

**Power Projection: Global Aspirations**

China has come late to the Indian Ocean but is attempting to fill the vacuum, likely to be left in the wake of the perceived waning of US power in the near future. China’s growing economic
stature, in the world at large and the IOR in particular, necessitates power projection, albeit limited in the near future. Chinese maritime aspirations also call for a global presence of the PLAN. The father of the modern Chinese navy, Liu Huaqing, envisioned the PLAN to become a global force by 2050. China’s aspirations of becoming a maritime power as stated in its White Paper of 2013 are in line with this thought process. Chinese analysts also subscribe to the necessity of utilising the PLAN for protection of overseas interests. Rear Admiral Yin Zhuo, who served as a national political adviser, says, “Protecting the economic, political status and occupational safety of overseas Chinese is paramount to safeguarding China’s domestic economic development and its reform and opening-up” and that “such protection required strong naval power like aircraft carrier battle groups”.

Chinese Needs and the IOR

China has invested hugely in a number of countries of the IOR littoral, especially in East Africa; and as its investments grow in these countries, many of which are politically unstable, the threats to businesses are also likely to increase. Moreover, governments in these countries look to China for support on a host of issues. Although China has been long averse to interference in the internal affairs of other countries, incidences of its nationals being kidnapped and killed in countries like Cameroon, Mali, Sudan and Egypt have forced it to reassess this policy. Liu Hongwu, director of the School of African Studies at Zhejiang Normal University, says that security cooperation will be a key area in future cooperation between China and the African Union, since for many years African countries have asked China to take part in their security processes.
Chinese Activity in IOR

Recently concluded agreement between China and Djibouti for construction of “military supporting facilities” at Djibouti will also likely facilitate regular patrols by the Chinese Navy near Africa. The Chinese ships which take part in the anti-piracy escort missions make regular visits to ports in the region, and conduct exercises with navies of these countries. The Chinese Navy has also been involved in some high profile missions to evacuate civilians from conflict ridden regions, the most recent being the evacuation of about 225 civilians from 10 different countries in addition to Chinese nationals. China has also entered into strategic partnerships with a number of countries in regions like South Africa, Egypt, Pakistan and the Association of South East Asian Nations (ASEAN), which are aimed at shaping an international order suited to its long-term interests. The ongoing modernisation of the Chinese armed forces is also aimed at developing a limited power projection capability so as to “create a favourable strategic posture with more emphasis on the employment of military forces and means.” Chinese power projection in the region, through a host of diplomatic and military initiatives coupled with an outreach to various countries, amidst ever increasing economic engagement, will remain a cornerstone of its foreign policy as China graduates to big power status.

Deep Sea Exploration

China’s focus on becoming a maritime power was enunciated in the 2013 White Paper on Defence, while the White Paper of 2015 further reinforced this goal. President Xi revealed his goals in internal speeches to his senior military subordinates that “we must adhere to a development path of becoming a rich and powerful State by making use of the sea.” It is this direction that has dictated subsequent developments in China in upgrades of maritime capabilities. The 13th five-year plan for economic and social development of China (2016–2020) put out in March 2016
lists out the following “high end” equipment for innovation and development in the field of marine engineering:

(a) Develop equipment and systems for deep-water exploration, ocean drilling, seafloor resources exploration and development, and marine operations support.

(b) Promote the development and engineering of deep-sea stations, and large projects in this regard.

China has inducted its most advanced marine science ship *Xiang Yang Hong 01* in the eastern port city of Qingdao in June 2016. According to Qiao Fangli, Communist Party Secretary of the First Institute of Oceanography of the State Oceanic Administration, the ship was to conduct its first task in the Indian Ocean\(^46\). Subsequently in February 2017, *Jiaolong*, China’s manned submersible, descended to 3,117 meters below sea level while operating in the northwestern Indian Ocean. Yu Hongjun, field commander of the mission, said the expedition fully tested the system, and collected a variety of samples including 4.2 kg of sulfide, 18.7 kg of basalt and 16 liters of deep-sea water. Han Xiqiu, one of the scientists on the expedition, said future dives will evaluate the resource potential of the area\(^47\). In January this year, China became the world’s first country to acquire 10,000-meter-deep marine artificial seismic profile data, when Bottom Seismometers (OBS) – self-developed by Institute of Geology and Geophysics under the Chinese Academy of Sciences (IGGCAS) – were successfully deployed in the Challenger Deep, the deepest section of the Mariana Trench measured at more than 10 kilometers, according to IGGCAS.

Construction of a ‘deep-space station’ and development of deep-sea exploration are also some of the main objectives of the 13\(^{th}\) five-year plan approved in May 2016. China also has a contract for seabed exploration for polymetallic sulphides in the Southwest Indian Ridge, as also for cobalt-rich ferromanganese crusts in the Western Pacific awarded by the International Seabed Authority\(^48\).
However, the North West Indian Ocean does not fall into the ambit of either of these contracts. While deep-sea exploration can be undertaken anywhere subject to maritime safety, the choice of the area in the Indian Ocean, coupled with the earlier stated intention of deploying such ships in the Indian Ocean, is of interest. Chinese submarines have earlier operated in this area under the garb of ‘anti-piracy deployment’. A Chinese submarine was also reported at Gwadar in November last year. With the CPEC and the 21st Century Maritime Silk Road initiative gaining momentum, the deployment of PLAN assets, especially submarines, is likely to increase. Utilisation of these deep-sea exploration capabilities, which also yield military information, is obviously intended to enhance the operational effectiveness of PLAN deployments in this region.

Gaining Stake in Regional Maritime Security

The security architecture in the IOR is still in its infancy, with the Indian Ocean Regional Association (IORA) in the vanguard. The IORA was primarily conceived for promoting intra-regional economic cooperation and development. It was only in 2014 that the IORA indicated its importance as it works on maritime security, safety and disaster management that should be aligned, and complement with possible IONS (Indian Ocean Naval Symposium) initiatives in these areas. The IONS is a voluntary naval initiative formed in 2008 that seeks to increase maritime cooperation among navies of the littoral states of the Indian Ocean Region. Both these organisations have yet to deliver concrete results in the domain of maritime security, largely because of insufficient political will amongst the member countries. China is a dialogue partner in the IORA and an observer in the IONS. However, that does not give it a sufficient stake in the security of the region. Consequently, it has been trying to gain more traction with various states of the region to increase its participation and be considered a stakeholder in the security architecture of the region, as it has done with the ASEAN.
Chinese leaders, especially the naval leadership, have stressed this idea of a comprehensive and collaborative security framework at a number of conferences. The Galle Dialogue in 2015 saw Rear Admiral Zhang Jianchang, Deputy Chief of Staff of the PLAN, propounding on the concept of 4Cs – Common, Cooperative, Comprehensive and Continuous Security – for the region, and expounding on the PLAN’s practice of this concept in its deployment in the region. Admiral Sun Jianguo, Deputy Chief of Joint Staff Department at Central Military Commission in China, also advocated the concept of ‘a new idea of security in order to safeguard common security’ at the Shangri-La Dialogue in June 2016.49 However, the Chinese have not found much traction with the countries of the region because of various reasons, not least being India’s concerns about Chinese intentions.

**Fears of American and Indian Intervention**

The Chinese view the US ‘Pivot’ or ‘Re-balance’ to Asia-Pacific as a “strategy targeted at China, which is perceived as having resulted in latter’s endless moves aimed at building a circle of containment around China”50. American actions, like the dispatch of the *USS Nimitz* Battle Group to the Taiwan Straits in 1996 and exercises conducted by the USS George Washington in the Yellow Sea, have been perceived by the Chinese as the US being disrespectful of China’s security concerns and bullying China into concessions51. The Chinese are also worried about American initiatives like the Regional Maritime Security Initiative (RMSI) and US Proliferation Security Initiative (PSI). The former called for the ASEAN countries to permit US Marines to patrol the waters against piracy and terrorism, while the latter allows US personnel to board a suspect foreign vessel to guard against transportation of Weapons of Mass Destruction (WMD) on the high seas52. Some Chinese strategists also worry about a scenario wherein the US, because of its domination in the Indian Ocean, could interdict China’s energy supplies in the Malacca Straits53. Hardliners like
PLA Colonel Liu Mingfu (Retd) go so far as to say that the US Navy is a major threat to China\textsuperscript{54}. US policy has also not helped in mitigating these fears but on occasion, has actually reaffirmed Chinese perceptions. Admiral Scott Swift, Commander US Pacific Fleet, had this to say about the Chinese activity in the Spratly Islands, at the Royal Australian Navy (RAN) Sea power convention in October 2015, “Today the friction points may be at sea, over the horizon, seemingly held safely at a distance from our day-to-day lives ashore. But the foundation of coercion on which some States pursue the resolution of maritime differences, characterised by observers as ‘might makes right’ should cause us all to pause and ask ourselves the question: “If we are not willing to commit to resolve these differences peacefully, leveraging the tools of the international rules-based system that has served us so well for so long in a multilateral, inclusive way, then are we willing to accept the likelihood that imposed solutions to these national differences at sea will seek us out in our supposed sanctuaries ashore?”

China also perceives India as attempting to control the Indian Ocean, and hence, is inimical to its interests in the IOR. Some Chinese strategists like Zhang Ming believe that “the Indian subcontinent is akin to a massive triangle reaching into the heart of the Indian Ocean, benefitting any from there who seek to control the Indian Ocean”\textsuperscript{55}. This perception is further reinforced by the wariness that India displays in its relations with China, which itself is a result of persistent suspicion about Chinese intentions. India’s expanding navy and its increasingly frequent presence in the South East Asia and recent forays into the Pacific has further served to raise Chinese concerns.

**Bane of Piracy**

Piracy off the coast of Somalia and in the Gulf of Aden has been the bane of international shipping since about 2005, though it has seen a reduction since about 2011. China has been an active
participant in the international effort to combat this menace, though it has not been part of any international coalition like the Coalition Maritime Forces (CMF) or the European Naval Forces (EUNAVFOR). The PLAN deployment was authorised by the Chinese government after the UN Security Council had adopted a resolution to fight piracy off the coast of Somalia in December 2008. Initial PLAN deployments were intended to escort only Chinese merchantmen and ships carrying humanitarian relief material for international organisations such as the United Nations World Food Program. The Chinese anti-piracy missions have since expanded their ambit to include escort of ships of other nations, though they have desisted from battling the pirates in the territorial waters off Somalia. The Chinese have also coordinated their operations with other forces operating in the area, and in the process, they have gained invaluable experience in interoperability. The Chinese anti-piracy mission is, therefore, primarily intended to show their willingness to be part of an international effort to combat crime on the high seas and maintain good order.

**China’s Interests**

China’s interests in the IOR have long-term implications not only for China but also for the regions, since these will shape China’s outlook towards the IOR. China’s concerns, especially fears about the possibility of the US capitalising on its long supply chain from the far reaches of the IOR during a crisis, gave rise to its ‘Malacca Dilemma’, which underlines its approach to a number of initiatives in the region. It is this outlook and approach which guides the formation of China’s strategy for the IOR.
END NOTES

7 Ibid.
9 Ibid.
15 China’s Rail Line is on Path to Prosperity for Africa, Nector Gan, South China Morning Post, January 11, 2017.
16 Ibid.
20 UNCTAD Review of Maritime Transport 2016, p. X.
24 Ibid.
28 Ibid.
30 ‘Trade and Investment Note: How Dependent Are Australian Exports On China?’, February 2015, Australian Trade Commission, Australian


CHINA’S INTERESTS IN THE IOR


55 Quoted in “Examining the Sino-Indian Maritime Competition: Part 3 – China Goes to Sea”, Lindsay Hughes. Strategic Analysis paper

CHAPTER 3

China’s Military Maritime Strategy and the Indian Ocean Region

Build-up of the PLAN

Strategy in a broad sense is ‘ways’ to use the ‘means’ to achieve the ‘ends’. In military parlance, it would translate into the guidelines laid down by a country and its armed forces to use all elements of military power to achieve the desired objective or end state. The Chinese have only recently published a military strategy, though a number of defence White Papers have been available in the open domain for the past two decades. A large body of work by Chinese strategic thinkers and analysts, in both English and Chinese, from various institutions has also been available for some time now. The Chinese have also recently kick-started major military modernisation and reforms of the armed forces after President Xi Jinping came into power. These seem to be evolutionary changes and not revolutionary transformation, to keep the military in step with China’s growing profile on the world stage. As part of these changes, the PLAN is undergoing a massive expansion and modernisation to meet a number of new objectives and tasks, as spelt out in the military strategy document published by China in 2015. It would, therefore, be worthwhile to look at
the strategic underpinnings for this modernisation before we come back to the PLAN’s outlook for the IOR.

Development of China’s Military Maritime Outlook

China’s maritime outlook underwent a major change after its opening up and reform period of the end 1970s and the early 1980s. China recognised the importance of the seas as against its view of the sea as a barrier, which had shaped its strategy of ‘coastal defence’ in the modern period after the end of the World War II. The concept of ‘active defence’ for ‘winning local wars’ was the rubric underpinning this strategy. This strategy underwent a change under Deng Xiaoping to one of ‘offshore defence’, implying an increased depth for operations which would now not be restricted to just the coast but further afield. ‘Off-shore active defence’ was operationalised by the father of China’s modern navy, Liu Huaqing, who directed the PLAN’s Naval Research College to elaborate the strategy. The area under consideration extended from the Chinese coast up to the first island chain defined by a line through the Kurile Islands, Japan and the Ryukyus, commonly referred to as the First Island Chain. Liu Huaqing is also credited with a three-stage plan for development of the Navy wherein under the first phase, the PLAN would be capable of exerting sea control out to the First Island Chain by 2000, upto the Second Island Chain (Kuriles-Japan-Bonin Islands-Marianas Islands-Palau-Indonesia) by 2020, and operate globally by 2050.

