

China's Growing Presence in the Indian Ocean - India's Options

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"The wheels of history will move on; the tides of the times are vast and mighty. History looks kindly on those with resolve, with drive and ambition, and with plenty of guts; it won't wait for the hesitant, the apathetic, or those shy of a challenge."

President Xi Jinping - 19 th CPC Address 18 Oct 2017

Maritime power influences progress of land campaigns and safe passage of trade; seas, therefore, become important strategic spaces in the struggle among major powers. It is no different in the Indian Ocean where power equations are changing. As the Navies of the hitherto dominant powers shrink in their maritime out-reach, China and India are emerging as resurgent maritime powers seeking to occupy vacant strategic spaces.

It is a Chinese claim that throughout the nineteenth century, they were coerced into signing 'unequal' treaties resulting in the loss of sovereignty of the island of Hong Kong and forfeiture of control of their sea ports. Now, an ascendant economic and military power, China is as aggressive as the Europeans once were, and after its occupation of the islands in the South China Sea (SCS), have set its sights on the Indian Ocean. Djibouti, Hambantota, Gwadar, Kyaukphyu and the Maldives are potential military logistic bases in different stages of Chinese influence.

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As India looks beyond its primary area of interest to the Western Pacific and China increases its maritime footprint into the Indian Ocean, the simmering competition between the Asian giants, is also causing anxiety among some of the smaller countries of the region who are awakening to the potential of Blue economy, are keen to improve their capabilities at sea and feel that they may be forced to make a difficult choice for partners. How must India address the emerging challenge and achieve a favourable maritime balance in its own neighbourhood – the Indian Ocean?

China's Maritime Power

China has never been a dominant maritime power in the past -- perhaps on account of a very poor geography; a coastline with sea accesses surrounded by island chains to the East and the Indonesian Archipelago to the

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South. Its brief maritime prowess lay in the seven treasure voyages of their legendary Admiral Zheng He during the Ming dynasty in the 15th Century, who not only sailed into the Indian Ocean but crossed it to trade with East African countries. Soon, thereafter, they turned inwards, suffered the consequences of ignoring the seas and declined as a maritime power.

In 1986, under the astute leadership of General Liu Huaqing, the PLA (Navy) shifted from a strategy of "Coastal Defence" to "Offshore Defence" and adopted a vision of becoming a world maritime power by 2050. The Navy has since been modernising at a steady pace with the 2015 defence White Paper proclaiming an 'Open Seas Protection Strategy', a euphemism for projecting naval power to distant shores.

China has a coastline of 18000 kms, a 12 trillion economy, a per capita income of 9000 dollars and a defence budget of approximately 200 billion USD. They are expected to be a 17 trillion economy by 2022 with a potential

defence budget of over \$ 400 bn. Some analysts put China over the United States in more than one domain --GDP at purchasing power parity (PPP) exports, foreign reserves, ship building, turnover of ports, to name a few. The Chinese have been aggressive in their drive to modernise the People's Liberation Army (PLA). Recent initiatives include formation of joint area commands, reduction in the number of commands from seven to five, creation of the State Oceanic Administration, increased focus on the maritime sector and the Navy, and laying emphasis on Cyber, Information and Space warfare. The PLA Navy on an average commissions 15 to 20 ships/submarines a year and is the most dominant force in the South China Sea. New projects on the anvil include Type 003 CATOVAR Aircraft Carrier displacing 80,000 tonnes, 075 Landing Helicopter Deck (LHD) displacing 36,000 tonnes and the Type 055 destroyer displacing over 10,000 tonnes. These, along with the 094A class SSBNs armed with JL-3 SLBMs with an estimated range of over 8000 kms, would greatly enhance the strike capability of the Navy.

Chinese forays into the Indian Ocean

In 2008, two small frigates supported by two old logistic ships entered the Indian Ocean for the first Chinese anti-piracy patrol in the Gulf of Aden. They were relieved on task and over the last ten years, the Chinese presence has become a permanent one with the PLA-Navy flotilla becoming more capable and the deployments extending for longer durations and to distant seas on completion of the mandated patrol. But what must concern India are the overtures China has made in the recent past to cement a presence of a more permanent nature.

