

**Testimony before the U.S.-China Economic and Security Review Commission
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Key points of Testimony

- China is strategically vulnerable in the Indian Ocean and it will find it difficult to significantly mitigate its vulnerability in the near to medium term.
- Although SLOC security is China's key strategic imperative in the Indian Ocean, other concerns, such as the protection of nationals and investments, are likely to become a major driver in Chinese strategic behaviour in the region.
- China may not yet have a comprehensive strategy towards the Indian Ocean region, but is increasingly viewing the region as part of a broader 'western' or 'anti-encirclement' strategy.
- China's naval presence in the Indian Ocean is increasing incrementally, but this does not necessarily mean that Beijing is pursuing a strategy of sea control.
- Beijing is pursuing an active defence diplomacy among India's South Asian neighbours. This is causing the maritime dimension to become another important source of irritation and tension between India and China.
- Pakistan is encouraging a greater Chinese naval presence to balance against India. India's smaller neighbours are seeking to maximise potential benefits from China without undue damage to their relationships with India.
- India's deployment of maritime surveillance aircraft to the Andaman Islands provides opportunities for the United States to work with India, Australia and others in developing shared maritime domain awareness in the eastern Indian Ocean.
- Although there are many issues of mutual concern in the Indian Ocean region, maritime security cooperation between China, South Asian states and others remains very limited.
- The United States has recognised India as a net security provider to the region and crucial to the regional balance of power. However Washington lacks a comprehensive strategy towards the Indian Ocean region as a whole, including China's role there.
- Any perceived reduction in the US security commitment in the Persian Gulf or elsewhere in the Indian Ocean could lead to considerable - and detrimental - strategic competition between China, India and other players.

China's maritime interests and strategy in the Indian Ocean

The Indian Ocean is a largely enclosed ocean, with few entry points and vast distances between. This creates a strategic premium for those powers that can control the so-called chokepoints and deny their rivals access to key ports. Exploitation of this strategic premium forms an explicit part of Indian naval strategy.¹ In contrast, China is at a considerable strategic disadvantage.

China's overwhelming strategic imperative in the Indian Ocean is the protection of its sea lines of communication (its so-called 'SLOCs'), particularly for the transport of energy. Beijing is keenly aware that its Indian Ocean SLOCs are highly vulnerable to threats from state and non-state actors, especially through the narrow 'chokepoints' through which most trade must pass. Somewhere around 40% of China's oil imports transit the Strait of Hormuz at the entrance of the Persian Gulf and around 80% of China's oil imports transit the Malacca Strait through Southeast Asia.² Former Chinese President Hu Jintao reportedly identified this last chokepoint as creating a so-called 'Malacca Dilemma' for China.³ Chinese strategists are concerned that a potential adversary may be tempted to interdict Chinese trade in the Indian Ocean as a bargaining chip in the context of a wider dispute.

While SLOC protection is extremely important, China also has other significant strategic interests in South Asia and elsewhere in the Indian Ocean region. One is protection of the growing number of Chinese nationals working in the region. Another is protection of Chinese investments, including in the energy and resources sector and infrastructure. The imperative to protect people and investments is likely to become an increasingly important driver in China's strategic behavior, especially as large numbers of Chinese workers are deployed to politically unstable countries.

Does China have an Indian Ocean strategy?

There is some debate about whether China has a comprehensive economic/political/military strategy for the region. Although China's interests in the Indian Ocean region are clearly becoming a topic of greater discussion in Chinese strategic circles, some analysts argue that China does not yet have an 'Indian Ocean strategy' as such.⁴

For some years, strategic discussion about China in the Indian Ocean among foreign analysts has been dominated by the idea that China is pursuing a 'String of Pearls' strategy of building a string of naval bases or ports for use by the Chinese navy (PLAN), and some see China's Maritime Silk Road initiative (MSRI) as confirmation of this. But it is probably better to understand Chinese intentions in the Indian Ocean as evolving. Beijing is being forced to broaden its regional perspectives beyond its traditional focus on South Asia and the India-Pakistan relationship. Chinese strategic thinking about the Indian Ocean region could also be seen as part of a broader 'western' or 'anti-encirclement' strategy in which China is building new pathways through Eurasia and the Indian Ocean.

