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He has served ashore in various postings, including a 12-month secondment to the National Security Division of the Department of Prime Minister and Cabinet, and other strategy and capability related positions in the RAN and the Department of Defence. In 2010 he assumed command of HMAS *Creswell* and the Royal Australian Naval College.

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China's growing Indian Ocean maritime interests - sowing the seeds of conflict?

Jaimie Hatcher

> *Accelerate its [PLAN] transformation and modernisation in a sturdy way, and make extended preparations for warfare in order to make greater contributions to safeguard national security.*[1]
>
> Hu Jintao, 7 December 2011

The rising power of China and its growing thirst for energy and resources has re-established the strategic importance of the Indian Ocean region. This paper will attempt to resolve whether the seeds of conflict are being sown in this region through an analysis of national responses to, and the nature of, China's national goals and risk propensity.

Government and defence policy, strategic think tanks and commentators pose a variety of views regarding external state behaviour in the Indian Ocean region; particularly that of China. Much of their conjecture centres on whether China's actions in this region are strategic or tactical in nature. Coastal and external states alike are militarising the region.

Currently, Asian states, notably China, are sharing a larger slice of global wealth. Robert Kaplan proposes this will naturally create aspirations for high-technology navies and air forces capable of projecting power and securing access to the global needs of their nations.[2] Energy security, potentially, is one of the most significant catalysts for conflict in this century.[3] Therefore, the linkage between maritime power and energy supply naturally draws strategic planners to consider the importance of the Indian Ocean region. Lee Cordner argues that maritime security in the Indian Ocean is fundamental to energy security and, more broadly, the global trading system.[4] Almost every state therefore has an interest in this issue. Unfortunately, the preponderance of emotionally charged commentary, varying degrees of strategic ambiguity and associated fear has created strategic unease amongst interested states.

Many strategic analysts hold differing views of the future implications of China's national goals and how they will be achieved within the current world order. There is, however, a common feature in the shape of a single, critically important and unanswered question that will determine the way the West responds to China's rise:

> is Chinese ambition and action, and the national and international policies that give rise to them, strategic or tactical in nature?

Adherence to the international system is argued as tactical behaviour if China after gaining sufficient national wealth and power increasingly acts unilaterally. To behave strategically therefore, China will accept an international rule based system as a permanent condition of its foreign policy.

To help answer this question, a case study of Indian Ocean region maritime security will be examined using a net assessment approach. It is acknowledged that net assessments suffer several weaknesses.[5] Incorporating a model of rising power in this study overcomes the challenge of assessing numerous strategic relationships and intent. Randall Schweller's theories of rising great powers provide a reasonable comparative basis as an analytical tool. He describes a classification system of six state responses to rising power: preventive war, balancing/containment, bandwagoning, binding, engagement and distance/buckpassing.[6] None is exclusive and it is often the case that a state will use a number of strategic approaches in its response to rising power. These terms are elaborated later where several Indian Ocean region states' behaviour is examined to determine dominant state response to China's behaviour in the region. The resultant typology considering the future challenges to China and its ensuing national goals and risk propensity will offer a conclusion as to whether China is sowing the seeds of conflict in the Indian Ocean region - acting strategically or tactically.

Schweller's model relies on examining the behaviour of respondent states to rising power to determine the potential for conflict. Due to the significant number of states in the Indian Ocean region, this study will prioritise its examination of relevant states: the United States; India, also a rising power with significant interest in the region; Pakistan and Australia due to their long term relationship with China and the United States. Other states such as Sri Lanka, Bangladesh, Myanmar, Seychelles, the Maldives, Malaysia, Indonesia and Singapore will be considered briefly as they contribute to understanding state interaction and the broader nature of China's national goals. Finally, as principal providers of the energy and resource needs of the rising power, the Middle East and East African regions are included, but will be assessed on a regional basis to simplify describing the nature of individual geo-political relationships.

History and Geographical Context

Within the Indian Ocean region, 51 states, coastal and land-locked, provide homes for 2.6 billion people. The region forms a vital part of the global shipping network and includes the key maritime straits of Hormuz, Malacca and Bab el Mandeb. Some 50 per cent of world container traffic and 70 per cent of the world's petroleum products travel across these waters. In 2009, there were 146 ongoing conflicts, of which 23 were considered to be high intensity.[7] According to the Heidelberg Institute for International Conflict Research, the Indian Ocean region is encircled by conflict; states where high intensity violent conflict existed in 2010 included: Sudan, Somalia, Ethiopia, Yemen, Pakistan, India, Myanmar and Thailand.[8] Against this background, an increase in piracy targeting 'energy vessels' in the Malacca Strait (25 per cent of attacks) and off the coast of Somalia have underscored the importance of maritime security in the Indian Ocean region.[9] It is not surprising that external states with growing appetites for energy and trade across the region seek to secure the vital sea lanes of communication, where the supply of energy and conduct of trade is being threatened.

Until 1700, the Indian Ocean hosted the world's largest thriving seaborne trade, with Muslim, Indian and Chinese traders sailing its waters. A significant historical episode occurred in the early 1400s, which explains contemporary Chinese philosophy and its approach to the Indian Ocean region.[10] China dispatched seven large diplomatic naval expeditions to the Indian Ocean led by the legendary Admiral Zhang He, who sailed as far as the Persian Gulf, the Red Sea and East Africa. Similarly, the Ottomans, Persians and Mughals also developed navies in their respective regions, which were responsible for protecting the east-west trade route across the Indian Ocean region.[11] European dominance followed this period, before British domination, and then Cold War powers assumed control, albeit in competition. As Indian power also rises, so too does its strategic traction in the region.

In the 1970s and 1980s the Indian Ocean was regarded as its own strategic entity, which should not automatically become a prize for superpower conflict. At the United Nations a proposal to adopt an Indian Ocean Peace Zone was tabled and discussed annually. Beazley claims that at the time, the relatively low level interest of the superpowers meant it had a chance of success.[12] Following the oil crisis of 1973, renewed focus of the superpowers in the Persian Gulf and Arabian Sea meant that peace zones became lost in the rush to secure access to energy.

When the Cold War concluded, the United States continued its naval and military build up. While distracted by the War on Terror and Al Qaeda, however, US strategy did not consider entirely other developments in the Indian Ocean region. Over the past decade, the emerging powers of China and India and the declining influence of the United States have again changed the nature of regional maritime security. Their growing and almost insatiable demand for energy and maritime trade across the region has been central to each state's interest.