Djibouti

Chinese engagement with Djibouti commenced in 2002 and the seeds for commissioning a base were sown in 2014, when China concluded a Defence and Security agreement, wherein it was agreed that China would be permitted to open a naval base. On 11 July 2017, two Chinese warships sailed from the port of Zhanjiang to Djibouti and the first overseas naval base was formally inaugurated on 01 August 2017. China will pay 70 million USD annually to

Djibouti with an option to extend the lease by 10 years. A 90 acre facility with 23,000 square metres of underground space is likely to host 10,000 troops and will have repair facilities for ships/helicopters. Reportedly many Chinese fishermen have already set up home in the port city to add flesh to the Chinese muscle. Djibouti's government terminated a contract with Dubai's DP World in February 2018 that stripped the port operator of its rights to run the Doraleh Container Terminal located next to the Chinese base, apparently to nationalise the port and then offer it as a gift to Beijing. China Merchant Holdings (International), the port operations division of the China Merchants Group, has acquired a 23.5 per cent stake for USD 185 million, which includes two-thirds of the port's Container Terminal. The Terminal, with its 18-metre draft and 1,050-metre quay, can handle three million TEU of cargo capacity a year, which is perhaps the most advanced in East Africa. The PLA (Navy) will have two exclusive berths and would be able to berth their largest warships including the aircraft carrier. China is among Africa's main trading partners and home to an estimated one million Chinese nationals, with many employed in infrastructure projects backed by the Chinese government. Djibouti is becoming the core of a strategy to provide logistic and military support to Chinese engagement, the need for which became clear, ostensibly in the aftermath of the Arab Spring in 2014/15, when it had to evacuate 35,680 nationals from Libya and 629 more from Yemen by chartered commercial planes.

With the acquisition of its first overseas base in Djibouti, China has indicated a strategic shift in its foreign policy as it aspires to seek a proactive role in the Indian Ocean. In five years, Beijing has injected 14 billion USD into

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the Djiboutian economy and currently 1.4 billion USD worth of projects are under implementation. Leasing of the military base was made possible by a Chinese debt which amounts to 60 per cent of Djibouti's total debt. For India, it is important to recognise the impact of the Chinese initiative on the security matrix in the Indian Ocean. Seen in conjunction with the likely PLA (Navy)

support bases in Gwadar, Hambantota and the Maldives, the Chinese Naval influence is set to be greatly enhanced over the island nations in the region which currently depend on the Indian Navy for surveillance of their vast Exclusive Economic Zones. The biggest impact will be in the basing of long range Maritime Patrol aircraft and Unmanned Aerial Vehicles which could threaten western approaches to the Indian Ocean. Already, there are murmurs in Djibouti about the aggressive attitude of the Chinese. The increased strength of 10,000 is being criticised by the locals and media reports indicate minor altercations with US military forces.

Hambantota, Sri Lanka

Leaders of less developed neighbours who marvel at the China miracle and sense an opportunity to improve infrastructure for economic development of their constituencies are being tempted to accept weighted proposals for a quick electoral dividend. The Magampura Mahinda Rajapaksa Port project, involved turning President Mahinda Rajapaksa's constituency Hambantota town's harbour into a deep-sea port with loans from China at high commercial interest rates. The port became operational in 2010 and has not done too well. It handled 19 ships in 2015, 14 ships in 2016 and a similar number in 2017. Saddled with a low return on the projects combined with a high interest rate to be paid to the Chinese, Sri Lanka has got caught into a debt trap. The government accepted the Hobson's choice and converted the mounting Chinese debt into equity by concluding a deal with China on 29 July 2017. China Merchants Ports Holding, an arm of the Chinese government, now formally has a 70 percent ownership for 99 years. Sri Lanka gets 1.1 billion USD in return for the loss of sovereignty. Defence analysts from Sri Lanka shrug and admit their leaders made mistakes for selfish gains, as the price their country has had to pay could have graver consequences than the burden they aimed to alleviate. For India, it is time for contemplation as other maritime neighbours could well be ensnared into similar debt traps thereby complicating the security matrix of the Indian Ocean region.