Whether or not China has a clearly articulated security strategy towards the Indian Ocean region, Beijing is in practice addressing its strategic imperatives in the region in several ways. These include through developing limited naval capabilities in the Indian Ocean; through closer security relations with friendly states; and through diversifying its energy transportation options.

China's growing naval presence in the Indian Ocean

China's naval presence in the Indian Ocean has been growing incrementally for some years, but the strategic objective of that presence is not entirely clear. China had no material naval presence in the Indian Ocean during the twentieth century but over the last decade its

regional role has grown in connection with its anti-piracy deployments in the western Indian Ocean. Since December 2008, the PLAN has almost continually deployed at least 2-3 surface vessels in the Arabian Sea in some 19 separate deployments. This has been an important demonstration of China's ability to provide public goods in the region.

Beijing is now using its anti-piracy deployment as justification for expanding its naval presence in the Indian Ocean and making it more permanent. This has included recent short term deployments of conventional and nuclear attack submarines to the northern Indian Ocean as well as expanding the PLAN's access to infrastructure in the region, including developing facilities for use by the Chinese military in Djibouti.

These developments, while significant, should not *necessarily* be read to mean that China currently intends to pursue a sea control strategy in the near to medium term. There are reasons to be cautious about the likelihood of a major Chinese naval presence in the Indian Ocean in the near future. Despite the apparent 'call to the sea' contained in its 2015 White Paper 'China's Military Strategy', China's strategic perspectives have historically been almost wholly land-focused, and any fundamental shift towards the far seas is unlikely to occur quickly. Although China's maritime horizons are clearly expanding, its focus remains overwhelmingly on the Taiwan Strait and the Western Pacific. Despite recent anti-piracy deployments, the PLAN as a whole has little experience or tradition in operating beyond coastal waters. Notwithstanding its military expansion program, China has a limited number of blue water naval combatants and few long range air strike capabilities. China's ability to project significant power into the Indian Ocean remains highly constrained by the long distance from Chinese ports and air bases, the lack of logistical support, and the need for Chinese naval vessels to deploy to the Indian Ocean through chokepoints, and those constraints will continue for the foreseeable future.

Some Chinese analysts argue that these constraints mean that China should focus on protecting its energy supplies by political and not military means. For example, Feng Liang and Duan Yanzhi of the Chinese Naval Command Academy argue that the issue of China's SLOC security is in reality one of the political stability of oceans. Even with a strong naval force, China would not be able to protect its long Indian Ocean SLOCs. They argue that for this reason the creation of a secure geopolitical environment in the Indian Ocean, rather than the projection of military power, is an important pre-condition to China's sustained development.⁵

Indeed, a strategy of sea *control* in the Indian Ocean would be well beyond China's capabilities in view of its geostrategic disadvantages in the region. More plausibly, China may instead seek to develop its naval capabilities gradually, including publicly focusing on its engagement in Military Operations Other Than War (MOOTW) such as anti-piracy and non-combatant evacuations of Chinese citizens in response to contingencies. This could also increasingly include elements of the PLA Air Force (PLAAF) making use of facilities in Pakistan and Djibouti. Beijing is also likely to seek opportunities to expand its influence with potentially friendly regimes so as to provide it with further options.

China's increasing submarine deployments to the Indian Ocean in recent times also point to an intention to develop limited sea *denial* capabilities. This could provide Beijing with some

asymmetrical options in the event of the interdiction of Chinese SLOCs or other contingencies. Over time, China could also develop land-based sea denial capabilities in the Indian Ocean, using either Pakistan territory or facilities in southern China. However, despite these important developments, China's overall naval capabilities in the Indian Ocean seem likely to be relatively constrained for some time to come.