The Nature of China's Rise and Interest in the Indian Ocean Region

China's Rise

Since deep economic reform initiated in 1978, China has surpassed the United States in economic performance across an impressive range of metrics:

- China's net foreign assets overtook the United States in 2003.
- China has net assets today of $2.3 trillion compared to US debt of $2.5 trillion.
- Chinese exports surpassed US exports in 2007 and Chinese fixed capital investment overtook US investment in 2009.
- Similarly, manufacturing output and energy consumption exceeded US levels in 2010.
- It is anticipated that Chinese imports will be greater than the United States by 2014.
- Chinese stock market capitalisation will be greater than the United States by 2020.
- Chinese defence expenditure will surpass the United States in absolute terms by 2025.

This tremendous economic revolution is a result of 50 years of well-considered Chinese statecraft. Another revolution, however, may soon engross China and complicate its rise.

Hu Jintao's statement to the annual Chinese National People's Congress in March 2012, indicates that China is poised to begin another revolution. Reforming the country's political system is argued as necessary to enable continued economic reform and growth. This will enable more equitable distribution of wealth amongst China's people, a transition which will transcend national boundaries and affect the international system. Hu said,

> Reform has reached a critical stage. Without the success of political reform, economic reforms cannot be carried out. The results that we have achieved may be lost. A historical tragedy like the Cultural Revolution may occur again.[13]

If forecasts are correct, China is soon to enter another revolutionary phase of its development, which will affect its relations with other states. Australia's former foreign affairs minister, Mr Kevin Rudd, concluded in a recent speech that there is no evidence to support the theory of China breaking up due to social upheaval or the collapse of the Communist Party.[14] China's rapidly growing reliance upon energy, though, is a different strategic vulnerability.

The Importance of Energy to China

Internal peace is a key determinant of China's international behaviour. Its emerging social needs rely heavily upon energy to underpin necessary growth rates, which enable the success of government policies and programs aimed at improving the living standards of its population. Plans to urbanise 400 million people before 2030 will increase energy demand about three and a half times more than if this population remained in rural areas. A rapidly increasing energy supply is fundamental to China's future.

Since 2005, numerous Chinese academics have identified the link between overseas economic interests and a strong power-projecting military. In 1996, China's growth and demand for energy led it to become a net importer of crude oil. Between 1999 and 2009, China's consumption of oil doubled.[15] For China, 80 per cent of its petroleum imports pass through the Malacca Strait, which has been referred to as the 'lifeline' of China's economic development.[16] As a strategic vulnerability to energy supply, China is diversifying suppliers and developing other transit routes, including overland pipelines as an alternate means of transporting its energy needs.[17] Figure 1 illustrates some of the infrastructure under development.

Figure 1: Chinese energy infrastructure in the Indian Ocean[18]

The link between China's military and economic interests was made clear in 2005:

> The degree of development of the external-facing economy, regardless if it is protection of maritime passageways, the expansion of foreign trade, the spreading of the overseas market, or defending overseas production, all require having a powerful military force as a guarantee, otherwise China will be possibly caught being passive.[19]

Friedberg explains that rising powers will often challenge their territorial boundaries and the arrangements of international institutions: 'As was true of the US in the late nineteenth and early twentieth centuries, so too is China's growing economy bringing expanding military capabilities.' Through the lens of a pessimistic realist, he concludes that the disputes occurring from the expanding interests of a rising power and those of its more established counterparts are seldom resolved peacefully.[20] To test the validity of this view, at least in terms of maritime security in the Indian Ocean, it is necessary to describe certain aspects of the relationships between China and interested Indian Ocean states.

China-Indian Ocean: Relationships and Strategic Intent

Historically, China has been a land power. Due to its unprecedented growth in the past two decades, China has found itself becoming increasingly reliant upon resources and markets accessible only via maritime trade routes. Chaudhury submits that ensuring a continuous supply of energy is the most important pre-requisite for China in continuing to build an advanced industrialised state.[21] China's sixth Defence White Paper is illuminating when compared to the earlier version published in 2004. Providing an insight into the pace of strategic change in China's maritime focus, Beijing decided in only five years to advance the requirement for military capabilities from 'strategic counter attacks' (2004) to 'strategic projection operations' (2009).[22]

A popular Western term used to describe Chinese maritime strategy in the Indian Ocean, the 'String of Pearls' analogy, describes in one sense the nature of maritime expansion.[23] It has built a large part of a sea port in Gwadar, Pakistan, and another port in Pasni (75 miles east), which will be joined to the port of Gwadar via a highway. A maritime fuelling station was completed on the southern coast of Sri Lanka and in Hambantota, Beijing is providing financial aid to build a harbour containing two cargo terminals, a repair yard and bunkering facilities and an oil tank farm is also

underway. An extensive naval and commercial port in Chittagong completes this 'the string of pearls'.[24]

This array of infrastructure contributes to China's Indian Ocean maritime power projection potential. It should be noted that the port in Hambantota will not be connected to China via a pipeline. Therefore, its purpose seems more likely to support the capability of a physical naval presence rather than contribute to energy supply security. The others, by virtue of land-based pipelines, rail and road connections to mainland China contribute to the strategy of diversifying the routes for energy and resource supply from the Middle East and Africa, avoiding the Malacca Strait in particular and could be argued as less confrontational.

Since the early 1990s, China has taken the opportunity to assist Myanmar both financially and technically for the construction of new and upgrades to existing military facilities. It follows that although there is no evidence of a permanent military presence, China will very likely enjoy and undertake periodic visits to access and become familiar with these facilities. Publicly, it is stated that these activities are to improve trade connectivity.[25] As a logistic supply route for Chinese naval forces operating in the Indian Ocean, however, it will obviously form part of any strategic calculus.

In 2003, ties with Malaysia were improving and, in 2005, Malaysia became China's fourth largest trading partner. To reflect the nature of this relationship and in recognition of the importance of the Malacca Strait, both countries signed a *Memorandum of Understanding on Defence Cooperation* in September 2005.[26] The Memorandum provided for military training, exchange of personnel and commitment to regular dialogue regarding their security relationship. Since the terms of trade swung in China's favour, the relationship has not flourished as anticipated. Consequently, it seems prudent that Malaysia maintained closer security ties with the United States and Five Power Defence Arrangement partners. Although the relationship with China remains healthy, Storey points out that it is most likely a Malaysian hedging strategy.[27] The implications for enhanced security cooperation in the maritime management of the Malacca Strait are, as a result, less clear. Indonesia and Thailand have had similar experiences and have behaved like Malaysia, using the United States as a security guarantor.