The Maldives

The Maldives is yet another example of the success of China's outreach in the Indian Ocean. The first ever visit by the Chinese president to the Maldives in September 2014 resulted in it joining Xi Jinping's Belt and Road Initiative. On July 22, 2015, the People's Majlis, the unicameral parliament of the Maldives, passed a bill amending the 2008 Constitution to allow foreign ownership of land. President Yamin Abdul Gayoom ratified the bill the very next day. The bill amended article 251 and adds a new chapter to the Constitution that permits foreigners to own freehold land in the islands. In Dec 2016, Feydhoo Finolhu, the nearest uninhabited island to the capital Male with an international airport, was leased to a Chinese company for 50 years at a cost of about four million USD. Reports also indicate a Chinese interest in acquiring a military base in the Laamu atoll close to the strategically located one and a half degree channel. China could be eyeing the World War II base in the Gan island, which though being in a state of disuse hasn't been populated extensively by the locals giving credence to the speculation that it may once again find its lost glory as a foreign navy and military base. The Maldives has become the second country in South Asia, after Pakistan, to enter into a free trade agreement (FTA) with China. This is the first bilateral FTA to be signed by Male and according to the presidential office's communique, will "enable exemption of duties on fisheries products exported to the world's largest consumer market". History is witness to the trend that rising economic dependence slowly translates into military dominance.

Gwadar

The flagship project of the Belt and Road Initiative (BRI) is the China-Pakistan Economic Corridor, often referred to by the acronym CPEC. A collection of projects currently under construction at an estimated cost of 62 bn USD, the initiative is expected to rapidly expand and upgrade Pakistani infrastructure as well as deepen and broaden economic links between Pakistan and China. Gwadar is one of the key nodes of CPEC and more than 1 bn USD worth of projects are to be developed around the port.

India is wary of this development as Gwadar will bring the Chinese Navy to its doorstep, but there is criticism in Pakistan as well. In November 2017, Pakistan's federal Minister for Ports and Shipping, Mir Hasil Bizenjo, disclosed that China would bag a 91 per cent share in gross revenues from Gwadar port and 85 per cent from the surrounding "free zone," under a 40-year deal

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finalized by Pakistani authorities with the China Overseas Port Holding Company. He also disclosed that Pakistan would have to pay back 16 billion USD in loans obtained from Chinese banks for the development of Gwadar port, the free-trade zone and all communications infrastructure, at rates of

over 13 per cent, inclusive of 7 per cent insurance charges. Since Nov 2017, there have been a number of media reports on the payment defaults and other holdbacks to CPEC projects. Like Hambantota, it is a matter of time before Pakistan falls into a debt trap and loses its sovereignty over this strategically located port.

Kyaukphyu, Myanmar

Kyaukphyu port in the restive Rakhine state is the entry port for a Chinese oil and gas pipeline. The Chinese have a 70 percent equity in the 10 bn USD project, which includes an industrial park and a 4000 acre Special Economic Zone (SEZ). Critics term it as the Chinese Trojan horse as it is felt that such a huge facility will benefit the Chinese more than Myanmar. Also, Myanmar may not be able to raise its share of 3.3 bn USD (5 per cent of its GDP) and may end up taking loans from China and eventually fall into a debt trap. Worse, there could be a resistance from the locals as in the case of the 3.5 bn USD Myitsone dam project that was conceived in 2005 and the construction was halted in 2010 after the government realised the unequal nature of the deal. Such business deals do not bring about the prosperity, they guarantee and cause instability. It would be interesting to peruse the fine print of the MOU being negotiated between the two parties currently.