Chinese interests in Indian Ocean ports

Whether or not China intends to pursue a strategy of sea control, China's geostrategic vulnerabilities in the Indian Ocean region create considerable imperatives for the PLAN to secure access in some form or other to port infrastructure in the Indian Ocean to provide options in the event of contingencies. As noted above, over the last decade many security analysts have claimed that China is pursuing a concerted 'String of Pearls' strategy to develop a chain of dependent ports or naval bases for use by the PLAN. Certainly some recent developments are consistent with this interpretation, particularly China's new exclusive-use port facilities at Obock in Djibouti to support limited naval capabilities in the western Indian Ocean. But there is no clear evidence that Beijing intends to establish a 'string' of permanent naval bases across the northern Indian Ocean in a manner analogous to, say, US worldwide naval strategy post 1945.

Analysts are now debating whether China is more likely to pursue a 'places not bases' strategy in the Indian Ocean under which the PLAN would have access to only limited facilities for specific purposes or contingencies. Although China needs military basing facilities in the Indian Ocean region, China may primarily focus on arrangements for contingent and limited access to critical infrastructure in countries where it has friendly and stable relationships.⁶ These could range from standing agreements for PLAN vessels to use port facilities on a commercial basis, to the positioning of Chinese 'civilian' service providers, to the prepositioning of spares or munitions, or to the use of facilities dedicated to the PLAN. Importantly, access to airport infrastructure and related maintenance facilities may also be required for the PLAAF.

The response of India and its neighbours to China's growing presence in the Indian Ocean

Beijing's interests in the Indian Ocean are driving an active defence diplomacy across the Indian Ocean region, particularly in South Asia. Countries such as Pakistan, Myanmar, Bangladesh, Sri Lanka and Maldives are gaining access to Chinese military technology and to significant commercial investments in maritime related infrastructure (now being rebranded as part of the MSRI). These developments are of particular concern to India and as a result the maritime dimension is becoming another important source of irritation and tension between India and China.

India's perspectives

India has long tended to take a fairly proprietary view of the Indian Ocean. India aspires to be recognised as the leading naval power in the Indian Ocean in the long term, and many Indian analysts and decision-makers have a strong instinctive reaction against the presence of extra-regional powers in the Indian Ocean, essentially seeing such a presence as

unnecessary and even illegitimate. These concerns are particularly evident in and around South Asia, and are sometimes expressed in terms of an 'Indian Monroe Doctrine'. Although this never been India's official policy the term is a reasonable approximation of India's strategic instincts towards its role in and around South Asia and its perspectives of security relationships between its South Asian neighbours and extra-regional states.

During the 1970s these concerns were often directed against the United States, and they are now very much directed against China. Competition with China has become a significant factor in India's strategic thinking about southern Asia and the Indian Ocean region. While the Indian Navy's immediate strategic objectives in the Indian Ocean involve countering Pakistan and enforcing control over India's exclusive economic zone, the potential for China to project naval power into the Indian Ocean has emerged as its principal long-term source of concern. This has led the Indian Navy to effectively 'rebalance' its fleet from its Western Fleet facing Pakistan, towards its Eastern Fleet facing China.

China's growing security relationships in the region are generally not perceived by the Indian security community as being a legitimate reflection of Chinese interests and few Indian analysts acknowledge China's strategic vulnerabilities in the Indian Ocean as being a legitimate cause for concern by Beijing. Rather, many perceive China's regional relationships as being directed against India: either as a plan of maritime 'encirclement' or to keep India strategically off balance in the region.

But while Indian analysts often raise concerns about the Chinese presence in the Indian Ocean in terms of a threat to Indian interests, in fact the Indian Ocean is the one area in which India holds a clear military advantage over China. In strategic terms, the Indian Ocean represents 'exterior lines' for China and 'interior lines' for India. That is, India has a natural advantage there, including short lines of communication to its own bases and resources, and China has corresponding disadvantages. The maritime chokepoints between the Indian and Pacific Oceans offer another major advantage for India. As John Garver, an expert on Sino-Indian relations, comments: '... in the event of a PRC-ROI conflict, India might be tempted to escalate from the land dimension, where it might suffer reverses, to the maritime dimension, where it enjoys substantial advantages, and employ those advantages to restrict China's vital Indian Ocean trade'.⁷ Indian naval strategists are very concerned to maintain India's strategic advantage against China in the Indian Ocean.