Acceptance of the United Nations Convention on the Law of the Sea (UNCLOS) during the same period also made China sit up and take notice of its increased maritime territory and economic zones, which necessitated safeguarding of maritime interests well beyond the coast. Moreover, China was now also faced with a number of maritime disputes which had a direct bearing on its assumptions of sovereignty and territorial integrity, as a result of the demarcation of maritime zones due to the coming into effect of UNCLOS. China’s focus during the ensuing years remained
on the coastal and offshore areas with Liu Huaqing’s successor Zhang Lianzhong, identifying the outer defence perimeter as the First Island Chain\(^5\).

The importance of the sea and its criticality to China was, however, not lost on the leadership with Jiang Zemin stressing, “We must recognise oceans from the height of strategy and strengthen national maritime concepts”\(^6\). Successive white papers on defence from 1998 highlighted the role of the PLAN in undertaking offshore defensive operations, though the Paper of 2006 mentioned, “Navy aims at gradual extension of the strategic depth for offshore defensive operations”\(^7\). While the Defence White Paper of 2008 talked about the Navy gradually ‘develop(ing) its capabilities of conducting cooperation in distant waters’, it was the Paper of 2013 which explicitly mentioned development of blue water capabilities for the Navy. The shift to the maritime domain became more pronounced after the 18\(^{th}\) Congress of the CPC in November 2012, when President Hu Jintao (in his report) said, “we should enhance our capacity for exploiting marine resources, develop the marine economy, protect the marine ecological environment, resolutely safeguard China’s maritime rights and interests, and build China into a maritime power”\(^8\). The consequent change from the focus on ‘offshore defence’ came about with the White Paper on China’s Military Strategy in 2015, wherein the PLAN “will gradually shift its focus from ‘offshore waters defense’ to the combination of ‘offshore waters defense’ with ‘open seas protection’. Tracing the causes of this shift in focus will be the aim of the next part of this section.

**Current PLAN Strategy**

Evolution of China’s military maritime strategy, though not officially published, has been in congruence with the development of the nation as it opened up to economic reform and grew into a regional – and now global – power. Development of the modern PLAN, in terms of assets and capabilities, has also been largely in
line with the vision of its founding father, Liu Huaqing. In fact, assessments by western scholars like Andrew Erickson say that the PLAN will have a “combat fleet, in hardware terms, quantitatively and qualitatively at par with that of the US Navy by 2030”\(^9\). The PLAN, therefore, appears to be sticking to a plan (pun intended) rooted in the strategy outlined by the leadership, which in China can only stem from the Communist Party of China (CPC). The current military maritime strategy of “combination of ‘offshore waters defense’ with ‘open seas protection’” has been outlined in the White Paper on Military Strategy published in 2015. However, the thought process behind this shift in focus would necessarily go back further.

**The Science of Military Strategy (SMS)**

The Chinese Academy of Military Sciences published the *Science of Military Strategy* in 2013, a book which had seen earlier editions in 1987 and 2001. The book is not an official statement of strategy but is a compilation of the thoughts of a number of influential strategic thinkers from amongst the Chinese military. Consequently, it serves to shape policy and also provides an insight into the thought processes of the policy-making community. The book reiterates the strategic concept of ‘active defence’ and defines it as a dynamic concept which cannot be restricted to just the defence of land\(^10\). It also says that China’s interests have expanded beyond the “traditional territory and territorial waters”, and are global in nature. Hence the military needs to broaden its strategic vision to support and safeguard China’s national interests. Future wars will have a maritime dimension which will be leveraged by the enemy to gain advantage, and hence, there is a need for multi-dimensional expansion of the strategic space – including the seas – for an effective defence\(^11\). This will require breaking away from the traditional ‘land bound’ mindset and embracing a multi-dimensional “strategic concept of (battle) space, from the land to the sea, from the air to the sky, from the tangible space to the
invisible space (cyberspace)”. It emphasises the need to establish a ‘strategic frontier’ extending outwards from the coast (of China) in the northeast, southeast and southwest directions along an arc covering the Western Pacific and North Indian Ocean, referred to as ‘Two Oceans’, which has some strategic advantages. The possibility of setting up an Oceanic Theatre Command at an opportune time is also mentioned. The strategic tasks for the Chinese Navy, as mentioned in the book, are listed below:\(^{12}\):

(a) Participate in the main strategic direction of large-scale operations.
(b) Contain and resist maritime military invasion.
(c) Protect the sovereignty of island territories, maritime rights and interests.
(d) Protection of seaborne transportation.
(e) Safeguarding overseas interests and citizens’ interests.
(f) Nuclear deterrence and nuclear counterattack.
(g) Supporting land operations.
(h) Maintenance of international maritime security.

Amongst the number of activities to be undertaken to allow the PLAN to fulfill these tasks, one issue clearly stands out. Authors propagate the construction of ports and airports for basing of aircraft carriers and other fleet assets to create a maritime defence system in order to defend the ‘distant seas’. This is an obvious reference to the strategic arc or defense perimeter stretching from the Pacific to the Northern IOR, mentioned in the book. The current Chinese penchant for acquisition of port projects, especially in the IOR like Gwadar and Hambantota, seem to be headed in this direction and will be discussed subsequently. China’s construction activity in the Spratlys is intended to build a buffer along its coast, in line with this thought of a ‘defence perimeter’, to generate the strategic space needed for engaging any threat from that direction. While many Chinese analysts say
that China does not have an Indian Ocean strategy, it is quite clear
that the Indian Ocean, especially the Northern Indian Ocean,
figures prominently in strategic thought as an important strategic
space in its security calculus. This focus on the maritime realm is
further underlined in the White Paper on Chinese Military Strategy
published in 2015.

**Chinese Military Strategy (2015)**

Hitherto, the Chinese had published White Papers on defence
every alternate year, which gave out guidelines for the
development of the armed forces. However, the White Paper
published in 2015 talked definitively about the Chinese Military
Strategy[^13]. The paper brought the issues of safeguarding of
maritime interests, the security of overseas interests and the
strategic SLOCs to the forefront, which are also designated as
strategic tasks for its armed forces. The country’s ‘growing strategic
interests’ were highlighted as a new requirement for realising
China’s national goals. The Chinese appreciation of maritime
threats is also evident in their ‘preparation for military struggle’
(PMS), which includes ‘maritime military struggle and maritime
PMS’. The ‘maritime PMS’ is evident in the modernisation of the
PLAN and the increased frequency and intensity of naval
exercises, as also in exhibition of other aspects of maritime power –
like the assertive actions of the maritime militia, especially in
the South China Sea. The adoption of a ‘strategic posture
favourable to China’s peaceful development’ to tackle threats to
China necessitates suitable maritime posturing, requiring not only
military actions but supporting actions in other aspects of the
maritime domain of the ‘Two Oceans’ – the strategic space deemed
critical for China’s security. This posture is being built through
visible and sustained naval presence, frequent naval interaction
with resident states of the ‘Two Oceans’, building of dual-use
maritime infrastructure, arms sales and other means, which will
be discussed subsequently in this paper. The recent build-up of
military facilities on land features in the South China Sea clearly demonstrate China’s assertiveness in bolstering this posture. China is also actively increasing its military cooperation – in consonance with the principle outlined in the military strategy – by fostering new linkages with countries like Malaysia, Thailand, Djibouti and Bangladesh, and further strengthening existing relations with Pakistan, Iran and others in the ‘Two Oceans’.

One of the most important directives outlined in the paper is to the PLAN, which will now “gradually shift its focus from ‘offshore waters defense’ to the combination of ‘offshore waters defense’ with ‘open seas protection’”. The paper also talks about the need to abandon the ‘traditional mentality that land outweighs sea and great importance has to be attached to managing the seas and oceans, and protecting maritime rights and interests’. This strategy is a gradual evolution of the maritime outlook of the PLAN as it develops into the global navy, envisioned by the father of China’s modern incarnation, Liu Huaqing. The term ‘open seas protection’ has been variously interpreted as protection of Chinese overseas interests, far seas defence and other such understanding. Notwithstanding these interpretations, the picture of the PLAN that emerges, in the first quarter of the 21st century, is one of an assertive force in its immediate neighbourhood which can protect its interests in distant areas. The increasing presence and visibility of PLAN actions in the IOR is intended to buttress this perception. The clear focus on building China into a ‘maritime power’ comes through in China’s activities in the maritime domain – especially in the Pacific – which is of immediate interest, and the Indian Ocean.

The 13th Five Year Plan (2016-2020)

The 13th Five Year Plan (FYP) for economic and social development of the People’s Republic of China (PRC) was approved by the 12th National People’s Congress (NPC) in March 2016. It sets out the goals and missions to be achieved by the PRC for the
period 2016-2020. Prominent among these goals were those intended to develop China into a ‘strong maritime country’. This plan, therefore, carries forward the change in maritime transformation witnessed in the 12th FYP which reflected a Chinese proprietary view of maritime affairs, especially those in China’s neighbourhood\(^\text{15}\). While safeguarding maritime rights and interests remains an important goal, the process of ‘expanding China’s maritime rights and interests’ will be of interest to China’s regional neighbours, as also to its competitors in the ‘Two Oceans’ region. China also intends to take an ‘active part in the establishment and protection of the international and regional maritime order’. This clearly implies that China does not accept the existing order, as was emphatically seen in China’s actions after the award of the Permanent Court of Arbitration (PCA) in the *Philippines vs China* case in July 2016. Establishment of a multi-dimensional global observation network is a priority maritime project in the FYP. Actively advancing the ‘construction of strategic maritime hubs along the 21st Century Maritime Silk Road’ is an important objective for the ‘development of international economic cooperation corridors’. The strategic nature of these so-called maritime hubs lends a sense of doubt to China’s intentions in the furtherance of the concept of the 21st Century Maritime Silk Road (MSR).

The recent events in Sri Lanka, wherein the Chinese have been handed over the operation of the Hambantota port, and in Gwadar, where they are being handed over large tracts of land by the Pakistani government – both touted as maritime hubs – gives credence to these doubts. The FYP also states that China will participate in the building and operation of major ports along the road, and will develop Fujian as the core region for the MSR. The FYP also focuses on development of high-end equipment for deep-sea exploration, and mentions projects regarding equipment and systems for deep-water exploration, ocean drilling, seafloor resources exploration and development, and marine operations
support. This effort is already bearing fruit with Chinese deep-sea exploration vessels undertaking research in the Western Pacific and the Indian Ocean\textsuperscript{16}. These missions also yield data and information that can be utilised for military purposes, especially for underwater operations. Consequently, they will contribute to China’s understanding of the strategic space that it has defined for herself under the ‘Two Oceans’ concept.

The Indian Ocean features prominently in Chinese strategic thought, though it does not find specific mention in official policies like the White Papers and the FYP. However, these official publications, in any case, do not talk of specific geographical regions barring Taiwan and the South China Sea, which are considered as Chinese territories. It would, therefore, be worthwhile to look at China’s intentions regarding the Indian Ocean.

**China’s Indian Ocean Outlook**

The importance of the Indian Ocean to China’s development has been amply examined in the preceding chapter of this essay. Chinese dependence on the IOR as a source of its supplies and as a conveyor of its trade has also led to strategic vulnerabilities like the much-touted ‘Malacca Dilemma’, first talked about by President Hu Jintao. The Chinese have since undertaken a series of measures to mitigate this vulnerability, by upgrading their naval strength, diversifying energy import sources, constructing alternative ports, etc., which will allow shipping to avoid the Strait of Malacca\textsuperscript{17}. However, the dependence on the IOR is unlikely to reduce anytime in the near future. It is for this very reason that the Indian Ocean figures as one of the oceans in the ‘Two Oceans’ concept of strategic defence.

China understands the primacy of strengthening its ‘strategic posture’ in its immediate neighbourhood and will, therefore, maintain a continued focus on the South China Sea and the
Western Pacific. The Indian Ocean has presently remained a secondary area for the Chinese and accorded a possibly lower priority, as it is a largely peaceful region. Consequently, Chinese naval presence in the Indian Ocean has not yet been permanent and has been limited to a rather small fleet of about two-three ships of the PLAN, though China has been gradually increasing its commercial activity in the region – especially in the development of ports and sale of arms. As the PLAN grows in size – in consonance with Liu Huaqing’s vision – increased presence in larger numbers will likely follow, leading to a more robust strategic posture intended to convey its ability to secure its interests in the IOR and dissuade any inimical activity aimed at exploiting its vulnerabilities. In the interim, China will maintain a strategic posture of a nation with major stakes in the IOR, and will deploy assets and carry out activities as it deems necessary to assert its legitimacy.