Initiatives by India

Speaking at the Indian Ocean Conference in Vietnam in Aug 2018, India's External Affairs Minister Sushma Swaraj emphasised the Prime Minister's concept of SAGAR -- 'Security and growth for all in the Region' -- as a clear, high-level articulation of India's vision for the Indian Ocean. She underscored the importance of connectivity to improve maritime logistics in Sri Lanka, the Maldives, Mauritius and Seychelles, cited the Kaladan transport project leading to Sittwe port in Myanmar, the Trilateral Highway to Thailand, and the Chabahar port project in Iran as some of the initiatives taken by India. Inspired by India's historical role as the focal point for trade in the Indian Ocean, Project Mausam is one of the most significant foreign policy initiatives. It aims to re-establish India's ties with its ancient trade partners to re-establish an "Indian Ocean world" stretching from east Africa, along the Arabian Peninsula, past southern Iran to the countries of South Asia and thence to Southeast Asia. The project is under the purview of the Ministry of Culture and is being backed by the Archaeological Survey of India (ASI) with a focus on archaeological and historical research in order to document the diversity of cultural, commercial and religious interactions in the Indian Ocean.

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Naval Cooperation

The Indian Navy (IN) has done well to become the flagship of India's international maritime cooperation efforts to engage all the maritime neighbours. It is formally mandated to be the net provider of maritime security to the smaller states in the Indian Ocean and lists 'constructive maritime engagement' as one of its missions in the Indian Naval Doctrine-2015. The Indian Navy enjoys an extremely good reputation as a professional hi-tech Navy. Regional and extra regional Navies are keen to discuss initiatives to enhance interaction. The IN participates in joint exercises with the navies of the USA, Russia, UK,

France, South Africa, Singapore, China, Australia, Japan, Malaysia, Indonesia, Bangladesh, Cambodia and South Korea. The Indian Navy has been carrying out coordinated patrols with Indonesia and Thailand for a few years now, and has recently started similar patrols with Myanmar. Staff Talks are held regularly wherein, apart from ongoing initiatives, additional avenues for cooperation with other navies are also explored. Indian naval ships are deployed for EEZ surveillance missions in friendly countries that have a large EEZ but lack the wherewithal to patrol it. The IN train over 800 foreign personnel in its training institutions every year. Ships, aircraft, equipment and spares have been given *gratis* to several friendly countries; Islander aircraft to Myanmar, Patrol boats to Mauritius, the Maldives and Seychelles, Dornier aircraft to Seychelles, indigenous Advanced Light Helicopter to the Maldives, etc. Friendly navies use India's dockyards for refitting their ships. India's survey ships are deployed regularly to other countries for carrying out hydrographic surveys in its waters. It has been unequivocally accepted that the Indian Navy is a dominant maritime force in the region and maritime security cooperation is a key constituent of India's foreign policy. The Malabar series of exercises are now a part of the strategic discourse and have gained much traction as the participation and scope has increased substantially. It was at the commissioning ceremony of the Indian built Mauritian Coast Guard Ship Barracuda that Prime Minister Modi articulated his vision of Security and Growth for all (SAGAR) and reiterated it in Visakhapatnam in Feb 2016, where over 100 ships from 50 countries had assembled for the second International Fleet Review of independent India.

Balancing China

If India has to seek a favourable maritime balance in the Indian Ocean, it must focus on its strengths and exploit the vulnerabilities of its competitor, China. Firstly, China has severe challenges of geography and dependence on raw materials which is only going to increase with her economic progress. It would be a big challenge for the Chinese Navy to dominate sea lines of communication so far from its mainland and ensure safe passage to its trade. Collectively, the principal navies of the region enjoy a distinct advantage over the Chinese, provided they align for a common cause. Secondly, China is an

authoritarian state that brooks no dissent, be it from the local populace or its neighbours. Almost all maritime neighbours in the South China Sea are being arm twisted into accepting Chinese diktats. Laying aside of the judgement of the Permanent Court of Arbitration (PCA) on the SCS , doublespeak on the SCS Code of Conduct, development of military infrastructure on disputed islands and ensnaring poor countries into debt traps are being seen as examples of an increasingly assertive Chinese behaviour. In an era of liberal outlook, the Chinese model of coercive diplomacy is being resented and is not likely to be successful in the larger comity of nations. On the other hand, India's 'Neighbourhood first' policy is founded on the principles of pluralism, co-existence, openness and dialogue as it aspires to promote an inclusive approach based on the values of democracy. The PCA judgement on the maritime boundary dispute with Bangladesh was accepted by India and the matter resolved in an amicable manner even though the ruling was not in its favour. India must opt for a more proactive engagement with all in the littoral so that the Indian Ocean can remain clear of extra-regional interference.