Perspectives of Pakistan and other South Asian states

It should be no surprise that Pakistan has a very different view of China's presence. Indeed as Pakistan's relative conventional military power declines as against India, it is becoming ever more desirous of a greater Chinese role in the Indian Ocean. In recent times this has included the purchase of Chinese frigates, shore-based anti-ship missiles and 8 Yuan class submarines, and reportedly, Pakistani requests for China to create a naval base at Gwadar (a suggestion that Beijing has so far avoided). China's interest in giving naval assistance to Pakistan may be driven, at least in part, by wanting to increase pressure on the Indian Navy in the Arabian Sea and distract it from developing its capabilities to the east of India.

India's smaller neighbours tend to take a position somewhere between India and Pakistan. They generally see China as a useful friend, a major source of investment, a supplier of cheap defence technology and as a partial balance against India's regional ambitions. But for the most part these countries grudgingly understand that India will tolerate their security and defence relationships with China only within certain parameters. Going beyond those parameters can provoke a major response from India. The decision of Sri Lanka's President Rajapaksa to allow a Chinese submarine to visit Colombo in September and November 2014 provoked a furious reaction from Delhi and may have contributed to the ouster of President Rajapaksa in an election held several weeks later.

The strategic role of India's Andaman and Nicobar islands

India's strategic position in the northeast Indian Ocean/Bay of Bengal is underpinned by its control of the Andaman and Nicobar islands, a 720 km-long island chain that runs north-south from the western end of the Malacca Strait. The islands are India's strategic outpost in Southeast Asia, potentially allowing it to dominate the western approaches to the Malacca Strait – just as China's artificial islands in the South China Sea could dominate the sea lanes at the other end of the Malacca Strait. They form a natural base for India to project power into the Malacca Strait and beyond into the South China Sea, and have been described by a Chinese naval writer as constituting a 'metal chain' that could lock the western end of the Malacca Strait tight.⁸

India has been building its military capabilities on the islands for decades, but its capabilities in intelligence, surveillance & reconnaissance (ISR) remain limited. India's recent temporary deployment of two P-8 maritime surveillance aircraft to Port Blair is part of a focus on improving ISR capabilities. The Indian Navy's new air station on Great Nicobar island in the south of the archipelago near the western end of the Malacca Strait is also being developed to accommodate larger aircraft.

The deployment of Indian P-8's to these islands could also have broader strategic consequences for India's defense relationships with the United States, Australia and Southeast Asian partners. The operation of P-8s by India, the United States and Australia (which has undertaken sustained maritime surveillance activities in and around the Malacca Strait for more than three decades) could form a good basis for cooperation in maritime surveillance in the region. The recent finalization of a US-India Logistics Support Agreement could help in developing a regional maritime domain awareness system encompassing Southeast Asia.

Issues of mutual concern between China and others in the Indian Ocean

Although there are many issues of mutual concern in the Indian Ocean region (including most significantly the protection of sea lanes from non-state and state actors), maritime security cooperation between China, South Asian states and others remains very limited. Although several smaller South Asian countries are happy to accept Chinese military hardware, there is generally considerable caution about pursuing other forms of defence cooperation. For its part, China has also shown little appetite for cooperation with extra-regional states. The PLAN has undertaken numerous anti-piracy deployments to the

western Indian Ocean since 2008, which have operated in parallel to other international efforts, but operational coordination remains extremely thin. In practice, with the exception of Pakistan, there has been relatively little engagement by the PLAN beyond port visits required by its anti-piracy mission.

An interesting exception to this occurred in 2014, when the search for the missing Malaysian Airlines passenger jet MH370 moved to the south eastern Indian Ocean under Australian leadership. China contributed several surface vessels and surveillance aircraft to the multinational search, operating out of Western Australia. This was an important indication of its ability to move assets at short notice to distant parts of the Indian Ocean, and its preparedness to work with other countries in certain circumstances.