China’s maritime activity in the littorals of the IOR is likely to continue and intensify as it seeks to ‘expand maritime rights and interests’. Chinese maritime infrastructure firms are already undertaking a number of projects in IOR countries from the east coast of Africa to Pakistan and Sri Lanka. The focus on tapping the seabed potential of the Indian Ocean is also clear with the first mission of their most advanced marine scientific research ship being conducted in the IOR\(^{18}\). Chinese fishing fleets sail throughout the world and Chinese deep-water fishing vessels regularly ply in the Indian Ocean and, on occasion, have been guilty of flouting international conventions on fishing\(^ {19}\). In fact, China has been rapidly expanding its Tuna fishing in the Indian Ocean, with poor reporting of catches\(^ {20}\). Chinese fishing vessels have very often acted in collusion with the PLAN and Chinese Coast Guard in an aggressive manner to enforce their interests, especially in the South China Sea\(^ {21}\). While such maritime aggression may not manifest in the Indian Ocean, attempts at changing facts on the ground will, in all likelihood, be made. China has, in the past, tested Japanese
resolve by sailing naval vessels through the Tokara Strait, an area between undisputed Japanese island, claiming that it was an international strait. Such actions cannot be ruled out in the Indian Ocean, especially in India’s island territories.

China’s engagement with the countries of the IOR, especially in terms of trade and investment, is likely to grow further so as to allow it to exert strategic leverage for promoting and safeguarding its expanding interests. China has also been advocating its stakes in the security of the IOR, which analysts like Rear Admiral Yin Zhuo cite as a justification for deploying even its submarines in the region. The IOR currently does not have an overarching security architecture for the region, though the IORA and the IONS have earmarked maritime security as priority areas for their efforts. China is a Dialogue Partner in the IORA, has an ‘Observer’ status in the IONS, and has been pushing for deeper engagements in both these institutions. China funded the second IORA Blue Economy Core Group Workshop on ‘Maritime Connectivity and Financing for Development in the Indian Ocean Rim’, which was held in Qingdao from 13th to 14th July, 2016. The workshop was inaugurated by the Assistance Minister of Foreign Affairs of China, Mr. Qian Hongshan; he welcomed the initiative to deepen engagement of dialogue partners in IORA cooperation, particularly in developing blue economy cooperation in the region. Hongshan also attended the First IORA Leaders’ Summit on 7th March 2017, where he welcomed the IORA and its member States to actively participate in or align with the ‘Belt and Road’ construction. The PLAN’s Vice Chief of Logistic Department, Rear Admiral Li Yunqing, put forward a proposal for integrating the logistics materials, service sharing and coordination mechanism into existing escort operations in the Gulf of Aden during the IONS symposium in 2012. These moves are in pursuit of the national military strategic objective of taking an ‘active part in the establishment and protection of the international and regional maritime order’. The author’s discussion with a number of
Chinese strategic analysts at various fora also indicate a strong Chinese desire to take an active part in any emerging security architecture in the IOR. In fact, some go so far as to say that China should drive the agenda since the littorals have not achieved much in the past in this domain. Chinese economic and diplomatic engagement with littorals of the region will be driven by this objective with the intent of gaining membership of the IORA or IONS, or any other architecture which comes up in the future.

Even as China increases its engagement with the IOR, it is also likely to ramp up its military presence to provide sufficient security to its overseas interests. The first step in this direction has been laid by the commencement of the construction of its first overseas military base at Djibouti. The PLAN’s increasing presence in the IOR, which commenced in 2008, is a continuing effort to bolster the security of its SLOCs. PLAN deployments to the IOR have witnessed increasingly long periods which are intended to develop its capability for ‘open seas protection’. The recent PLAN deployment of the 24th Naval Task Force speaks volumes of its increasing capability for extended deployments in the IOR. The task force sailed from its home port of Qingdao on 10th August 2016, and remained on duty in the Gulf of Aden from 2nd September 2016 till 2nd January 2017 – after which it undertook a goodwill visit to Saudi Arabia, Qatar, the UAE and Kuwait. Thereafter, it took part in the Pakistani Navy exercise Aman 17, before returning home on 8th March 2017 – a deployment period of seven months, most of which was spent in the IOR. This deployment also saw the significant achievement of the successful escort of 1000 convoys by the PLAN since 2008. A similar deployment pattern has been followed by most of the task forces deployed for anti-piracy operations. The PLAN is, therefore, well on the way to developing an effective capability for protection of its shipping in the IOR. However, in the event of a conflict where Chinese shipping could be under threat, the situation will warrant a completely different approach and procedures. It would be
prudent to expect the PLAN to have capitalised on this experience in the IOR to develop such procedures and the required capability to deal with a hostile situation.

**China’s Indian Ocean Strategy**

The Indian Ocean will loom large in Chinese strategic thinking well into the future, considering their current interests and their continuing ingress into newer regions. While Chinese strategic analysts may profess the absence of an enunciated strategy for the IOR, the signs are there for everybody to see. The replication of the aggressive Chinese actions as witnessed in the South China Sea may not fructify in the immediate future, but the potential could rise with development of suitable military capabilities. However, the near seas, i.e. the Western Pacific, will occupy the Chinese efforts till achievement of an uneasy balance favourable to the Chinese. Consequent to such a balance, the Chinese may then turn to the IOR with a more aggressive strategy to achieve possibly more expanded objectives.

* 

**END NOTES**

3. Ibid.


Ibid. p. 106.

Ibid. pp. 209-211.


CHAPTER 4

Chinese Initiatives in the Indian Ocean Region, the 21\textsuperscript{st} Century Maritime Silk Road and China Pakistan Economic Corridor

China’s Vision

Chinese President Xi Jinping unveiled an ambitious initiative for increasing connectivity and pushing forward the development of a number of regions along the route of China’s march to markets in the West, both overland and over the sea. This initiative, variously called the OBOR or the ‘Belt and Road Initiative’ (BRI), has two distinct components – the ‘Silk Road Economic Belt’ (SREB) and the ‘21\textsuperscript{st} Century Maritime Silk Road (MSR)’. The vision and actions for building of the SREB and the 21\textsuperscript{st} Century MSR, as put out by the Chinese National Development and Reforms Commission, is outlined below:

“The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic), linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia, and connecting China
with Southeast Asia, South Asia and the Indian Ocean. The 21st Century Maritime Silk Road is designed to go from China’s coast to Europe through the South China Sea and the Indian Ocean in one route, and from China’s coast through the South China Sea to the South Pacific in the other.”

The Indian Ocean finds place of prominence in both the components of the OBOR initiative, i.e. the CPEC (which is an arm of the SREB) and the MSR. China’s imperatives in the planned convergence of the SREB and the MSR in the Indian Ocean, via the CPEC at Gwadar, are dictated by its overarching energy, economic and strategic interests discussed earlier in this paper. The Indian Ocean is central to China’s future security and growth as it goes about expanding its worldwide interests. Understanding the MSR and the CPEC will give a glimpse into the future Chinese strategy for the IOR.

The 21st Century Maritime Silk Road

**Concept:** The MSR initiative was first proposed by the current Chinese President Xi Jinping in an address to the Indonesian Parliament in October 2013. He proposed building a close-knit China-ASEAN community, and offered guidance on constructing a 21st Century MSR to promote maritime cooperation. In his speech at the Indonesian parliament, Xi also proposed establishing the Asian Infrastructure Investment Bank (AIIB) to finance infrastructure construction and promote regional interconnectivity and economic integration. The National Development and Reform Commission, in consultation with the Ministry of Foreign Affairs and Ministry of Commerce of the People’s Republic of China, has subsequently promulgated an Action Plan for the BRI after authorisation by the State Council on 28th March 2015\(^1\). A graphical representation of the envisaged MSR along with the route taken by the famous voyages of Admiral Zheng He during the early
part of the 15th Century is depicted below; it illustrates the geographical similarity and could also be indicative of possibly similar strategic intent.

**Chinese Intent:** The MSR is intended to increase economic connectivity and accelerate economic development across the countries in the region under consideration. Accordingly, it intends building of transport networks to connect major ports in the region. The MSR is designed to go from China’s coast to Europe through the South China Sea and the Indian Ocean in one route, and from China’s coast through the South China Sea to the South Pacific in the other. Chinese officials also take great pains to stress that the BRI, and hence the MSR, is not intended as a master strategy for capturing the ‘heartland’ of Eurasia or a ‘String of Pearls’ or a counter to any economic alignment like the Trans Pacific Partnership (TPP). They claim that it is part of China’s ‘opening
up’ to the world, which will also aid development of its underdeveloped central and western regions. The Chinese have also prioritised a host of issues for accelerating cooperation in diverse areas between various countries along the MSR, like economic development strategies, improvement of transport connections and associated infrastructure, facilitation of smooth and unimpeded flow of international trade, integration of financial systems and increased people-to-people contact. The list is ambitious since the existing diversity between the countries of the region in these various fields is huge, but considering the trade links that all the countries have with China, most may be susceptible to Chinese pressure for taking action on many of these issues. The plan also calls for setting up a number of new mechanisms and working groups, as also for enhancing the role of existing mechanisms like the Shanghai Cooperation Organisation (SCO), ASEAN Plus China (10+1), Asia-Pacific Economic Cooperation (APEC) etc. for promoting this initiative. China has also identified regions which will take the lead in propelling this initiative. Notwithstanding the official announcements and the writing on the subject, a clear plan for the execution of this initiative has as yet not emerged. There has been no indication about the ports that are to be developed, the type of trade that has to be encouraged, new shipping routes (if any) and a host of other such aspects have not even been addressed. Interactions with the Chinese government officials also indicate a lack of study on these issues vis-à-vis the MSR. Moreover, current global shipping has established routes, ports and hubs, schedules and the like – which have come about after centuries of overseas trade. The Indian Ocean and South East Asia possibly have the densest shipping networks, and hence, any additions to these networks need to be thoroughly studied for their feasibility and viability in order to avoid future losses or interference with existing arrangements. While the economic and communications connectivity aspects of the implementation plan call for a larger debate within the countries involved, the military
maritime aspects connected with the initiative do not obviously find mention in the Action Plan.

**Chinese Thought:** The BRI has been keenly propagated by the Chinese strategic community, and a vast body of writing has emerged on the subject. The MSR has also been aggressively promoted, with seminars and conferences being held on the subject. The Chinese city of Quanzhou, a port city in Fujian Province in southeast China, hosted the first international seminar on the 21st Century MSR on 11th–12th February 2015, with the participation of 200 scholars from more than 30 countries including China, India, Thailand, Singapore, Myanmar, Egypt and the United States. The focus of such seminars and other writings has been the necessity for development of interoperable financial policies, and transport and communication networks. The maritime security aspects, however, do find mention in the writings of some Chinese strategists, albeit suitably camouflaged in the larger body. For instance, Liu Cegui, the former Director of the State Oceanic Administration stresses on safety of sea lanes as the key to sustaining the development of the 21st Century MSR. He also talks of ports along the new Maritime Silk Road to act as ‘sea posts’ for provision of safe and convenient sea lanes. He further goes on to say that these ports could be built or leased by China in other countries. The debate on such facilities – especially in the military but not necessarily in the context of the MSR – has been going on in China for some time now, with the need for overseas bases having been endorsed by a number of Chinese military strategists like Major Generals Qiao Liang, Zhu Chenghu and Ji Minkui as also Navy Colonel Liang Fang. While the Chinese have been largely averse to having bases on foreign soil till now, the acquisition of a military base at Djibouti marks a change in this philosophy. The Chinese have often expressed their objection to the so called ‘world order’ (read American pre-eminence) and advocated the necessity to change it in keeping with the rise of other nations implying an obvious leadership role for China. It is
this view that Zhang Yunling, from the Chinese Academy of Social Sciences, advocates when he talks of the establishment of a ‘new ocean order’ through the medium of the MSR.

The MSR may not have an overt military maritime component, but when viewed against the backdrop of increasing PLAN activity in the regions along its route, it gives the impression of a possibly strategic objective to be achieved. The Chinese opacity and China’s inability to involve countries in the region during its inception adds to the suspicion surrounding its intent. The added convergence of the MSR with the CPEC at Gwadar further creates more askance of Chinese intentions in the IOR.

CPEC and Gwadar

Genesis of the CPEC: The idea for an economic corridor linking China’s southern regions with Pakistan to ‘promote connectivity’ was mooted during the visit of the Chinese Premier Li Keqiang to Pakistan in May 2013. The proposal also coincided with the OBOR/BRI, which was proposed by the Chinese President during the same year in October. The corridor was planned as a network of roads, railways and energy projects linking Gwadar, a port on the Makran coast of Southern Pakistan to Kashgar in China’s Xinjiang Uyghur Autonomous Region. The intention was reaffirmed by the Chinese during the visit of Prime Minister Nawaz Sharif to China in July 2013. Nawaz Sharif was so optimistic about the corridor that he stated, “Chinese companies are expected to relocate their businesses in the economic zones along the Corridor in Pakistan, thus opening avenues for Pakistan’s trade and commerce with other countries of the region”. However, the corridor did not see much progress till the visit of the Chinese President Xi Jinping to Pakistan in April 2015.

Current State of the CPEC: Building of the CPEC was the highlight of President Xi’s visit with a commitment being made by the Chinese of US$ 46 billion for operationalisation of the corridor by
2020. Pakistan’s internal political dissensions ensured that the alignment of the corridor could only be agreed by January 2016, when the Prime Minister declared that the CPEC would follow the Western route on 15 January 2016. The official website of the CPEC lists a number of projects under the CPEC with a US$ 33 billion outlay for various energy projects while road and rail infrastructure accounts for about US$ 12 billion. Development of Gwadar port is expected to see an expenditure of about US$ 792 million, of which US$ 150 million is intended for the port per se, while the remainder is planned for development of ancillary infrastructure like roads, airport, hospital, free zone, etc. The lay of the highways and railways network of the CPEC is illustrated below as visualised by the Pakistani authorities. The importance of Gwadar is clearly visible as the terminus of these planned networks.