China and the Maldives celebrated 40 years of formal links in 2012. An enduring strategic debate is whether China will be able to establish a base suitable for supporting submarine operations in Marao.[28] Views range from it being unlikely, owing to the close and more influential relationship between India and the Maldives, to being a virtual fait accompli.[29] The associated strategic ambiguity only adds to mounting concern in the region.

Although the existence or intent of a base in the Maldives is uncertain and presumed unlikely, a public announcement by the Chinese Government in December 2011 declared the Seychelles had given approval for China to set up a military base on the archipelago to help fight piracy in the Indian Ocean. Some commentators link a visit by Hu Jintao to the Seychelles in 2007 as one not based on economic development but to propose future maritime security capabilities. In a recent announcement dampening regional concern, Seychelles' foreign affairs minister, Jean Paul Adam clarified that Victoria is looking rather at having 'reconnaissance planes and patrol ships stationed there'.[30] Such a base, however, would enable other maritime operations to be supported in the Indian Ocean. Whether the Maldives option materialises or not, what is clear is that attempts to secure such capabilities add to growing regional militarisation.

There has been a concomitant rise in China's military presence in the Indian Ocean causing anxiety in the minds of regional governments about its strategic intent. Some explanation comes with analysis of China's *National Defense 2010 White Paper*, where it states 'the PLAN enhances the construction of composite support bases so as to build a shore-based support system, which matches the deployment of forces'. It is therefore highly likely that China would exploit the potential of these prospective naval bases in the Indian Ocean in line with its 'strategic projection operations' policy if conflict or risk to energy supplies emerged.[31]

China continues to secure new energy markets further afield in the Middle East and East Africa in competition with the United States and others. These emerging relationships are driven principally by economic needs and are not necessarily state orchestrated.[32] Commercial relationships seeking to deliver energy and other necessary resources to China's growing economy remain a significant state interest. In the Middle East, trade between China and the region has doubled since 2000 and is forecast to quadruple in the next two decades.[33] China is Tehran's biggest oil and gas customer.[34] The majority of trade exported from Africa to China is oil, second only to the Middle East. Sudan is a significant oil exporter to China, with others mainly in West Africa. Chris Alden asserts that China's principal motivation for its interest in Africa is resource acquisition and business opportunism.[35] The various oil deals are usually characterised by loans and credit lines in connection with infrastructure projects to benefit agreed African regions.[36]

In contrast to China's deepening relationships, the United States currently suffers from declining relations with several Middle Eastern countries. The decline is attributed to interventions in Iraq and Afghanistan and an ongoing nuclear weapon dispute with Iran, which in turn has led to Middle Eastern countries seeking to gain Chinese support in regional disputes. According to James Chen, relations with China are seen somewhat like a badge, perhaps to establish a greater measure of independence from US influence.[37]

As Chinese politics rubs up against the United States in the Middle East, and US foreign policy suffers from the blemishes of Iraq and Afghanistan, the advantage lies with China. In fact, due to the importance of energy supply, the contrasting nature of economic and military relationships between China, Iran and Pakistan will create formidable policy challenges confronting the US ability to assure maritime security of the Indian Ocean region. In sustaining global leadership and defence, the United States acknowledges China's and Iran's pursuit of asymmetric means to counter power projection capabilities.[38] The use of asymmetric anti-access measures will remain a potent challenge. China is evidently aware of the suspicion created by her overall actions in the Indian Ocean, and more generally in East Asia. Undaunted, China sets an objective to complete mechanisation (high-technology military forces) and attaining major progress in informatisation (joint networked forces) by 2020 as a state right.[39] It seems a large basis of these objectives is to be able to project joint warfare capabilities into the Indian Ocean region, in addition to East Asia. The growing ability and willingness to project force is a sign of China's deterrent to others and also as a sign of future capability to protect its sovereign interests. Of course this precipitates response from other states.

State Responses to China's Rise and Relationships

Schweller defined six ways to describe the nature of state response to rising power. From the perspective of other states, and this paper aims to define the nature of each relationship with China using his model. The classification system is described in Table 1. Although numerous Indian Ocean states have a stake and interest in regional maritime security, I focus upon relations with and between China, the United States, India, Australia and Pakistan. However, it is important to understand the broader context and other state relationships, especially where there is competition for their allegiance, are included.

State Policy Response Options	Description
Preventive War	This sort of conflict is unique, as it is always a gamble. Is it better to force war now, hoping for a limited conflict compared to what potentially may lie ahead when greater and more costly war may transpire, or is it better to persist with other means to resolve a long term threat. Preventive wars though have rarely been waged to mitigate strategic or economic vulnerability.
Balancing/Containment	The concept of balancing or containment means to oppose the stronger or more threatening side in a conflict. This is achieved in two ways. First, internal balancing, where individual attempts are made to mobilise national power to match those of the enemy. Second, external balancing, where the establishment of formal or informal alliances is directed against the rising state.
Bandwagoning	Bandwagoning means to join a stronger coalition, the opposite approach to Balancing. Wright explains that in some circumstances, great powers engage in bandwagoning where they are in fact balancing because they ally with a weaker side to hold a more powerful enemy in check.
Binding	Binding is the strategy a state employs when it seeks to ally with the source of the threat, hoping it will be able to exert some measure of control over its policy. This approach can be further expanded when appropriate multilateral alliances or collective security arrangements are used to complement bilateral binding ambitions.
Engagement	Engagement is the use of non-coercive means where the goal is to ensure that rising power is used in ways that are consistent with peaceful change according to developing regional and global orders. Appeasement is cited as the most common form of engagement, which in international political terms is the use of rational negotiation and compromise to avoid armed conflict as a way of resolving disputes.
Buckpassing/Distance	Buckpassing occurs when 'a state attempts to ride free on the balancing efforts of others'. Buckpassing normally occurs when wars of attrition are likely and the state would be disadvantaged if the rising power defeated the coalition against it only to be confronted by an even stronger rising power. Similarly, 'distance' occurs when a state accepts that the combined strength of the coalition is unlikely to deter or defeat the rising power and, not being threatened immediately, seeks to continue to engage with the aggressive power.