India's response to the Indian Ocean has been multifaceted. Formulation of the Indian Ocean Regional Association, the Indian Ocean Naval Symposium, the India-Maldives-Srilanka Trilateral, articulation of SAGAR and Mausam, giving impetus to the Malabar naval exercise are some macro initiatives. It is necessary to enunciate a well thought out Indian Ocean Strategy and revise it year on year, akin to the Defence Security Strategies brought out by major powers. Secondly, India needs to create administrative structures for bringing diverse stakeholders in the maritime domain under an institutionalised mechanism which is not generalist in nature. And finally, it must delegate decision making so that every minor interaction in the maritime domain does not need a political/bureaucratic oversight.

Indian Ocean Rim Association (IORA) was conceptualised to promote economic and technical cooperation, including expansion of trade and investment. A key priority of IORA was to ensure reliable, uninterrupted and safe movement of people, goods, energy and resource supplies throughout the Indian Ocean with an aim to build upon existing national, regional and

multilateral measures and address maritime safety and security. There is ample scope to build cooperative mechanisms and there is a renewed vigour with the first ever IORA summit held last year. South Africa, the current chair, is building on the good work done by India and Indonesia since 2011. Efforts are being made to strengthen maritime security by establishing institutionalised linkages with other fora, such as the Djibouti Code of Conduct, United Nations Contact Group on Piracy, and the Indian Ocean Naval Symposium (IONS). IORA needs to achieve a commonality of membership with IONS. Saudi Arabia, Pakistan, the Maldives, and Myanmar are some of the important countries who may be considered for membership of IORA. An all-pervasive Code of Conduct for combating transnational non-traditional security challenges such as Piracy, smuggling, maritime terrorism, illegal fishing, trafficking of human and narcotics, etc. merits early discussion. Notwithstanding the criticisms, it remains the best framework for building the structures for maritime cooperation. The onus is on India to lead the way.

Indian Ocean Naval Symposium (IONS) was pioneered in 2008 by the IN to enhance maritime cooperation amongst littoral states of the Indian Ocean. In a few years, the significance of this initiative has grown. In all 35 countries, including Pakistan, Saudi Arabia, Iran, UK and France are members, and China, Japan, Malaysia and Madagascar are observers. The Charter of Business has been finalised and three working groups on Human Assistance Disaster Relief, Maritime Security, and Information sharing/ Interoperability have been formed. The first Search and Rescue exercise was held in the Bay of Bengal in November 2017. IONS needs to study the feasibility of setting up cooperative mechanisms such as a Humanitarian Assistance Disaster Relief Coordination Centre for preparing and responding to contingencies, and an International Information Fusion Centre for improving Maritime Domain awareness of all the littoral states of the Indian Ocean. With over 100 warships from different countries operating in the Indian Ocean, an inadvertent escalation could be avoided by concluding a Code for Unalerted Encounters at Sea. A permanent secretariat would greatly help in better administration and realisation of its potential. The United States, the predominant contributor to

maritime security in the Indian Ocean should be included in its membership. Finally, to accelerate maritime engagement, the Indian Navy, mentor of IONS, needs to be empowered and not be a mere adjunct needing governmental oversight at every step.

Conclusion

Overwhelmed by a persecution phobia, the Chinese seek world leadership at any cost. An uncontested control of the Indian Ocean is a prefiguration for achieving their vaulting ambitions since their vulnerabilities lie in the Sea Lines of Communication that criss-cross the Indian Ocean. Regional countries of the Indian Ocean are finding it difficult to resist the pull of the Chinese economy and the Chinese are leveraging this advantage for gaining coercive military dominance of the region. India needs to provide astute and persuasive leadership for a collective and well-crafted response by the regional maritime countries.