Highways Network

![Highways Network Diagram]
Prognosis: The CPEC faces a number of challenges, not least amongst them being the intra-regional political disputes and the hostile terrain that it traverses. The economic viability of the corridor is suspect considering the Pakistani economy, the technological challenges and the economic advantages of seaborne transportation\textsuperscript{12}. Progress of the various projects of the CPEC has
also been slow with just one energy project, namely the coal-fired plant at Port Qasim, being operationalised this year. While it is too early to pass a judgment on the CPEC, the fact remains that there are no easy returns on investment for the Chinese. There is, therefore, obviously a larger strategic game at play by the Chinese, one which aims to gain access to the Indian Ocean through a client state, and turn the thought of ‘strategic frontier’ extending outwards from the coast (of China) along an arc covering the Western Pacific and North Indian Ocean, into a reality. The lynchpin of this move is the port of Gwadar, which can provide the Chinese with a much-needed base of operations in the Northern Indian Ocean.

**Gwadar:** Gwadar has been a prominent part of Pakistani aspirations and also figures in many arguments about Chinese ambitions in the IOR. Gwadar has been projected as the gateway of the CPEC to the Indian Ocean and beyond. Gwadar is located in Balochistan on the Makran coast of Pakistan. The Straits of Hormuz, the vital waterway for the Persian Gulf, are just 400 nm (720 km) from Gwadar which gives it an enviable location astride the sea lanes emanating from this globally important straits. The absence of worthwhile connectivity and an ongoing insurgency in the region has impeded development of the port, though it is doubtful whether the absence of either of these would have helped the port’s growth considering the abysmal state of the Pakistani economy. CPEC aims to address the issue of connectivity as highlighted in the political consensus achieved by the Pakistani leadership in January 2016. The present development of the port was initiated in 2002 with the Chinese providing 80 per cent of the port’s initial development cost of US$ 248 million. The China Overseas Port Holding Company (COPHC), a state run company, took over operations of the port after the contract with the Port of Singapore Authority (PSA) was terminated by the Pakistanis citing ‘irreconcilable differences’. The COPHC has also been provided with 2282 acres of land on a 43 years lease, something which had been denied to the PSA. This takeover has allowed a seamless dovetailing of the development of Gwadar into the overall ambit of the CPEC.
A symbolic viability of the CPEC and Gwadar was demonstrated in November 2015 when a convoy of containers carrying cargo from China and Pakistan was loaded on to two container ships bound for ports in Africa and the Middle East. Not much activity has been witnessed at Gwadar port since then, with hardly any ships calling at the port on a regular basis. The commercial viability of Gwadar may not be a viable proposition in the near term, though its strategic utility (to China) is an altogether different kettle of fish. Some recent news reports have quoted unnamed sources from the Pakistani Navy (PN) as saying that China may provide naval assets to guard Gwadar. However, this has neither been confirmed nor denied by China, with the Chinese military spokesperson deflecting the question in a press conference. Such ambiguous Chinese statements do not in any way indicate Chinese intent as has been observed in the past during Chinese denials of the military base at Djibouti. Reports have also surfaced of the deployment of Chinese submarines at Gwadar adding to the focus on Gwadar by the Indian Navy. While the veracity of these reports about the deployment of the PLAN may be suspect, the possibility of joint operations of the PLAN with the PN for ensuring seaward security in this area cannot be ruled out.

The current ability of Gwadar to support sustained operations of naval ships is definitely limited, though the future potential cannot be estimated since many of the projects are yet to take off. What is clear is that Gwadar is an important cog in the Chinese plans for the Indian Ocean Region. The likelihood of involvement of the PLAN in ensuring the security of Gwadar, under the guise of ‘open seas protection’ as mandated in the White Paper on China’s Military Strategy, is very high. The shipping of goods under the CPEC provides the required cover for legitimising the continued operations of the PLAN in the IOR, despite the absence of any credible threat. These operations of the PLAN will also allow it an enhanced military monitoring capability in this region, which has a multitude of military and naval forces, both regional and extra-regional. It also allows the PLAN to conduct joint operations with the PN and develop capabilities for exploitation in wartime.
The MSR and the CPEC with their confluence at Gwadar are as near a figurative encirclement of South Asia as actually possible. Gwadar and the CPEC provide the huge Chinese continental landmass an access to the oceans, from its southern extremities enabling it to project maritime power into the Southern Ocean. Coupled with the westward maritime march from the Chinese East Coast via the MSR, this maritime power gains great effect in these oceans which are of great national interest to China. The ports and pipelines that China is further establishing in the littoral of the Indian Ocean create further smaller links which add more strength to the dragon’s embrace in this part of the world. A broad representation of expected reach of the MSR, the SREB, and the CPEC illustrates China’s march to the West through the seas and overland.

China’s Aspiration

In the larger ambit of China’s outlook to the IOR, both these initiatives, i.e. the MSR and CPEC serve to not only expand China’s maritime interests in this region but also strengthen its economic and military stature amongst the countries where these initiatives are
taking root. China attaches great importance to this aspect of its stature as a big power and hence will shape its strategy accordingly.

* 

END NOTES


CHAPTER 5
Ports and Pipelines

Maritime Infrastructure

China’s overseas maritime expansion has been characterised by the acquisition of existing ports, development of new ports and controlling of port operations at these places. These ventures are being piloted by State Owned Enterprises (SOEs) like the China Harbor Engineering Company (CHEC) who not only invest the money need for such ventures but also oversee the construction and thereafter operations of the ports. Mainland China is itself home to eight of the top ten container ports in the world in terms of throughout\(^1\). The OBOR initiative has given further impetus to this maritime expansion and also provided new arenas for focusing of efforts.

China’s Ports in the IOR

Malaysia: Malaysia has been the focus of recent Chinese efforts despite having an ongoing maritime dispute with China. The Malaysian leadership has also approached China with a diffidence and has cultivate relations, including in the defence sphere with China. In fact, the Malaysian Defence Minister was quoted saying, “Even within ASEAN, there are duplicating claims [to the South China Sea]... we cannot just keep blaming China, or blaming US,
until we get our own house in order”, on the sidelines of the Shangri-La Dialogue in June 2016². Malaysia had earlier granted the PLAN stopover access to its naval base at Kota Kinabalu in November 2015³. A Chinese company Guangxi Beibu Gulf International Port Group Co Ltd brought up a 40 per cent stake in Kuantan port in Eastern Malaysia in September 2013⁴. The Chinese are now involved in a joint project with Malaysia for the development of a new port in the Malacca Straits as part of the Melaka Gateway Project. The deep-sea port, is estimated to cost around eight billion ringgit and will be built with the help of PowerChina International, Shenzhen Yantian Port Group and Rizhao Port Group, and is expected to be completed by 2019⁵. The Malacca Straits are strategically critical for the Chinese with more than 80 per cent of their oil imports coming through these straits. Consequently, doubts are already being cast on China’s intentions in this project since a World Bank study commissioned by the Malaysian government in 2015 had concluded that a new port on Malaysia’s west coast was not necessary⁶. China’s ambassador to Malaysia, Huang Huikang, says the joint project

Figure 16: Chinese Ports in Malaysia
will be a major hub on the ‘Belt and Road’. However, when the MSR itself does not have a clearly enunciated plan, the meaning of a hub loses relevance since the functions of such a hub is neither clear nor required, as in this case. Some sources also indicate that the islands, which are being reclaimed as part of this project, are likely to be given on a 99 year lease in the future. Looking at the growing proximity of Malaysia and China, what with Malaysia buying naval hardware from China, the possibility of China gaining favourable access and maybe control to ports in the region, especially the Malacca Straits cannot be ruled out. The map below illustrates the ports to which China has access in Malaysia currently. The importance of the deep sea port for the Chinese in the Melaka gateway Project is obvious considering its location.

**Myanmar:** A consortium of Chinese companies was awarded two contracts in December 2015, related to a special economic zone including building a deep-sea port on the Bay of Bengal in the Kyaukpyu Special Economic Zone in western Myanmar’s Rakhine
State\textsuperscript{7}. The deep sea port includes development of 10 berths at the Maday Island Terminal and the Yanbye Island Terminal. It will be completed in four phases spanning a period of 20 years. Kyaukpyu is also the site of a pipeline which ships oil unloaded from tankers at Maday island overland to China. It, therefore, fits in very well with the Chinese requirement to reduce the dependence on Malacca Straits insofar as energy transit routes are concerned. It also suits Myanmar which stands to gain commercially as it slowly opens up to the world. It must also be noted that Kyaukpyu is also just about 700 nautical miles (nm) from India’s east coast and the strategic harbor of Visakhapatnam. While Beijing may reduce its dependence on the Malacca Straits, it in turn has created a vulnerability since traffic to and from Kyaukphyu is well within striking range of Indian or American assets in the Bay of Bengal.

**Bangladesh:** The modernisation of Chittagong port by the Chinese is another ‘pearl’ whose details have been largely kept out of the public eye. It is understood that the Chinese will have preferential access though India has pulled one back on the Chinese by signing a Memorandum of Understanding (MoU) with Bangladesh in June 2014 to grant Indian cargo vessels use of Chittagong and Mongla ports\textsuperscript{8}. The strategic significance of Chittagong is not lost on the Chinese. This is clearly evident when Zhao Gancheng, director of South Asia Studies at the government-supported Shanghai Institute for International Studies said, “Developing the port is a very important part of China’s co-operation with Bangladesh, and China is aware of its strategic significance”\textsuperscript{9}. China is also funding the modernisation of Mongla port and has inked two MoUs worth US$ 600 million with Bangladesh for the construction of two of the 19 components of the Payra Deep-sea Port by 2023\textsuperscript{10}. China’s bid for development of a deep water port at Sonadia, which would have military implications, was nipped in the bud when the Bangladesh government shelved the project\textsuperscript{11}. The utility of these ports to China is not readily apparent since Chinese plans to make a corridor from China to Bangladesh through India are still quite
far on the horizon. Coupled with the growing reliance of Bangladesh on China for its military hardware over the years and now even submarines, the Chinese investment in these ports, which are in close proximity of Indian strategic installations, calls for greater scrutiny. India currently has a favourable leverage with the incumbent government in Bangladesh which has been mindful of India’s concerns regarding China. However, any future change in government in Bangladesh can also change this equation giving the Chinese an upper hand.

Sri Lanka (Hambantota): The construction of Hambantota port by the China Harbor Engineering Company in collaboration with Sinohydro, was one of the first Chinese ventures in the IOR. Situated at the southern end of Sri Lanka, it is strategically located overlooking the busiest shipping lanes of the region. The project has not been a very satisfying experience for the Sri Lankans who have run up a huge US$ 8 billion debt with the Chinese during the running of the port. The debt was swapped for an equity of 80 per cent with China Merchants Ports Holding Ltd., who have

Figure 18: Ports with Chinese Investment in Bangladesh
also got a 99 year lease on the operations of the port, was endorsed by the Sri Lankan Cabinet in December 2016\textsuperscript{12}. The Sri Lankan Cabinet has also noted that the deal has some unfavourable conditions including the condition that the public-private partnership operator or any of their nominees shall be permitted to exclusively carry out Port/terminal development activity within 50 kilometres from the centre of the Hambantota Port during the entire lease period. This condition leave it almost entirely to China to see how it develops this area as it deems fit which could very well be for suitably camouflaged military ends. The deal has seen severe opposition from not only the opposition parties but also the local populace and the Sri Lankan government is now trying to re-negotiate the entire deal with China\textsuperscript{13}. It is therefore obvious that sufficient study had not been carried out to assess the viability of the Hambantota port which has now led to a situation where the port does not have business and consequently has landed in debt. The Chinese are now leveraging that debt for making possible strategic gains in this region to gain a permanent foothold.

Figure 19: Sri Lankan Ports with Chinese Investment
**Other Initiatives:** The Chinese have also helped modernise Colombo port, and a Chinese company now operates Colombo’s new container terminal. The Sri Lankan government has also recently cleared a proposal to develop a port city at Colombo with Chinese investment. Port visits by Chinese warships and specifically submarines have also added to the perception that Chinese intentions in Sri Lanka may not be purely commercial. Although the current Sri Lankan government has assuaged Indian concerns in this regard, the continued Chinese investment in port infrastructure cannot dispel the notion of possible use of these facilities by Chinese navy in the future. The location of Sri Lanka, as clearly evidenced in the map below, will continue to attract Chinese attention and as Sri Lanka looks to increase the pace of development, Chinese investment will be an attractive option unless India and other interested powers can come up with better propositions for Sri Lanka.

**East Africa:** East Africa is another part of the globe that has seen frenetic Chinese activity for not only exploitation of natural resources but also for development of infrastructure like railways and ports to support this exploitation. African ports have been in dire need of modernisation for quite some time because of legacy colonial issues and the turmoil that was prevalent till as late as the first decade of the 21st Century. A market research agency, BMI Research, in a report in 2013 argued, “Involvement will not only strengthen Chinese trade with the region, providing the Asian dragon with access to raw materials and new markets for its manufactured goods, but could also provide the Chinese navy with refueling stations, further fuelling speculation that China is following a ‘string of pearls’ policy in the region, developing ports in key locations”\(^{14}\). China is currently involved in a string of port development projects all along the East African coast from Djibouti to Mozambique.