Table 1: Schweller's Nature of State Responses to Rising Power[40]

The United States, India and China are engaged in what might be described as strategic preparation of the Indian Ocean region battlespace. India's successful test firing of its first intercontinental ballistic missile is an example of escalating deterrence.[41] All are similarly pursuing multilateral and bilateral relationships, commercial energy contracts and military engagement to secure the key geography of the Indian Ocean. United States competition with China is manifesting in a declared alliance and commitment for the development of a 'special relationship' with India, a clear counter strategy to China's emergent influence in the Indian Ocean region. Australia and Pakistan are both developing their militaries over the next decade or so into more muscular capabilities and are agreeing to allies' use of their territory, which in the event of regional conflict will be strategically vital. Figure 2 illustrates the emerging militarisation of the Indian Ocean region.

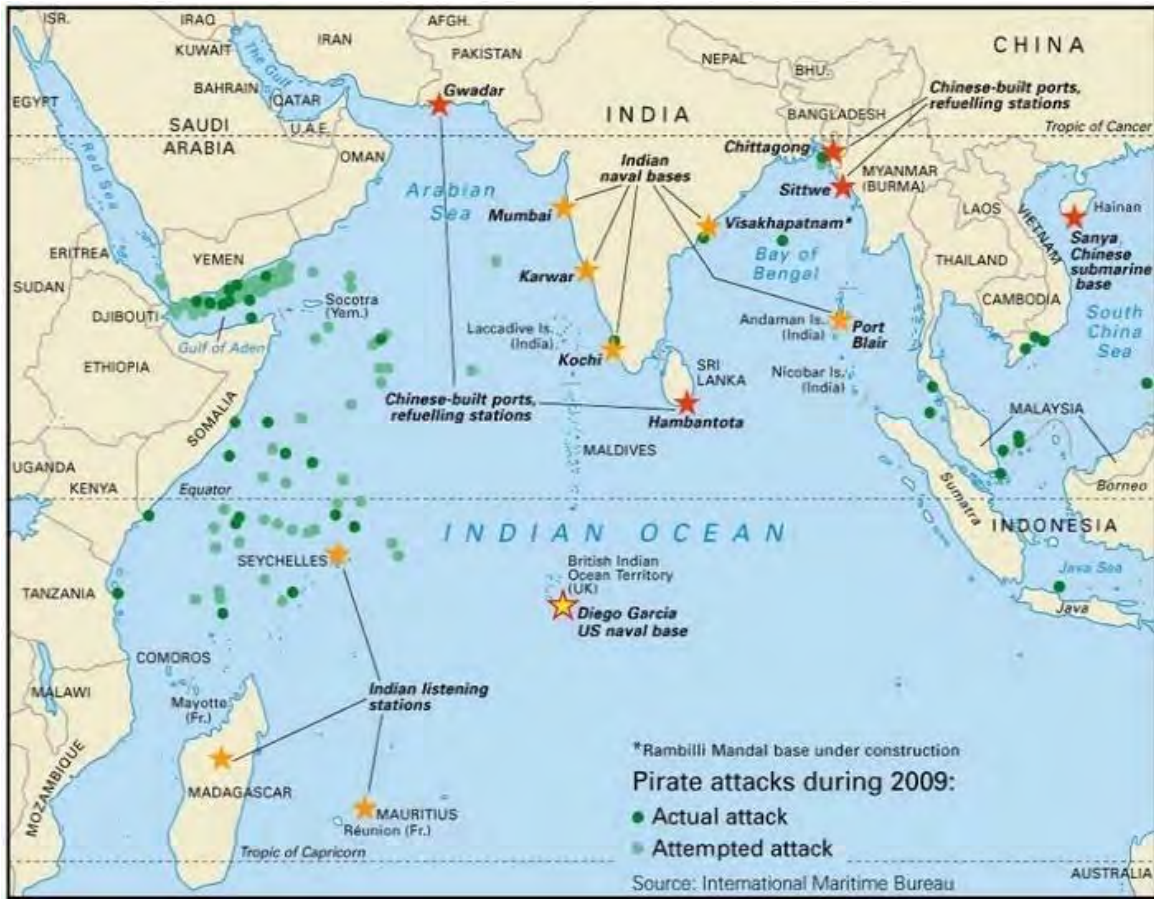

Figure 2: Naval infrastructure in the Indian Ocean 2009 (IMB)[42]

India-Relationships and State Response to Chinese Rising Power

China and India are regarded as the world's two significant rising powers. Both have their share of domestic political pressure, where there is a wide gap between wealthy and impoverished peoples and both states have rapidly rising appetites for energy. The nature of their relationship with respect to Indian Ocean maritime security interests is mixed. Of the six behaviours identified by Schweller, the relationship between China and India are predominantly *binding*, *balancing/containment* and *bandwagoning*. These behaviours reinforce the general view that India and China are competing. The opportunities for *engagement* are evidently limited as India seems to have adopted a view that appeasing China will simply further Chinese relative gains. Notwithstanding, China principally regards its power competition to be with the United States, and is more interested in securing Chinese interests in the Indian Ocean based upon harmonious relations with India, the arguable regional power.

Binding. Within India, there is strong national consensus on improving and developing relations with China and agreement that a shortage of oil supplies in the future could lead to conflict.[43] As the world's fourth largest energy consumer, India imports 73 per cent of its required crude oil, forecast

to grow to 92 per cent in 2020. Saudi Arabia and Nigeria are India's two largest suppliers of oil, with Iran the third; nearly 90 per cent of its oil comes from the Persian Gulf. India maintains a policy of stocking strategic reserves of oil to 'overcome shortages and provide a buffer during crisis/conflicts'.[44] On this basis, Mohan Malik, amongst others, concludes that energy security is what drives India's foreign policy, similarly to China.[45] There was recent Sino-Indian agreement on a bilateral forum to establish dialogue on maritime security in the Indian Ocean region.[46] The proposal was made by China during a meeting between external affairs ministers, and future regional maritime security will hinge on productive outcomes of this forum. In the context of the Himalayan border dispute between China and India, the Chinese delegation head, state councillor Dai Bing-guo, stated that the two countries must put aside their differences and seize 'a golden period to grow China-India relations'.[47]

Notwithstanding these various efforts at *binding*, New Delhi remains wary of growing Chinese influence in the Indian Ocean. Geopolitical rivalry between China and India in the Indian Ocean involves competition for influence of numerous coastal states. Significant effort is being made by India to re-establish the Indian preference over China of key regional neighbours. To highlight the perception India is not keeping up and needs to work harder, several strategic commentators have produced 'energising' articles about China's 'threatening' activities in the Indian Ocean region, urging the Indian Government to cut through its immense bureaucracy, to establish closer relations with China's maritime neighbours and rapidly develop maritime capabilities to protect Indian national interests.[48] There was modest success when China launched the Kunming initiative aimed at developing the Mekong Delta region, quickly followed by India declaring the Mekong Ganges Cooperation project in 2000. India included her north eastern provinces and the states of Myanmar, Thailand, Laos, Cambodia and Vietnam, but excluded China. The only material change was that India replaced China as the head of the project.[49]