US strategy and the evolving balance of power in the Indian Ocean

The United States has a crucial role to play in the Indian Ocean region – not just in the Persian Gulf and its surrounds where the great majority of its defence assets are concentrated. For more than a decade the United States has recognised India as a key net security provider to the region and crucial to the regional balance of power. Nevertheless, Washington still appears to lack a comprehensive strategy towards the Indian Ocean region as a whole, including in relation to China's role in the Indian Ocean. China currently implicitly accepts the US role as the key provider of SLOC security in and around the Persian Gulf (among other things it has no choice in the matter). But this relatively passive position is unlikely to continue indefinitely. China is very unlikely to accept India as the predominant maritime security provider in the Indian Ocean. Accordingly, any reduction in the US security commitment in the Persian Gulf or elsewhere in the Indian Ocean would be perceived as creating a power vacuum and could lead to considerable strategic competition between China, India and other players to fill that vacuum.

Other regional powers have important roles to play in the Indian Ocean, including Japan, France and Australia. Although Japan is probably even more dependent on Indian Ocean SLOCs than China, it is only just beginning to realise that it must play an active role in the region, including through its growing security relationship with India. Japan could potentially play an important role in the Indian Ocean balance of power, including in countries such as Myanmar and Bangladesh.

Australia has the largest maritime jurisdiction by far of any Indian Ocean state and has the second most powerful navy in the region. Although Australia's strategic perspectives have historically been towards Southeast Asia and further north, it has been realigning its strategic perspectives westwards over the last decade or so, as part of its re-focus on the Indo-Pacific. In coming years this will include a closer Australia-India strategic partnership and the continued rebalance of Australian defence assets towards the Indian Ocean. US and Australian interests in the future balance of power in the Indian Ocean are closely aligned.

Policy recommendations

I would make the following recommendations in relation to China's growing strategic interests in and around maritime South Asia:

- **Need for a more comprehensive Indian Ocean strategy:** The United States must give greater focus towards developing a comprehensive or coherent strategy towards the Indian Ocean, beyond the Persian Gulf and its surrounds, including addressing scenarios for the future balance of power.
- **Enhanced minilateral arrangements:** The United States should actively support the development of minilateral arrangements covering the Indian Ocean, and related cooperation at an operational level. This would include opportunities for enhanced US-India-Australia trilateral cooperation, as well as developing minilateral arrangements with other key countries.
- **Encourage an enhanced regional role for Japan:** The United States should support an enhanced regional role for Japan in the Indian Ocean, including as an investor in port and related infrastructure and in helping to develop local maritime security capabilities.
- **Support the development of regional institutions and frameworks:** The United States should assist in strengthening regional institutions and frameworks to support international norms. The weakness of existing regional institutions and security frameworks creates a serious risk of instability and strategic competition as China's regional presence grows.

¹ Indian Navy, *Indian Maritime Doctrine*, 2009; and Indian Navy, *Ensuring Secure Seas: Indian Maritime Security Strategy*, 2015.

² US Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2012* (Washington DC: United States Government, 2012).

³ Although there are questions over the accuracy of the attribution of this comment.

⁴ Zhao Gancheng, 'Interest and Role in the Indo-Pacific: A Chinese Perspective', in Mohan Malik (ed.), *Maritime Security in the Indo-Pacific: Perspectives from China, India and the United States* (Lanham: Rowman & Littlefield, 2014), pp.97-107, p.99.

⁵ M.Taylor Fravel and Alexander Liebman, 'Beyond the Moat: The PLAN's Evolving Interests and Potential Influence,' in Phillip C. Saunders, Christopher Yung, Michael Swaine and Andrew Nien-Dzu Yang, *The Chinese Navy: Expanding Capabilities, Evolving Roles* (Washington D.C.: National Defense University Press, 2011), pp.41-80 at p.73.

⁶ Christopher D. Yung and Ross Rustici, *Not an Idea We Have to Shun: Chinese Overseas Basing Requirements in the 21st Century* (Washington D.C., National Defense University Press, 2014).

⁷ John Garver, *Protracted Contest: Sino-Indian rivalry in the twentieth century* (Seattle, University of Washington Press, 2001), p.277.

⁸ Zhang Ming, 'The Malacca Dilemma and the Chinese Navy's Strategic Choices', *Modern Ships*, No.274, October 2006, p.23.