**Djibouti:** Djibouti has been in the news for the past year or so for providing land for the construction of China’s first military
base overseas. However, what is not so well known is the fact that China has been involved in the modernisation of the port wherein a new container terminal was constructed at Doraleh in February 2009 and is now operated by Ports of Djibouti, a joint venture between Dubai World and China Merchant Holding International (CMHI). The facility is being expanded to add 23 hectares of container terminals, 15 berths, as well as facilities for handling general and break-bulk cargo, as well as coal and cars. The cost of about US$ 590 million is to be borne by Dubai World and CMHI. China is also investing in a Free Trade Zone in Djibouti and has formed a multi-party venture which intends to put in about US$ 30 million for this venture. China therefore will have not only a strong military but also a powerful commercial presence in Djibouti. China’s interest in Djibouti obviously stems from its strategic location at the mouth of the Bab-el-Mandeb waterway which leads to the Gulf of Aden from the Suez Canal and is a vital link in the Asian-European trade and energy route.

Kenya: Kenya is building a large port at Lamu, north of Mombassa, which is intended to rival Mombassa when completed. The project is part of a more ambitious ‘Lamu Port-South Sudan-Ethiopia Transport’ (LAPSSET) corridor which is intended as a network of road, rail, pipeline and fibre-optic cable link between Lamu, Juba in South Sudan, and Addis Ababa in Ethiopia. The port is being built by China Communications Construction Company (CCCC), which is investing nearly US$ 480 million in the construction of three berths at the port. The port is expected to be completed by 2020 with the first berth being ready by mid-2018, according to the Chinese. This project has seen some opposition from people’s concerns about the environmental and cultural impact of the port complex which have also been exacerbated by a perceived lack of transparency on the part of the Nairobi government, and an alleged failure to follow standard project planning protocols. In addition, CCCC also signed a deal in 2011 for building a new container terminal at Mombasa for US$ 66.7 million.
Tanzania: The construction of a megaport a Bagamoyo was announced in early 2013, after a visit to Tanzania by Chinese President Xi Jinping. The governments signed an agreement on 25 October that will allow China Merchant Holdings International to invest US$ 1.7 billion in the country including the construction of a US$ 460 million mega port at Bagamoyo which is expected to be completed in 2017. The port is intended to relieve the congestion at Dar-es-Salam. This project has also been controversial with issues of compensation for land acquisition delaying progress, though work is currently underway since 2015. Some question the viability of Bagamoyo with the former World Bank Lead Transport specialist Anil Bhandari saying that the port project was not sustainable under its current structure and could only attract business if it were developed as a regional maritime initiative. Like all Chinese projects, it relies on funds from China which come with strings attached from the conception stage.

Mozambique: An international consortium comprising of the China Harbour Engineering Co Ltd, a Mozambican company Bela Vista Holdings (BVH) and the South African public rail company Transnet is planning to invest US$1 billion in a new port in Techobanine in Maputo province, to serve Mozambique and neighbouring countries, including South Africa. Once the project is approved, 70 per cent of the funding will be the responsibility of Chinese financial institutions, according to the agreement. China is also financing the reconstruction of a fishing harbor in the small port of Beira to enhance its operating capacity.

As can be seen, China is involved extensively in development of new ports in East Africa. These ports are intended as the seaward gateway at the head of rail-road links originating in the African hinterland where China has huge interests in natural resources like minerals and metals. China has been importing raw material in huge amounts from Africa for the past couple of decades, but is also now viewing the emerging African markets as destinations for its exports. These ports are, therefore, intended
to serve not only as originators of China’s sources of supply of raw material but also as destinations for its finished goods. However, the current state of these African nations, especially as they are at the lower end of the development scale and are handicapped for funds, makes them especially vulnerable to the kind of debt trap that could open if these ports are not viable in the short to medium terms. Looking at the opposition to some of these ventures, such debt traps seem likely, which will give the Chinese leverage to put their strategy of subversive acquisition of maritime real estate near crucial sea lanes into play and gain more than a foothold in this region of their interest. The map below illustrates the location of these ports vis-à-vis the shipping lanes in the region.

**Pipelines in IOR**

The ‘Malacca Dilemma’ occupies the mindset of the Chinese strategists and policy planners alike since Hu Jintao first
The former Chinese President Hu Jintao talked of the ‘Malacca Dilemma’ and the need to secure China’s strategic and economic interests in the region. The Chinese dependency on oil imports from the Middle East and Africa coupled with the geographical realities of shipping routes imply that the Malacca Straits will be a vulnerability in their SLOC during a conflict with the US or India. The choice that the Chinese therefore face, for overcoming this vulnerability, is to either develop alternate routes to the Malacca Straits for their energy transportation or develop capabilities to protect their SLOCs in the IOR. Construction of pipelines from gateways/ports in the northern IOR to southern China is one way of bypassing the Malacca Straits though it does create another vulnerability, since the pipelines have to be laid through a third country as China has no access to the IOR directly. China is currently operating one pipeline in Myanmar which runs all the way to Kunming while the pipeline along the CPEC has as yet not been planned.

**Kyaukphyu–Kunming Pipeline:** The China-Myanmar oil and gas pipeline project, which comprises of a crude oil pipeline and a gas pipeline, is a joint project of China and Myanmar with the collaboration of international partners on commercial basis. The China-Myanmar Crude Oil Pipeline (Myanmar section), which was started in June 2010 and completed on 30 May 2014, was jointly built by the China National Petroleum Corporation (CNPC) and Myanmar’s state-run Oil and Gas Enterprise (MOGE) with 50.9 per cent and 49.1 per cent share respectively. The pipeline extends as 771 kilometre with designed transmission capacity of 22 million tons per year. The oil and natural gas pipelines run in parallel and start near Kyaukpyu and enter China at the border city of Ruili, Yunnan province. The 2,806-kilometre-long natural gas pipeline, running from Kunming, Yunnan to Southwest China’s Guizhou Province and South China’s Guangxi Zhuang Autonomous Region, went into full operation in October 2013 and has transferred 3.4 billion cubic meters of gas to a gas branch
company as of October 2016. The Madeisland port is the seaward end of the pipeline where tankers discharge oil and gas into the pipeline and a refinery in Yunnan province will process half of the crude oil from the pipeline and generate 13 million tons of oil every year. It has been reported that China will pay US$ 13.6 million to Myanmar every year, with the Myanmar government expected to earn one million US$ for each ton of transported crude oil. The recent commissioning of the Made Crude Oil Unloading Terminal and pre-commissioning of Southeast Asia Crude Oil Pipeline, after a delay of nearly two years, shows that this project has also had its share of problems. While the 22 million tonnes capacity of the pipeline is unlikely to even meet one tenth of China’s current demand, of more than 578 million tonnes in 2015, the pipelines will aid in reduction of transportation times, especially to China’s east while allowing China a larger than warranted presence in Myanmar. The terminal and the concurrent port construction at Kyaukphyu will ensure China’s presence in this littoral of the maritime world.

Pipeline in CPEC: As discussed earlier, CPEC currently is a network of road, rail and fibre optic cable connectivity. While there has been talk of oil and gas pipelines as part of the CPEC in the past, the economic viability of such a venture and the technological challenge presented by the Himalayas are unlikely to make it a success.

Ports and Pipelines for China

The Chinese port projects have ensured a permanent Chinese maritime presence in the IOR, especially the Northern IOR. The choice of the ports in the proximity of important shipping lanes clearly indicates the Chinese focus on safeguarding their interests which lie on these lanes. These projects have allowed the Chinese to establish very strong links with these countries and have also had the effect of increasing the indebtedness of these countries to China. At the same time, Chinese interests are concomitantly
growing with each new venture. A certain pattern of Chinese approach to this littoral is also in evidence. The countries that the Chinese have chosen to shower their largesse on, in some cases, and offer their expertise are all underdeveloped/developing countries which have come out of decades of political turmoil and hence have a pressing need to ensure development for their citizens. The ‘no strings’ attached funding from the Chinese is an obvious attraction which obfuscates the need for carrying out otherwise needed detailed studies for the necessity of such port projects. Consequently, these countries step into a debt trap when the projects do not generate the desired revenue to break even leading to indebtedness and susceptibility to strategic leverage by the Chinese. These projects have also provided an outlet for Chinese capacity which has peaked at home as also consolidation of larger ventures, as seen in Africa. Moreover, many of these
countries are also recipients of Chinese military aid and arms sales, which will be discussed in a subsequent chapter. Some of the terms negotiated by the Chinese have ensured that utilisation of the facilities that they have created in these countries can only be at their discretion. Their subsequent utilisation as military facilities, albeit temporary cannot be ruled out. A full conversion to a military base, on the lines of Djibouti, may not happen barring Gwadar where the Chinese have a special relationship with Pakistan.

In any case, the Chinese do not need more military bases – at least not in the medium term. What they need are support facilities in the region, which can be provided by some of these ports by making small changes to their support infrastructure. These projects, while being clearly commercial in nature, are intended to provide the Chinese with the capacity to safeguard their strategic interests in this region in the longer term. However, the capacity to utilise this foothold has to be provided by the military aspect of maritime power, which will be looked at in the ensuring chapter.

* 

END NOTES

3 ‘Malaysia to allow PLA navy use of strategic port’, The Straits Times, November 22, 2015.


Joint Declaration between Bangladesh and India during Visit of Prime Minister of India to Bangladesh – “Notun Projonmo – Nayi Disha”, June 7, 2015.


20 Ibid.


25 Ibid.

CHAPTER 6

China’s Maritime Military Activity in the IOR

Military Presence

China has proceeded on many fronts to increase its maritime military presence in the IOR. Before 2008, ships of the PLAN had rarely ever come into the IOR and their operations were largely restricted to the coastal waters of China and the Western Pacific. Since then, not only has the PLAN been visible by its near continuous presence, but PLAN personnel have also been increasingly seen in countries where China had hardly a presence. PLAN personnel are now present in Bangladesh, Pakistan, Iran and a number of African countries, where they are involved in training, providing support in operation of newly acquired platforms and the like. China has also grown to be the third largest arms supplier in the world, which has led to a number of buyers in the IOR and a consequential Chinese presence. Chinese intelligence gathering ships are being increasingly seen in the waters of the Northern IOR monitoring activity they had hardly paid attention to in earlier times.
Naval Deployment

The Chinese navy first entered the IOR when it dispatched an anti-piracy escort mission to the Gulf of Aden in 2008 as a part of the international effort to combat Somalia-based piracy. The PLAN has since visibly increased its presence to become a fairly regular sight in the IOR.

**Anti-Piracy Missions:** The Chinese navy has deployed more than 25 escort missions from 2008 till date, typically comprising two ships and a tanker. These missions have normally had a deployment duration of about three-to-four months with about two-to-three months on task in the area. They have reportedly escorted almost 800 convoys during this period. Between December 2008 and early 2015 over 16,000 PLAN sailors as well as 1,300 marines and special operations forces personnel served in the Gulf of Aden. Some of these missions have also visited a large number of countries. In fact, one of the missions, TF 152, after its deployment to the Gulf of Aden in July 2015, undertook a round-the-world trip calling at ports in Europe, Scandinavia, USA, Pacific, and the South East Asia before heading home, a deployment of about ten months. These deployments have provided unprecedented operational exposure to the PLAN and helped it develop and consolidate capabilities which it hitherto had not exploited. Anti-piracy missions have provided the PLAN with a near real time experience of escorting high value shipping through trouble-prone areas and helped the personnel master the art of convoy operations, which can prove invaluable in wartime when escorting shipping. The PLAN now has one of the largest underway replenishment fleets in the world, after the USA. Its logistic supply chain and maintenance procedures would obviously have been honed to a high degree of operational readiness to sustain such extensive and prolonged deployments.

**Combat Deployments:** The PLAN has been a regular visitor to the IOR in the past decade or so. In addition to deployments for anti-piracy missions, PLAN ships have been deployed in the area
wherein they have conducted exercise in the region and coupled them with visits to countries in the region, India included. The PLAN has also deployed intelligence collection ships which are intended to generate operational data like bathymetric profiles, sound velocity graphs and so on, for siding future operations of the PLAN in the IOR. The Indian Navy has been keeping a sharp eye on these deployments as stated by the Chief of Naval Staff during his address to the media last year. The PLAN is still in the process of consolidating its experience, since such long range deployments require extensive planning and very good logistic support, but its capabilities are increasing by the year if not earlier. One deployment which deserves special mention is an exercise that the PLAN undertook in January–February 2014 when a Surface Action Group (SAG) comprising the Changbaishan YUZHAO-class amphibious transport dock (LPD), the Wuhan LUYANG I-class guided-missile destroyer (DDG), and the Haikou LUYANG II-class DDG undertook an exercise in which they transited the South China Sea, Lombok, Sunda and Makassar Straits before exercising in the Philippine Sea, and then headed home to Zhanjiang Naval Base in Southern China. The exercise involved antisubmarine warfare, air defense, electronic warfare, and expeditionary logistics; training to seize disputed islands and reefs in the SCS; enhancing the ability to conduct integrated and multi-disciplinary operations; and demonstrate to the Indo-Pacific region that China’s combat reach now extended to the eastern Indian Ocean.

The transit through the Sunda Lombok was clearly intended to demonstrate the importance that the PLAN attaches to these vital lifelines and hence the capability that the PLAN can bring to bear for safeguarding of these interests. The Chinese aircraft carrier Liaoning has, as yet not been deployed in these waters but that also may not be too far away.