Other Indian behaviour that upsets China stems from initiatives of India's Look East Policy. Greater cooperation with the Southeast Asian states of Malaysia, Indonesia and Singapore appear to consolidate India's interest in East Asia. The South Asia Analysis Group identifies that India 'is reaching out to the maritime neighbours of China by engaging the maritime forces of the countries being visited at regular intervals'.[50] Establishing an Indo-ASEAN Free Trade Agreement in 2010, the same year China signed the Sino-ASEAN Free Trade Agreement, adds to the rivalry. China is not encouraging India's growing interest in what Beijing views as its territory. Of particular sensitivity is maritime relations with coastal states in the South China Sea, and where China's future control of the Malacca Strait is at stake.[51] Both states are therefore clearly engaged in strategic *balancing* and *containment*, and less so *binding*.

Balancing/Containment. India has accorded the highest priority to closer political, economic and military ties with its regional neighbours. In response to Chinese maritime activities in the region, India has strengthened its military presence in the Andaman and Nicobar Islands, as part of plans to protect its interests. Establishment of the integrated Andaman and Nicobar Command at Port Blair in 2001 caused concern in Beijing. Already sensitive to the volume of critical maritime trade and energy resource bound for China passing through the Malacca Strait, Beijing perceives these activities to serve an opportunity to later restrict Chinese activities in the area.[52] Future Indian defence capability development plans reinforce the perception.

India has also offered to develop several ports in the Indian Ocean region in response to Chinese initiatives. The Indian Government offered to develop the Myanmar ports of Dawei and Sittwe, a potential response to China's naval jetty project in Great Coco Island, Myanmar. Another was an offer to conduct hydrographic surveys for the Maldives in 2006, arguably responding to extensive Chinese hydrographic survey activities in 2004.[53] India also behaves similarly to China in securing long-term contracts with energy supplying states in the Persian Gulf. Akin to emerging Sino-Middle East relations, an Indian/Iran liquefied natural gas supply deal for the next 25 years, commencing in 2009, is a case in point. India is also helping Iran develop the port of Chah Bahar in the Strait of Hormuz, which is arguably the world's most important and sensitive maritime chokepoint. In

summary, these Indian initiatives serve a *balancing/containment* purpose. Adding to the *balancing* evidence is the developing relationship between India and the United States as a *bandwagoning* response.

Bandwagoning. In a speech given by US Secretary of State, Hillary Clinton, during a five-day visit to India in 2011, US support for India's activities was underscored. She said,

> …India's leadership will help to shape the strategic future of the Asia-Pacific. That's why the US supports India's Look East policy, and we encourage India not just to look East, but to engage East and act East as well…[54]

It is more likely that Secretary Clinton's comments while encouraging India were directed at China, which has a habit of complaining when Indian-led multilateral initiatives materialise.

US-Sino Relationship and State Response to Rising Power

As the global superpower, the United States understands very well the importance of seaborne trade and the strategic value in controlling or being able to control economic sea lines of communication and maritime chokepoints. America thus observes and appreciates the overlapping notion of China's 'String of Pearls' and India's fear of Chinese encirclement. Its predominance in the Indian Ocean is therefore important as an arguably necessary additional balance to China's evolving presence. As the leading global power albeit declining, the predominance of the United States response to China is to *engage, balance/contain,* and *bandwagon*.

Engagement. The admission of China to the World Trade Organisation is viewed as an appeasement strategy by some commentators. While this may be so, another school of thought is that it enables the United States and to a lesser extent others like the European Union, to place institutional controls upon China. A recent example was the calling of China to account regarding her restrictions upon rare Earth metal exports, which inflates the commodity price to other states.[55] This follows another similar case found in favour of the European Union, where China was illegally restricting exports of other materials, such as bauxite, zinc and magnesium. China is yet to fully comply with World Trade Organization trading rules.[56] As the economic world order changes as forecast earlier, tensions of this nature will continue. In response, the United States is adjusting its global military force disposition.

A plan under discussion in the Pentagon (at least in 2010) proposed a military strategic withdrawal from first island chain bases surrounding China. It also envisaged a 'dramatic expansion' in securing bare-bones facilities at prospective bases in the Andaman Islands, the Comoros, the Maldives, Mauritius, Reunion, and the Seychelles. Kaplan asserts that US military presence in the west Pacific is a by-product of wars in the mid-last century and was due for review.[57] Despite general support for such a strategic shift, the US East Asia withdrawal potentially creates a fear of abandonment in several ASEAN states. A possible explanation is that the plan, while proposing an East Asian withdrawal to appease China, merely redeploys forces and/or enabling infrastructure and security relationships to the Indian Ocean region and Southeast Asia, where they are less vulnerable and therefore better disposed to respond to escalation.

Sites in the Indian Ocean for a permanent US military presence are limited to the small atoll of Diego Garcia. Although port and basing infrastructure might be offered by a state in need of US protection, assuming a conflict emerges; a cold start operation would suffer from a lack of dedicated supporting infrastructure and potentially exposed sea lines of communication. Such a ready option does not exist in the Indian Ocean, as states are reluctant in the wake of Middle East interventions to be observed cooperating with the United States. Erickson established that Diego Garcia is therefore central to US power projection in the region. Upgrading facilities at Diego Garcia to host a submarine and home porting of one of two submarine tender vessels is a recent development. The tender vessel serves as a floating shipyard to repair and supply submarines and surface ships.[58] It is almost certain the United States will continue to invest in the atoll's ability to support and project military power while the risk of conflict in the region remains. To match, Kaplan predicts China

will project hard power abroad primarily through its navy, further militarising the Indian Ocean.[59]

Balancing/Containment. Securing Asian interests, especially in the Indian Ocean, and to compete with the emergence of China are reasons for growing US ties with India and other regional nation states. Other reasons are to secure oil or, more broadly, energy flowing from the Middle East and East Africa. Pursuing Islamic militancy and terrorism in the region under global war on terror objectives leads to the United States maintaining a large and relatively powerful deployment of naval ships in the Indian Ocean. These forces conduct regular operations and exercise with navies of the region in support of a *balancing* behaviour.[60]