**Submarine Deployment:** Another interesting dimension of Chinese naval operations in the IOR has been the deployment of
submarines. The PLAN deployed a *Shang* class submarine, ostensibly for anti-piracy, in end 2013. The submarine transited the Malacca Straits both during its outward and return transits from its home port at Hainan Island in the South China Sea. The purpose of this deployment will not be lost on any naval tactician considering the near zero capability of a submarine, nuclear or otherwise, for an anti-piracy mission. This deployment would have allowed the submarine crew an enviable experience of a long range deployment over an extended period and helped them garner intelligence of the operating environment in the IOR. The subsequent deployment of submarines to the IOR, of a *Song* class which called at Colombo November 2014 and a *Yuan* at Karachi.
in May 2015, would have provided further experience to more submarine crews in the IOR. The data generated from these deployments, both oceanographic and intelligence, will help the PLAN in better preparation for further such deployments as also for preparation of a future battle-space. Considering the slow transit speeds of conventional submarines (about 5 knots/9 kilometre per hour) and the distances involved (about 9000 nm from Hainan to Karachi and back), the endurance of these submarines would have been tested to the maximum. While a submarine tender would have accompanied these submarines, the challenge that these submarines would have faced in terms of materiel and maintenance will have provided the PLAN with unmatched operational planning experience for future deployments.

Multi-National Exercises: Many of the PLAN anti-piracy task forces have carried out exercises with other navies either *en route* to the Gulf of Aden or on their return trip. Additionally, these ships have also carried out exercises with other navies deployed in the Gulf of Aden whilst on patrol, most recently with the Danish navy in November 2015. The Chinese navy also conducts regular exercises with the Royal Australian Navy and the Pakistan Navy in the IOR. In fact, the PLAN is a regular participant in the annual ‘Aman’ series of multinational exercises conducted by the Pakistan Navy. These exercises have ensured a high degree of interoperability with other navies of the world and have also given the PLAN the required exposure to generate scenarios for future combat.

Non-Combatant Evacuation Operations (NEO): The Chinese navy, in the recent past, has helped evacuate its citizens and other foreign nationals from Libya in 2011 and from Yemen in 2015. The deployment of the one of the PLAN’s most modern frigates, *Xuzhou*, in February 2015, to waters near Libya to support and protect the evacuation of Chinese citizens was the first of its kind for the PLAN. The Chinese government had also deployed four
heavy lift aircrafts of the PLA Air Force (PLAAF) IL-76 for the operation in addition to a number of civilian aircraft and merchant vessels for this operation. The operation was highly successful and clearly shows the ability of the PLAN and PLAAF to co-ordinate major operations on distant shores. The availability of suitable places for refueling and stopovers also indicates the ability of the Chinese to obtain such places from foreign governments, especially in Africa, during times of crisis. The subsequent NEO operation in Yemen in March 2015 was undertaken by ships on deployment in the Gulf of Aden for anti-piracy mission. Though it was much smaller in scale compared to that of Libya, the employment of naval ships emphasised the will of the Chinese government to protect its people even in foreign lands. This is especially notable, considering the increasing number of Chinese expatriates in the region.

The PLAN’s operations in the IOR over the past decade have earned it international recognition as a blue water force capable of carrying out effective operations far from its home waters. It is of course, important to note that the PLAN does not have the capability to maintain a large and sustained presence in the IOR, like the US Navy, at least not in the immediate future. However, the PLAN is rapidly gaining operational experience in this important region which can be effectively leveraged to gain tactical advantage in times of adversity.

**Bases and Ports of Call**

**Military Bases:** China has recently negotiated an agreement with Djibouti for construction of a military base under the garb of ‘military supporting facilities’⁴. Though details of the agreement have not been published, it can be safely assumed that it is a semi-permanent arrangement at least, for the next 20-25 years. China has justified the requirement for this base citing the requirement to “provide better logistics and safeguard Chinese peacekeeping forces in the Gulf of Aden, offshore Somalia and other
China has consistently deployed ships for anti-piracy missions since 2008 in the Gulf of Aden along the International Recommended Transit Corridor (IRTC). China had also deployed troops to South Sudan in 2015 as part of the UN peacekeeping operations for the first time in its history. Liu Hongwu, director of the School of African Studies at Zhejiang Normal University, says that building military supporting facilities is just a start for China to carry out security cooperation with the African Union reference. Considering the continuance of the anti-piracy mission in the Gulf of Aden, it is likely that the base in Djibouti will be sufficiently large to cater for refueling as also major repairs of naval ships. Availability of an airstrip will permit deployment of Maritime Reconnaissance (MR) aircraft to aid the anti-piracy effort. In all probability, there will be sufficient Chinese personnel for not just the operations, but also for security considering the instability in the region. All in all, the base will enable the Chinese to project sufficient military power to further their strategic objectives in the IOR.

Figure 23: Ports used for OTR by Chinese Navy

---

5 Figure 23: Ports used for OTR by Chinese Navy.
Ports of Call: Chinese ships on deployment to the Gulf of Aden have regularly called at Salalah in Oman, Aden in Yemen and other ports for re-supply or Operational Turnaround (OTR) indicating acquiescence of these countries for facilitation of access facilities to the PLAN. Pakistan, of course is a preferred destination with a number of Chinese naval vessels calling at Karachi in the recent past and on occasions, a submarine was also reported to have berthed there. The map below illustrates the various ports at which PLAN ships have called in recent times for carrying out replenishment when they have been deployed in the IOR as also in other waters.

Chinese Arms Sales

China has become the fourth largest exporter of military equipment worldwide, with nearly two billion US$ in sales in 2016 according to Stockholm International Peace Research Institute (SIPRI). It ranks just behind the three biggest arms exporters in the world, the US, Russia and Germany.
A number of countries in the IOR have been some of the largest recipients in recent years. Pakistan, China’s traditional ally, has acquired frigates and corvettes and is jointly developing and marketing a fighter aircraft, the JF-17. The F-22 class frigates and the Aslat class attack craft form the cutting edge of the Pakistan navy. Pakistan is also in the process of acquiring submarines from China. Myanmar has, over the years, received a huge amount of military equipment, though outdated, from China. The Sri Lankan armed forces operate a variety of Chinese aircraft, patrol boats, tanks and infantry vehicles. Recent news reports had indicated likely acquisition of the Sino-Pak developed JF-17 fighters by the Sri Lankan Air Force but the deal had apparently fallen through because of pressure from India. Bangladesh has recently acquired two submarines from China. While a detailed examination of these acquisitions is not the intention of this paper, a look at the numbers involved will give a grasp of the magnitude of the transactions.

Figure 25: Imports of Chinese Arms by Countries of IOR (in US$ million)
Pakistan and Bangladesh have been the largest recipients of Chinese arms in the recent past with sales of approximately US$ 3.6 billion and US$ 1.6 billion to these two countries respectively over the period 2010-2016. These two countries alone accounted for US$ 892 million out of China’s total sales of nearly two billion US dollars in 2016 alone. Of more interest is the dependency that China is creating in these countries. The second figure above clearly demonstrates this trend with countries like Iran, Myanmar and Tanzania almost totally dependent on China for these arms. The third graph shows the percentage of Chinese ships in the inventory of various navies in the IOR. Most of the countries in the IOR, barring India, have small navies. As can be seen, these navies, many of them in the Northern IOR are heavily dependent on Chinese ships for maintaining their naval strength. The number of Chinese ships in the navies of countries like Myanmar, Bangladesh and Thailand is also set to increase, as these countries are in the midst of major fleet expansions. In fact, Thailand has only recently approved purchase of submarines from China.
These are discomforting signs for some other countries of the region, especially India, since the Chinese military has now established a mutual dependency with these countries which can be leveraged for strategic advantage, both in times of peace and war. The acquisition of submarines is one which especially underlines this dependency. Both, Bangladesh and Thailand, are first time submarine operators. Consequently, they will require a lot of hand holding to be walked through before they can fully operationalise these assets. This will naturally involve very close participation of the supplier, China in both cases. Presence of Chinese naval personnel in these countries is therefore a foregone conclusion and their presence at sea in these platforms is also a distinct possibility. Utilisation of infrastructure, which will be created in these countries for supporting the operations of submarines, could also be utilised by Chinese submarines on their deployments to the IOR. This is a clear danger that India will have to contend with, apart from the risks posed to submarine
operations in this region because of the likelihood of mutual interference. A proactive approach by India to involve these countries in generating a framework for avoiding such mutual interference while also providing India’s own submarine training and maintenance infrastructure for their training and maintenance can serve to mitigate Chinese influence and limit the possible compromise of India’s interests.

Prognosis

The Chinese naval presence in the IOR is here to stay and is a factor that has to be contended with by India and other regional powers which view China as a potential adversary. The Chinese energy interests, continuous search for natural resources in this part of the world, their ever increasing commercial interests coupled with a rapidly increasing diaspora in the IOR will ensure that this naval presence continues to grow in strength in the future. The Chinese currently do not view the IOR as a source of immediate threat while at the same time, they are preoccupied by happenings in the immediate vicinity in the Korean peninsula. Taiwan is another core interest which occupies their efforts, military and otherwise.

The Chinese military build-up, especially the naval modernisation is continuing apace with platforms being added almost monthly. The indigenous aircraft carrier was launched on 26th April 2017, and is likely to be commissioned by 2020 and will complement the Liaoning in operations. There is already talk of a larger aircraft carrier in the design stage whose construction may begin in the next year or so. Suffice to say, the Chinese are definitely looking at a fleet of carriers, possibly five or six, to protect their interests, according to Xu Guangyu, a senior adviser to the China Arms Control and Disarmament Association. The Chinese will need these aircraft carriers to project power on a credible basis in the IOR to safeguard their interests. The current deployments for anti-piracy, operations and submarine deployments are intended
to generate the operational experience and wherewithal, for both platforms and men, to operate in these waters. However, the availability of an effective interventionist capability is unlikely to fructify without an aircraft carrier battle group. A credible capability is unlikely to be generated in the next five to eight years since the PLAN has only one carrier during this period, which will necessarily have to remain in Chinese waters to contend with situations outlined earlier. The operationalisation of the second carrier in 2020 is also unlikely to augment this capability due to requirements of training and maintenance. However, this does not preclude the deployment of the Liaoning to the IOR which could well be undertaken to demonstrate a show of power to Chinese allies and acolytes in the region.

India needs to exploit this window of opportunity to consolidate its position in the IOR and also undertake activity to contain the rise of Chinese military operations, or at the least mitigate the possible operational fallout from these operations. Monitoring of Chinese naval activity, including that of their submarines, is an absolute operational necessity. The Navy Chief has already listed that as a priority which will continue to occupy the Indian Navy’s efforts. Indian diplomacy has to also use its leverage to constrict the field of operations for the PLAN so that no further operational advantage can accrue to it in the future. The Indian Navy, in conjunction with our diplomatic efforts, needs to also stitch elements of deterrence and compellance into future deployments. Compellance operations would necessarily have to be undertaken in times of tension and near war situations, as otherwise, they may cause an avoidable escalation of the prevailing situation. India also has to leverage its robust partnerships with the US and Japan in the maritime domain, which have proved to be extremely beneficial to us in the world of geopolitics. Similar partnerships with other countries like Indonesia, whose Global Maritime Fulcrum initiative complements our approach in this region, can further bolster our position, especially when
considering its location astride vital SLOCs. Such partnerships can also inhibit advances by other inimical nations in gaining any strategic advantage in the sphere of our maritime influence.

* 

END NOTES

5. www.stratfor.com
CHAPTER 7

India’s Response

India’s Concerns

India is one of the countries, if not the only one, which is directly affected by the expanding Chinese presence in the IOR. India’s location in the Indian Ocean is a tectonic reality which along with its size and economy manifests itself in every domain of the Indian Ocean world. Consequently, the expansion of any foreign power in the Indian Ocean is bound to have an impact on India and the region. Historically, the arrival of any foreign power in the Indian Ocean has had an adverse impact on India as witnessed by the three centuries of colonisation. China is a country, with which India has fought a war in the not too distant past and with whom India has an unresolved border dispute. The two countries have witnessed an increased economic engagement over the past couple of decades but this has done nothing to reduce the level of mutual suspicion which has periodically fluctuated between bad and worse due to incidents on the border and other problems. It is this mutual suspicion that forms the background, against which any actions by the two countries are viewed by each other. China’s relations with India’s neighbours, especially Pakistan, have caused great concern in Indian circles. A look at India’s concerns over the increasing Chinese presence in the IOR will enable shaping of a response to this phenomenon.
The China-Pakistan Nexus: China has provided support to Pakistan, in both material terms by giving military hardware, and also by its actions in supporting Pakistan at various fora in the world of geopolitics. The CPEC is one initiative which has raised India’s hackles, as part of the corridor runs through Pakistan occupied Kashmir (PoK), an illegally held Indian territory. China claims that this is only an economic venture which will benefit both countries and that it does not take a stand on the issue of its sovereignty. However, such stands, especially by China seem duplicitous when it expresses displeasure over India’s oil exploration activity in Vietnam’s EEZ, which it views as its territory though current international legal regime does not recognise these claims. A larger issue is the status of Gwadar port, whose operations have been taken over by a Chinese SOE, the COPHC. Considering the viability of Gwadar as a commercial port, with or without the CPEC, seems to beg the question that ‘what are the Chinese doing here, in the back of beyond?’ The only value that Gwadar has is its strategic location in the proximity of the shipping lanes emanating from the Straits of Hormuz. The absence of any commercial activity after the symbolic movement of two ships, to dispatch the Chinese and Pakistani cargo brought in by a convoy, clearly shows the near impossibility of Gwadar as a commercial port, at least till the Pakistani economy comes out of the doldrums. The provision of more than 2200 hectares of land to the COPHC, ostensibly for setting up a Free Zone, is another indicator of the ‘not-so-commercial’ intentions of the Chinese. The Chinese are not altruistic by nature and such expenditure, as is being currently incurred by them at Gwadar, cannot generate commercial profit, at least not in the near to medium term. Gwadar is, therefore, a strategic investment whose real estate is intended for utilisation for larger-than-commercial reasons which are not too difficult to guess. While the Chinese are not colonialists, availability of real estate in the vicinity of one’s own interests, is not meant to be spurned and can be effectively utilised for generating capabilities to guard these very interests in the future.
China’s collusion with Pakistan, on a number of issues which are inimical to India’s interests, lends further credence to this possibility. When viewed in the frame of China’s ‘Two Ocean’ approach, Gwadar as a Chinese outpost at worst and a military base at best, seems a distinct reality in the medium to long term. China will also continue providing arms to Pakistan with the buy of eight submarines likely to materialise by 2023. With increasing Chinese surveillance effort in the IOR, the likelihood of sharing operational intelligence with the Pakistani armed forces also cannot be ruled out. Karachi remains a favourite port of call for the PLAN in this region and exercises with the Pakistan Navy are a focus area. This is one concern that will continue to occupy Indian planners as long as Pakistan remains an adversary and Sino-Indian relations retain mutual suspicion.