Indian liberals advocate taking on China more assertively and importantly in partnership with the United States. Moderates prefer obviously to engage with China, and in respect of the US relationship, India's national security adviser stated that India would continue to walk her own path in the world.[61] Where this leaves the much espoused 'special relationship' between the United States and India with respect to China is unclear. In *Sustaining US Global Leadership: Priorities for the 21st Century Defense*, US Government policy regarding India indicates an expectation of a long-term strategic partnership, with India serving as a regional economic anchor and provider of security in the broader Indian Ocean region.[62] Japan and India share a significant strategic relationship and Japanese politicians encourage India to ally with the United States. A promising initiative, yet to materialise, is a trilateral dialogue forum between India, Japan and the United States.[63] Former Japanese Prime Minister, Abe Shinzo, during a visit to India in September 2011, called for a naval alliance of Asian democracies and the United States to counter 'autocratic' China's growing influence in the Asian region.[64] He described India as having a pivotal role in preserving stability in Asia given the United States was showing 'signs of weakening'.[65] Another significant global economic power such as Japan advocating a *binding* relationship with the United States as a behavioural response to China in the Indian Ocean region is noteworthy.

The recently published US maritime strategy *A Co-operative Strategy for 21st Century Seapower* assures 'credible combat power will be continuously postured in the western Pacific and Arabian Gulf/Indian Ocean'.[66] Initiatives include a planned shift of 60 per cent of US submarine forces to the Pacific and Asia and redeployment of special operations forces to Asia. Modifications to aircraft carrier crewing regimes and maintenance schedules increase their operational availability and enhance their capability to maintain a sustained presence in the Indian Ocean.[67]

Further evidence of US *balancing* Chinese expansion is apparent on Africa's east coast as initiatives to foster partnerships achieving stability and prosperity are developed. American efforts also are being tied to international allies, regional and sub-regional security organisations to address humanitarian crises, to prevent extremism and to conduct capacity building activities.[68] This approach is similar to that of China. Both states, while not openly competing in Africa, are certainly monitoring the degrees of influence each achieves through these relationships and projects. It would appear that China though is more aggressively pursuing commercial activity and long-term contracts to secure energy and resources, while the United States is not as able to entice African states, who appear to prefer the 'non-interference' approach of China. The problem for managing the strategic competition arises because the West has got so used to dominance and being able to impose conditions that, not surprisingly, African governments welcome the leverage and independence that China's presence gives them.

Bandwagoning. Strengthening ties with Australia and Singapore is a feature of the strategic shift in attention to Asia and the Indian Ocean. The deployment of up to 2500 marines in rotating units to Darwin, Australia in 2016 is an example. Basing US military forces on Australian soil is a notable change in the global disposition of forces.[69] During the announcement, US president Obama pointed out that this decision was not designed to stop China's 'peaceful rise', which he welcomed. The United States has thus aimed to galvanise non-aligned states, such as those in ASEAN, as a means of countering China, particularly in the resolution of territorial disputes. These strategic relationships are perplexing for some states, who are worried how China may act without a US

interest or presence in the region, but are also concerned that Washington may expect more of them and in turn create unnecessarily inflamed relations with China.[70] With an obvious stake in the Indian Ocean's future, coastal states such as Australia as a long term ally of the United States provides further perspectives of the competitive relationship between the US and China.

Sino-Australia Relationship and State Response to Rising Power

A strategic dilemma challenges Australia's national agenda, as it does for the vast majority of non-'super' power Indian Ocean states and numerous ASEAN members as well. How to balance the competing interests of China and the United States continues to confront the Australian Government as a perplexing issue. It is recognised that China's interaction with Australia's key strategic partners will determine the nature and future of the Sino-Australian relationship. Those key partners, according to Australia's most recent Defence White Paper of 2013, are the United States, Japan, the Republic of Korea, India, Indonesia and other South East Asian countries.[71] For these reasons, Australia's behaviour toward China is a mixed suite of strategies, according to Schweller's model. Predominant responses are *balancing/containment, binding* and *bandwagoning*.

Balancing/Containment. Australia's defence relationship with the United States for obvious historical reasons is significant. An insight into the relationship's intimacy comes from a decision in 2010 by Australia's minister for defence, Stephen Smith, and the US secretary of state, Bill Gates, to establish a bilateral force posture working group. An element of the work involved will be to develop options for increased access to Australian training exercise areas, the pre-positioning of US equipment in Australia, to develop options for greater use of Australian facilities and ports, and to improving Indian Ocean facilities.[72] In a Shangri-La Dialogue speech in 2011, Smith also described the trilateral cooperative nature of Japan, the United States and Australia and spoke in detail about the importance of India and the Indian Ocean. Consequently, Australia has enhanced its military and strategic cooperation with India and other countries of the Indian Ocean rim.

Distance/Bandwagoning. Australia's *bandwagoning* approach could be classified a 'watch and see' response, where the rise of China and its foreign policies will clearly influence future decisions. Through an economic prism, Australia is heavily reliant upon commodity exports to China and is sensitive to changes in this element of the Sino-Australia relationship. From a military perspective though, Australia's behaviour is more supportive of the United States, another *bandwagoning* approach with a different power. Australia also supports the public call for greater transparency and declaration of China's military strategy and modernisation plans.[73] Mackerras observes the changing wind in Australia, where in 2005 a 'less alarmed' view was held regarding Chinese military build-up; however, in 2009, Australia 'appeared equally concerned' as did the United States.[74] If this strategic trend continues, Australia will inevitably confront a difficult decision - choosing between a strategic military ally or a significant trade partner. Australia will prefer to benefit from both relationships and not be forced to make a choice. If and until that decision becomes necessary, a hedging strategy is the likely outcome. The 'softer' language used in the 2013 White Paper supports the approach to appease and hedge.

Binding. Expanding the level of cooperation with the military leadership of China is a priority for Australia, especially with the context of a 'strategic partnership'.[75] The bilateral strategic defence dialogue between China and Australia has been in operation for 14 years and was upgraded to Chief of Defence Force and Secretary of the Department of Defence level in 2008. Commitment to deepen educational and professional exchanges with China and to explore future joint activities is agreed. In 2010, during the 13th dialogue meeting, the nature of the military relationship was expanded considerably. The relationship is to be developed further in the areas of maritime security, humanitarian assistance and disaster relief cooperation, peacekeeping exchanges, senior level dialogues and professional and working level exchanges of staff.[76] While Australia enjoys a series of bilateral forums with China, it is supportive of a broader inclusive approach. The approach is to utilise bilateral leverage to encourage China to embrace multilateral forums and abide by their governance systems.