**Bases and Places:** China’s increasing footprint in the IOR have to be supported, by bases or by places, where its ships and personnel can stop for refueling and rest. Apart from Djibouti, China appears to have arrangements with a number of countries for places which provided the required facilities to support naval deployments. Arrangements for supporting deployments of submarines, especially nuclear, may not be feasible with all countries and can be undertaken only in countries like Pakistan with whom China enjoys a special relationship. Any out-of-area power will also need an airbase to operate surveillance aircraft to gather intelligence of the area. Chinese deployments to the area are severely hampered because of the lack of such a facility which can be crucial in times of hostilities. While satellite reconnaissance has helped fill in this gap, the very nature of satellites precludes availability of current intelligence necessary for naval operations. Availability of an air base for positioning surveillance aircraft will greatly enhance the effectiveness of Chinese naval deployments. China’s approach to concluding such arrangements has been one of first ‘inoculating’ the host country by providing economic aid at terms conducive to it. Arms sales to such countries serve to
further increase these linkages strengthening the acceptability factor of Chinese military platforms. While China may not need a large number of bases, its current and likely future operations will warrant additional bases, as Djibouti alone may not be sufficient for operations further south, especially in the African interior and along the east and south coast of Africa. African countries like Kenya and Tanzania are also recipients of Chinese military hardware and may be more agreeable to such arrangements in the future, especially as they look for investment to modernise their ports and maritime infrastructure. It will be in India’s interest to reduce the possibilities of conclusion of such arrangements by the Chinese, by either providing the assistance required by these countries or by facilitating provision of such assistance in conjunction with other powers like the US and Japan.

Creation of Chinese Dependencies: Creation of colonies, as undertaken by the Europeans in the 17th and 18th centuries, is unlikely to be repeated in the IOR in the future. On the other hand, economic and military dependencies may emerge due to the nature of relationships that are being nurtured by the Chinese. Many of the countries in the IOR are either nascent democracies which have stabilised after decades of conflict like Myanmar, Sri Lanka and Bangladesh, or are dominated by the military as in the case of Pakistan. A similar situation prevails in many East African countries, which are still delicately balanced on the cusp of the development curve. These countries are direly in need of investment which is not easy to come upon especially from the West, which lays a number of preconditions unlikely to be suitable to the regimes in these countries. China does not lay any pre-condition to such investment and development loans. In fact, some of these loans are heavily tilted in favour of the Chinese entities involved in such deals as has been recently witnessed in Hambantota. These countries therefore become necessarily dependent on China for their internal development and can become indebted in the long run. Supply of Chinese arms has
further increased this dependency as many of these countries like Bangladesh, Myanmar, Pakistan and Tanzania rely solely on Chinese arms for their militaries. Chinese arms are not only cheaper than their western competitors, but also come with fewer strings attached. With the supply of more sophisticated platforms like submarines, many military aspirations of the smaller countries are also likely to be fulfilled, immaterial of the fact that they require such platforms or not. Maintaining such complex platforms requires dedicated infrastructure which may not be possible for countries like Bangladesh and Thailand, and hence they will have to continue relying on China to ensure the continued operational availability of these platforms in the future. It is the creation of such economic and military dependency on China amongst the countries of the region, which will give the Chinese strategy a major heft in this region. Mitigation of such dependency can only be undertaken as a joint effort by India along with like-minded powers by balancing the developmental aspiration of these countries with imperatives of regional security.

**Gathering of Military Intelligence:** The Chinese have been deploying intelligence gathering ships and have also been utilising other marine craft like fishing fleets to gather intelligence about the IOR. They have also utilised their deep sea exploratory capability to gather oceanographic data which can increase the effectiveness of submarine deployments. Submarine deployments of the PLAN would also have generated a large amount of operational intelligence. Allies like Pakistan also provide the Chinese with such data to complement what the PLAN would have gained till date through its anti-piracy and other missions to this area. Chinese intelligence ships are also known to have frequented the areas of various missile firings undertaken by India in the Indian Ocean. Such activity cannot be stopped as it is undertaken on the high seas where all countries are free to undertake any activity which is not detrimental to the ocean environment. Monitoring of such efforts will help in understanding
the focus of Chinese efforts and provide an insight into their operational planning which in turn, can prove quite useful in hostilities and less-than-war situations. Efforts to deny or mask such information to the Chinese should be an ongoing effort so that any operational advantage that may accrue to the Chinese can be reduced.

**Reduction of India’s Influence in the IOR:** India has historically been the pre-eminent power, even during the colonial period. The IOR is central to India’s national interests and any inimical influence in the IOR can lead to a compromise of these interests. Increasing Chinese economic and military influence in the IOR, needless to say, can imperil India’s influence and thereby its own existence. India can therefore ill afford the increasing Chinese influence in the IOR. Many of the current governments in the countries of the IOR are favourably disposed towards India, some due to disenchantment with the Chinese. Countries like Sri Lanka, Bangladesh and the Seychelles have also used the Chinese card to gain advantages from India in the past. Notwithstanding, it is important for India to remain an important factor in the domestic politics of these countries so that Chinese influence is minimal and does not reach the critical mass sufficient to imperil Indian interests.

Having had a look at India’s concerns, some suggestions are in order to mitigate and reduce the effects of Chinese maritime expansion in the IOR.

**Suggested Responses**

**Build-up Strength:** China is an out-of-area power in the Indian Ocean and this is a reality which will remain despite its acquisition of any foothold or base in the Indian Ocean. Chinese strategic thought is underpinned by a respect for strength and the possibility of ‘loss of face’ against such strength dictate many of their actions. India therefore needs to build up strength, through
partnerships as also its own, and reduce the space for Chinese action in the IOR. While nuclear deterrence may serve to avoid war, conventional strength can also prove to be dissuasive to an adversary like China.

**Strengthening and Increasing Partnerships:** India has a very robust maritime partnership with the United States and Japan, which is slowly converging to a trilateral arrangement in the near future. In fact, India and the US share a joint vision for the Indo-Pacific which was agreed to by President Obama and Prime Minister Modi in January 2015. India shares a similar outlook with Japan in this region and the personal rapport between the two incumbent Prime Ministers has further strengthened this partnership. India also shares a trilateral arrangement with Sri Lanka and the Maldives for maritime security cooperation. Similar partnerships with Indonesia and Singapore can strengthen India’s credentials as a bulwark for security in the region and also provide new avenues for efforts to consolidate India’s own security paradigm. The Indonesian President’s Global Maritime Fulcrum initiative is intended to capitalise on Indonesia’s location between the Indian and Pacific Oceans to renew its maritime status. Indonesia has voiced vehement opposition to Chinese maritime aggression and is in the process of rebuilding its maritime military capabilities. India’s partnership with Indonesia will not only allow it to further this effort, but can also provide India with invaluable information about shipping through some of the world’s most important straits which crisscross the Indonesian archipelago. India also has a robust partnership with Vietnam which can provide rich dividends in the future vis-à-vis China. A similar partnership with Philippines can also serve to act as a counterweight to any Chinese aggression while bolstering the Philippines.

**Building up Capabilities and Capacities of Smaller States:** Many of the smaller countries of the IOR like Sri Lanka, Bangladesh and the island nations have to bolster their maritime capabilities
and capacities to meet current challenges. India has itself provided military hardware and training to Sri Lanka, Bangladesh, Seychelles, Mauritius, Kenya etc. India aid to Seychelles for construction of a naval base is an effort, which will ensure that India’s interests in this important country will remain protected in the future. However, many of these challenges may require military capabilities which India is not in a position to provide. Partnerships with other like-minded powers like Japan can help address these challenges and serve to mitigate untoward Chinese influence. India could also utilise its influence with Russia to provide hardware and thereafter give the necessary support for long term exploitation by these countries.

**Increased Presence and Surveillance:** The Indian Navy and the Coast Guard need to increase their footprint beyond India’s primary area of maritime interests in the Northern IOR and look at the regions beyond this periphery. Surveillance of the choke points leading into the Indian Ocean, like Sunda and Lombok will yield considerable intelligence while also ending a message to the Chinese that their ingress and egress from the Indian Ocean can be easily monitored. Close monitoring of Chinese activity in the IOR will further re-emphasise this message for good effect. Building partnerships with nations like Indonesia will be critical for effectiveness of such efforts.

**Strengthening the Navy:** The Indian Navy has to be considerably strengthened in terms of providing long range platforms for aerial as also surface surveillance. Anti-submarine warfare has to become a focus area which will integrate all assets including submarines and sea bottom sensors. The present woeful state of submarines in the Indian Navy does not portend well for any future conflict and needs to be addressed on a war footing. A strong navy is mandatory for any efforts to meet the challenge of the increasing Chinese influence in the IOR.
Building a Regional Security Framework: India has been a pioneer in setting up institutions like the IORA and the IONS for ensuring security of the region. Both these institutions have only resident states as members and other extra-regional powers like China and the US are excluded from the primary membership. However, both these institutions have run out of steam due to insufficient support from India in the long-term. Such indifference by India cannot be afforded anymore and India has to take a more proactive position in steering such efforts. Creation of new bodies is unlikely to provide any advantages in the aspects of regional security. Strengthening of existing institutions will not only avoid wastage of effort but ensure that outside powers do not find traction in these institutions. However, India has to overcome its legendary bureaucratic lethargy if these efforts are to fructify. The Prime Minister’s vision of ‘Security and Growth for All in the Region’ (SAGAR) can form the rubric for such efforts, where he has already indicated that resident states must take primary responsibility for security in the region while recognising the stakes of others.

Engaging China: The reality of China’s expansion into the IOR cannot be contended by opposition alone. China’s interest in the region will remain well into the foreseeable future. India can also collaborate and cooperate with China on number of aspects of the maritime domain which can ensure reduction of mutual suspicion.

Anti-Piracy: The recent cooperation on thwarting a piracy attempt between the Chinese and Indian navies needs to be developed further with each giving credit for the others’ contribution. While the two navies have cooperated in the past by coordinating patrol schedule, coordinated action will take these efforts in the new direction which will generate a degree of interoperability and also reduce the effort.
Ship Visits and Exercises: India and China have exchanged ship visits in the past, with the most recent being the participation of the PLAN in the International Fleet Review conducted by the Indian Navy in Visakhapatnam in February 2016. However, these have not been regular phenomena, and increase in such visits will help establish better relations.

HADR: Coordination in Humanitarian Assistance and Disaster Relief (HADR) is another aspect of maritime operations, where the two countries can synergise efforts. China is acquiring and developing capabilities which can complement Indian abilities, and exploitation of such joint capabilities can greatly aid the region in times of disasters like earthquakes, cyclones and tsunamis, as has been witnessed in the past.

Training Exchanges: Recent deployments of the PLAN’s training ship, Zheng He, has witnessed a number of training exchanges involving cadets of various navies. India also has a time tested programme of such exchanges during visits of its training ships which can easily bedovetailed with the programmes of the PLAN. Fostering of close relations between personnel of both the navies form an early stage of naval service can not only allay suspicion but also build bonds of friendship.

High Level Visits: High level visits like those of the Chief of Naval Staff very often help in establishing a personal rapport that can then set the tone for future exchanges. Institutional mechanisms like the Maritime Dialogue held between the two countries in February 2016 also create an atmosphere of cooperation. It is important that such visits and dialogues are not episodic and are conducted at frequent intervals, so that their relevance is not lost.

Conclusion

China’s growing presence in the Indian Ocean Region and its increasing assertiveness pose serious challenges to India’s security. This challenge requires an approach quite different from the
lackadaisical one that India has adopted to deal with problems in the region. China is extremely proactive and is not encumbered by the shackles of democracy in its dealings with the world. Dealing with the nimble footed dragon will require not only the patience of the Indian elephant but also a swiftness of the many feline hunters, like the Royal Bengal Tiger, native to India. India has to move swiftly as the window of opportunity afforded by China’s pre-occupation with happenings in its neighbourhood may not last beyond the immediate future.