Pakistan-Indian Ocean: Relationships, Intent and Perspective

Due to its historic geopolitical and current economic circumstances, the impact Pakistan will make on the Indian Ocean strategic calculus is considerable. Her relationship with China as opposed to other states is predominantly a *bandwagon* approach, which in turn generates a *distancing* or *buckpassing* response to other states, particularly the United States and to a lesser degree India.

Bandwagoning. Similar to the nature of the US-Australia relationship, Pakistan and China share a long-term relationship. This forms part of China's grand strategy for the South Asian security environment. Although, some would argue the relationship between China and India is improving, Pakistan will remain the lynchpin in China's approach. Complicating the relationship is the US-backed fight against Al Qaeda and the Taliban, together with a Pakistan that is heading toward potential bankruptcy and state failure. Nevertheless, Malik observes, despite Beijing's disenchantment with Pakistan, that China remains strongly committed to the vital long-term alliance relationship that has survived the Cold War, thrived in the era of China-India rapprochement, Pakistan's relationship with the United States in fighting terrorism and the US-India strategic convergence.[77] Riedel and Singh characterise the flaw in the US-Pakistan relationship compared to Sino-Pakistan is that the United States approach has been guided by political expediency vice long-term stable development and maintenance.[78] Rather telling is that opinion polls rate the relationship between Chinese and Pakistanis as higher than the relationship between Indians and Americans.[79]

The nature of the military relationship with China is predominantly one of Chinese support for strategic leverage. The deep sea port in Gwadar contributes to the perceived militarisation of the Indian Ocean. While currently a commercial activity, Mustafa, indicates a dual purpose capability providing flexibility to naval operations.[80] Although unnamed, a senior Pakistani official familiar with Sino-Pakistan discussions on naval cooperation has said, 'The naval base [Gwadar] is something we hope will allow Chinese vessels to regularly visit in the future and also use the place for repair and maintenance of their fleet in the Indian Ocean region'.[81] It is claimed Pakistani officials are keen for China to build up naval forces in the Indian Ocean as a counter to the strength of the Indian Navy. Building a capable Pakistani Navy and military is reliant on an international mix of helpful nations, though China is most likely a favoured supplier.[82]

A recent deal to purchase four Zulfiquar class frigates from China under a transfer of technology agreement provides further evidence of the strength of Sino-Pakistan's military relationship. Indeed, Pakistan aspires to develop its own indigenous shipbuilding capability based upon Chinese technology transfer. A further example of the strength of military ties, in 2011, Pakistan's prime minister Yusuf Raza Gilani, while visiting China obtained Beijing agreement to accelerate delivery of 50 fighter jets.[83] China has been Pakistan's largest supplier of defence materials since 1965, and a more recent drift from US influence is evident.

Buckpassing/Distance. Despite what may be described as a co-dependant relationship between China and Pakistan, John Garver describes its nature succinctly:

> China's over-riding strategic interest is to keep Pakistan independent, powerful, and confident enough to present India with a standing two-front threat… Were India able to dissolve this two-front threat by subordinating Pakistan, its position against China would be much stronger - conceding South Asia as an Indian sphere of influence. Such a move would spell the end of Chinese aspirations of being the leading Asian power and would greatly weaken China's position against Indian power.[84]

In potential fear of the deepening economic relationship between India and China, Pakistan has been keen to enhance economic and trade ties, proposing itself as the energy corridor and offering literally dozens of agreements and memoranda of understanding; very few, however, have materialised.[85] It is Pakistan's hope to benefit from the *balancing* interactions between China and India and also between China and the United States. In some respects the challenge for Pakistan amongst these competing powers is similar to Australia's dilemma, which is the potential and

ultimate choice between two global powers.

Pakistan's strategic relevance in the future security of the Indian Ocean region will thus be omnipresent. The future regional security environment will depend very much upon how China, India, the United States, Australia and Pakistan manage their complex relationships constantly adjusting to the pressures of the rising power of China. Other states also influence and help to characterise strategic regional developments.

Other Indian Ocean states - Sino Relationship and State Response to Rising Power

Key states involved in the competition will be Myanmar, Sri Lanka and Bangladesh. Other states as well, such as the Maldives, Mauritius and Seychelles are strategically valuable to both India and China. They are all arguably *bandwagoning* themselves to rising powers through agreeing the use of their territory for military purposes and/or deepening economic ties and strategic partnerships with either power. It could also be argued that ASEAN states allied with the United States are also *bandwagoning*, though their conviction may be tested if China took an overt dislike to what might be regarded as an inappropriate country being involved in the settlement of Asian disputes.[86] A regular public statement is that Asians will resolve Asian disputes without the help of outsiders. A reasonable deduction is that Chinese strategy is to do business with states with whom they are more easily able to manage and achieve Chinese national objectives vice dealing with a state whose national power is able to resist coercive strategies.

There is a fear that China's behaviour toward states where a territorial dispute exists is more akin to coercion than engagement. China has economically strangled states (such as Thailand and Indonesia) by exporting higher priced Chinese manufactured goods and importing cheap agricultural produce.[87] However, China routinely declares peaceful resolution of disputes is only possible through dialogue and understanding. The predicament is one of perspective and a need to maintain a balance of power at the negotiating table.

Predominant Behaviour

State responses to China's expanding military projection capability indicate significant *balancing/containment* behaviour. The development of the PLAN force projection capability, including aircraft carrier ambitions and a submarine build program that matches the United States, has attracted attention. The United States 'pivot' of force disposition to the Asia-Pacific is notable. India's declared ambition for a navy centred on three carrier battle groups and Australia's recent Defence White Paper confirming the 2009 White paper intent to acquire 12 submarines from a normal base of six boats are further evidence of this type of response. Pakistan's aspiration for a more capable navy to balance Indian Navy acquisition is aimed to *balance* India, a potential adversary. Also, Chinese expansion and aggressive economic activity is also evidence of *balancing* behaviour. What has also occurred in the past two decades is a rapid growth in alliances and participation/development of international forums, particularly on behalf of China. Other states are certainly energising past alliances, all with a view of securing national power advantage in the Indian Ocean, including the Middle East and East Africa. What appears clear is that the vast majority of state behaviour in the region can be classified as *balancing/containment* so far as the major state interplay is concerned. There is some evidence of *binding* behaviour, though it is not yet clear whether peaceful dividends will follow. Australia and Pakistan, amongst other states, behave along anticipated alliance lines and therefore by *bandwagoning* contribute to the *balancing* and *containment* interplay of the three dominant states. *Bandwagoning* and *buckpassing/distancing* are the next most frequent strategies, particularly when describing the responsive behaviour of smaller states such as Bangladesh, Sri Lanka, Myanmar, the Seychelles, Maldives, Malaysia, Indonesia, Singapore, and numerous other African and Middle Eastern states.