*
Index

12th National People’s Congress (NPC), 49
24th Naval Task Force, 54
4Cs, 35

Active defence, 46
Addis Ababa, 22, 78
Aden, British base, 15
Admiral Sun Jianguo, 35
Admiral Zheng He, 16, 59
Afghanistan, 13
Africa, 9, 16, 22, 26, 32, 52, 66, 81, 83, 104
Africa, East coast, 13
African Union, 93
Agence France-Presse, 22
air defense, 89
Alert, 13
al-Qaeda in the Arabian Peninsula (AQAP), 13
ancient Silk Road, 24
Andhras, 10
Antarctica, 9
Anti-Piracy, 109
  Deployment, 34
  Mission, 37, 88, 92, 93
  Operations, 54
  PLAN task forces, 91
Antisubmarine warfare, 89
Arabia, 14
Arabs, 10
Arctic, 11

Arms sales, 103
ASEAN Plus China (10+1), 61
Asia, 9, 16
Asian Infrastructure Investment Bank (AIIB), 59
Asian littoral, 21
Asia-Pacific Economic Cooperation (APEC), 61
Aslat class attack craft, 95
Association of South East Asian Nations (ASEAN), 32, 34-35
Atlantic, 9
Australia, 9, 18, 21, 25, 28
  exports iron ore to China, 27

Bab-el-Mandeb waterway, 78
Bagamoyo, 79
Bangladesh, 49, 74, 75, 96-97, 104-08
  Memorandum of Understanding (MoU), 74
Bay of Bengal, 73
Bela Vista Holdings (BVH), 79
Bhandari, Anil, 79
BMI Research, 77
Bottom Seismometers (OBS), 33
BRI, 62
  Action Plan, 59
British rule
  India, 15
  Southeast Asia, 15

Cameroon, 31
Central America, 18
Central Asia, 18, 58
Challenger Deep, 33
Changbaishan YUZHAO, 89
China Arms Control and Disarmament Association, 98
China Communications Construction Company (CCCC), 78
China Harbor Engineering Company (CHEC), 71, 75, 79
China Merchant Holding International (CMHI), 78-79
China National Petroleum Corporation (CNPC), 81
China Overseas Port Holding Company (COPHC), 66, 102
China Pakistan Economic Corridor (CPEC), 23, 29, 34, 59, 63, 102
Genesis, 63-66
Current State, 63-64
Prognosis, 65
Pipeline, 82
12th Five Year Plan, 50
13th five-year plan, 32-33, 49
21st Century Maritime Silk Road (MSR), 23, 29, 34, 50, 58-60, 63, 67-68
Concept, 59
Chinese Intent, 60-61
Chinese Thought, 62
Defence White Paper 2008, 45
Defence White Paper 2013, 30-32
Dialogue Partner in IORA, 53
Larger ambit, 68
Upgrades of maritime capabilities, 32

China’s
Belt and Road Initiative, 23, 73 construction, 53
Consumption of liquid fuels, 18 Import Oil, 18
Dependence on the seas, 30
Economic growth, 16
Emergence trading power, 16
Energy imports by sea, 18-19
Evolution of military maritime strategy, 45
Exports, 25
First military base overseas, 77
Future security and growth, 59
Gas Imports, 18
Growing economic stature, 30
Growing presence, 110
Growth, 29
Imports
Agricultural raw materials, 28-29
Natural rubber, 28
Raw cotton, 28
Import of Minerals from the IOR, 27
Import of Ores & Metals from the IOR, 28
Indian Ocean Strategy, 55
Interests, 37
Investments, 21
Maritime activity, 52
Maritime interests, 17, 68
Maritime outlook, 44
Military Strategy, 67
Oil consumption, 18
Quest for natural resources, 26
Sea Routes for Oil and Gas Movement, 20-21
Thermal coal demand, 27
Total sales, 96
Trade, 24-25
Xinjiang Uyghur Autonomous Region, 63
Eurasia, 60
Europe, 10, 11, 58, 88
European Naval Forces, 37
Exclusive Economic Zone (EEZ), 17
Expeditionary logistics, 89
Extra-regional powers, 11

F-22 class frigate, 95
Far East, 11, 14
Ferrochrome, 27
First IORA Leaders’ Summit, 53
First Island Chain, 44, 45
Fragility Index, 13
Free Trade Zone in Djibouti, 78
Fujian Province, 62
Fund for Peace, 13

Galle Dialogue, 16, 35
George Washington, 35
Germany, 94
Global Maritime Fulcrum, 99
Goa, 14
Growing strategic interests, 48
Guangxi Beibu Gulf International Port Group Co Ltd, 72
Gulf of Aden, 12, 13, 36, 53, 54, 78, 88, 91, 92, 93, 94
Gwadar, 23, 34, 47, 50, 59, 63, 66, 102-03
Gwadar port, Development, 64

Haikou LUYANG II, 89
Hainan Island, 90
Hambantota port, 47, 50
Han Xiqiu, 33
High level visits, 110
Hu Jintao, 45, 51, 81
Huang Huikang, 72
Humanitarian Assistance and Disaster Relief (HADR), 110

India, 10, 14, 62, 81, 99, 101
Aid to Seychelles, 108

Building a Regional Security Framework, 109
Build-up Strength, 106-7
Increasing Partnerships, 107
Strengthening Partnerships, 107
Control of the Indian Ocean, 30
Foreign trade, 10
India-China, Exchanged ship visits, 110
Indian and Pacific Oceans, 107
Indian Navy, 67, 89, 99, 108, 110
Strengthened, 108
Indian Ocean Naval Symposium (IONS) Initiatives, 34, 53, 54, 109
China’s Interests, 16-37
Construction of pipelines, 80-81
Reduction of India’s Influence, 106
Security architecture, 34
Indian Ocean Regional Association (IORA), 34, 53, 54, 109
Blue Economy Core Group Workshop, 53
Indian Seafarers, 14
Indonesia, 13, 22, 23, 28
Pirates in Aceh, 12
Indonesian President’s Global Maritime Fulcrum, 107
Institute of Geology and Geophysics under the Chinese Academy of Sciences (IGGCAS), 33
Insurgent, 13
International Fleet Review, 110
International Maritime Bureau (IMB), 13
International Recommended Transit Corridor (IRTC), 93
International Seabed Authority, 33
International Shipping Lanes (ISL), 11, 21
Iran, 49, 96
Iraq, 13
Islamic State, 13
Islands of Gold, 14
Japan, 44, 104, 108
JF-17, fighter aircraft, 95
Ji Minkui, 62
Jiang Zemin, 45
Jiaolong, 33
Jiegen Zhang, 17
Juba, 78
Kashgar, 63
Kenya, 78, 104, 108
Kota Kinabalu, 72
Kuantan port, 72
Kunming, 81
Kurile Islands, 44
Kyaukpyu Special Economic Zone, 73
Kyaukpyu, 22, 74, 81-82
Kyaukpyu-Kunming Pipeline, 81
Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) corridor, 78
Network of road, 78
Rail, 78
Pipeline, 78
Fibre-optic cable link, 78
Lamu, 78
Li Keqiang, 63
Liaoning, 98, 99
Liberia, 24
Libya, 91, 92
Liu Cegui, 62
Liu Hongwu, 31, 93
Liu Huaqing, 31, 44, 45, 46, 49, 52
Lombok, 89, 108
Made Crude Oil Unloading Terminal, 82
Made Island Terminal, 74
Madeisland port, 82
Major Generals Qiao Liang, 62
Makassar Straits, 89
Malacca, 15
Malacca Dilemma, 51, 80, 81
Malacca Straits, 20, 35, 72, 73, 74, 81, 90
Malaysia, 13, 49, 71, 73
Malaysia’s west coast, 72
Mali, 31
Mariana Trench, 33
Marine operations support, 50
Maritime Dialogue, 110
Maritime Military struggle, 48
Maritime PMS, 48
Maritime Reconnaissance (MR) aircraft, 93
Maritime Trade, 10
Marshall Islands, 24
Mauritius, 108
Mediterranean Sea, 58
Melaka Gateway Project, 72
Middle East, 11, 18, 66, 81
Military Hardware and training, 108
Military Intelligence, Gathering, 105-6
Military Supporting facilities, 92
Moluccas, 12
Mombasa, 78
Mongla port, 74
Mozambique, 77, 79
Multi-National Exercises, 91
Myanmar, 14, 22-23, 62, 73, 82, 96, 104-05
Myanmar’s Rakhine State, 73
Myanmar’s state-run Oil and Gas Enterprise (MOGE), 81
National Development and Reform Commission, 59
Naval strength, 51
Navigation, 10
Navy Colonel Liang Fang, 62
Non-Combatant Evacuation Operations (NEO), 91
North Indian Ocean, 47, 66
North West, 11
North West Indian Ocean, 34
Northern Indian Ocean, 48
Northern IOR, 23, 47, 82, 88, 96, 108

OBOR, 58
  initiative, 59, 71
Observer, 53
Ocean drilling, 50
Oceanic Theatre Command, 47
Offshore active defence, 44
Offshore defence, 44, 45
Offshore waters defense, 45, 46, 49
Oil, 10
Oman, Salalah in, 94
Open seas protection, 45, 46, 49, 54, 67
Operational Turnaround (OTR), 94
Outlook 2014, 18
Outward FDI, 24

Pacific, 47, 49, 88
Pacific Ocean, 19, 20
Pakistan, 22, 32, 49, 52, 66, 84, 94, 95, 96, 105
Pakistan occupied Kashmir (PoK), 102
Pakistani Navy (PN), 67, 91, 103
Pakistani Navy exercise Aman, 17, 54, 91
Panama, 24
Payra Deep-sea Port, 74
People’s Liberation Army Navy’s (PLAN), 21, 31, 34, 35, 43, 44, 45, 46, 47, 49, 52, 54, 63, 67, 87, 89, 91, 92, 94, 99, 103, 105, 110

Actions in the IOR, 49
Deployment, 37, 54
Grows in size, 52
Sailors, 88
SAG Route, 90
People’s Republic of China (PRC), 49, 59
People-to-people contact, 61
Permanent Court of Arbitration (PCA), 50
Philippines vs China, 50
Persian Gulf, 58
Philippine Sea, 89
Philippines, 13, 107
Piracy, 13, 36
PLA Air Force (PLAAF), 92
PLAN’s Naval Research College, 44
PLAN’s Practice, 35
Polymetallic sulphides, 33
Port of Singapore Authority (PSA), 66
Port Qasim, 66
Portuguese commercial empire, 14
Portuguese, 10
post-Mauryan period, 14
PowerChina International, 72
Preparation for military struggle, 48
President Obama, 107
Prime Minister Modi, 107
Promote connectivity, 63

Qatar, 18, 54
Qian Hongshan, 53
Qiao Fangli, 33
Qingdao, 33, 53, 54
Quanzhou, 62

Rear Admiral Li Yunqing, 53
Rear Admiral Yin Zhuo, 31, 53
Rear Admiral Zhang Jianchang, 35
Red Sea port, 22
Red Sea, 15
Rizhao Port Group, 72
Royal Australian Navy, 36, 91
Royal Bengal Tiger, 111
Ruili, 81
Russia, 58, 94
Ryukyus, 44
Saudi Arabia, 54
Scandinavia, 88
Science of Military Strategy (SMS), 46-48
Sea Lanes of Communication (SLOC), 12, 20, 54, 81, 100
Sea posts, 62
Seaborne bulk cargo, 10
Seaborne trade, 10
Seaborne transportation of goods, 10
Seafaring merchants, 14
Seafloor resources exploration and development, 50
Second Island Chain, 44
Security and Growth for All in the Region (SAGAR), 109
Seychelles, 106, 108
Shang class submarine, 90
Shanghai Cooperation Organisation (SCO), 61
Shanghai Institute for International Studies, 74
Shangri-La Dialogue, 35, 72
Sharif, Nawaz, 63
Shen Dingli, 17, 30
Shenzhen Yantian Port Group, 72
Silk Road Economic Belt (SREB), 58-59
Singapore, 62
Sinohydro, 75
Somalia, 13, 37
al-Shabab, 13
Somalia-based pirates, 13
Exploited, 12
Sonadia, deep water port, 74
Song class submarine, 90
South Africa, 27, 32, 79
South America, 18
South Asia, 59
South China Sea (SCS), 48-49, 51-52, 60, 89, 90
South China’s Guangxi Zhuang Autonomous Region, 81
South East Asia, 61, 88
South East, 9
South Pacific, 60
South Sudan, 78
Southeast Asia Crude Oil Pipeline, 82
Southeast Asia, 14, 59
Southern China, 89
Southern Ocean, 68
Southern Pakistan, 63
Southwest China’s Guizhou Province, 81
Southwest Indian Ridge, 33
Sri Lanka, 14, 22-23, 50, 52, 104, 106-08
Sri Lanka, Hambantota port, 75-76
Sri Lankan Cabinet, 76
State Owned Enterprises (SOEs), 71, 102
Stockholm International Peace Research Institute (SIPRI), 94
Strait of Malacca, 12, 51
Straits of Hormuz, 20, 66
Strategic posture, 51
String of Pearls, 60
Submarine Deployment, 89-90
Sudan, 31
Suez Canal, 78
Sunda, 89, 108
Supply of Chinese arms, 104
Surface Action Group (SAG), 89
Swift, Admiral Scott, 36
Taiwan Straits, 35
Taiwan, 51
Tanzania, 79, 96, 104, 105
Terrorist groups, 13
TF 152, 88