Considering Schweller's model in Table 2, which illustrates politics in response to rising dissatisfied powers, the dominant state response of *containment* and *balancing* depicts the nature of China's perceived behaviour.[88] Through this analysis of state responses to China's rising power in

the Indian Ocean, the conclusion of other states is that China is either a risk-averse/revolutionary power or a risk-acceptant/limited aims power. While this may over-simplify the complexity of the China-other state relationship, it importantly describes the present circumstance that has not led to conflict or the publicised consideration of a state to contemplate preventative war.

		Risk Propensity	
		Risk Averse	*Risk Acceptance*
Nature of National Goals	*Limited*	1. Engagement 2. Binding 3. Mixed Strategy	1. Containment/Balancing 2. Engagement through Strength
	Revolutionary	1. Containment/Balancing	1. Preventive War

Table 2: Risk Options in Dealing with Rising Dissatisfied Powers?[89]

Conclusion

History is littered with conflicts explained as the inevitable clash between nations amid a change in the balance of power. In fact, it is rare that conflict does not occur as a result of power shifts. If forecasts are correct, China is soon to enter another revolutionary phase of her development, which will affect international relations. China's dominant theme in recent years has been to describe its national goals and behaviour through the prism of harmony, the peaceful rise of its power. Hu's statement at the 2012 annual Chinese National People's Congress acknowledges though that the future will be exceedingly challenging. Against this domestic backdrop, 'Ensuring stable and fairly fast development of the economy', is a fundamental element and driver of Chinese foreign policy, which underpins the core priority of Chinese leadership.[90] This was predicted by Economy in 2010, when she described the drivers for 'the Revolution Within'. Deng's reforms in the 1970s have run their course and Economy argues that if the plan over the next 20 years goes according to intent, 'China will be unrecognisable: an urban based…equitable society'.[91] At the heart of this transformation is the plan to urbanise by 2030, some 400 million Chinese people. The demand upon resources to support the infrastructure required to host the number of people in cities will dwarf current demands. It is estimated that energy consumption alone in a city is three and a half times that of rural habitation. This will place significant stress upon China's scarce resources, the global environment and make the security of energy from the Middle East and Africa of the utmost sovereign importance. It also helps to explain the voracious nature with which Chinese global energy and resource acquisition is being pursued and, as far as maritime security in the Indian Ocean is concerned, protected.

Up until now, China is behaving predictably as a rising power, inserting its national expression and interests into the global order. The challenge for all concerned will be ensuring that China's rising power continues to be managed while it transitions to an open economy, with necessary government processes and political flexibility to orchestrate an externally perceived great power state with an inherently happy and stable population. As Leonard aptly points out in *What Does China Think*, the problem for China is getting from here to there without provoking a war.[92] Fravel contends though that 'in the Indian Ocean, China views any limits on its ability to access this body of water as a potential threat'.[93] As China continues to increase its military power (forecast to overtake the United States in absolute terms by 2025) and global reach, it is reasonable if connected to the critical reliance upon energy supply emanating from the Indian Ocean that China may one day seek to control this ocean. This would be unacceptable to other states.

Schweller's model predicts that a revolutionary and risk acceptant power creates a circumstance where other states resort to preventive war. It is indisputable that the strategic importance of

maritime security in the Indian Ocean region will increase as it is clearly linked to the supply of energy. Political and social revolution will naturally flow into Chinese foreign policy, especially securing energy and resources as the necessary life blood of China's rising power and to sate an expectant population. In the past China has resolved internal dissent by media control and force, which has led to international human rights criticism. Like any global power transition though, the ability of any foreign state to manage the domestic sources of another state's foreign policy is problematic.[94] Assuming China will undergo an internal revolution, it is therefore apparent, according to Schweller, that the most appropriate and safest state response to avoid war is to continue to balance and contain China's rise, until eventually seeing China established as a status quo power, rather than a revisionist one. Understanding the domestic sources of China's foreign policy will be vital. That the United States, India and Australia are responding by predominantly employing *balancing/containment* strategies underscores the importance of this approach, and the ensuing security competition occurring within the Indian Ocean region. It is also perhaps for these reasons that states are increasingly calling for China to make clear its strategic objectives in order to de-risk their concerns, or better yet, to appreciate that China is unwilling to pursue policies of increasing strategic risk. The behaviour of the United States and its allies in the Indian Ocean similarly creates strategic tension, where the Chinese response of deterrence and if necessary an ability to defend and secure trade routes to the Middle East and Africa for resources is becoming apparent.

If the political and economic future of China is to be assured as forecast earlier, it will be necessary for other states to adopt policies that dissuade China from becoming a revolutionary and risk acceptant rising power. There remains, however, emerging challenges for China, which contest the feasibility for a 'peaceful rise' and/or 'harmonious world'. Although Oscar Kwok argues convincingly that China's foreign policy of harmonious rise is an abiding policy based on Confucian heritage, the behaviour of other states, the likely decline of Confucianism appeal amongst the growing Chinese middle class and the growing contest for energy refute his case.[95] China's national goals are therefore poised to tend revolutionary and thus translate into a national willingness to take greater strategic risks. 'Harmony' is an idealistic view and while attractive philosophically, the social and political transformation required and associated foreign policy will undermine faith in a strategy of peaceful rise. China is therefore behaving tactically in the Indian Ocean region and is therefore sowing the seeds of conflict. Other states too are sowing the seeds of conflict. It is strategically essential for Indian Ocean states to signal clearly their intent to avoid strategic miscalculation, potentially leading war, while the international world order is rebalanced. Is it timely to revisit past international interest to establish the Indian Ocean region as a zone of peace?

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The Sea Power Centre - Australia was established to undertake activities to promote the study, discussion and awareness of naval strategy, doctrine, history and maritime issues within the Royal Australian Navy, the Department of Defence and the wider community. Its mission is:

- to promote understanding of sea power and its application to the security of Australia's national interests
- to manage the development of RAN doctrine and facilitate its incorporation into ADF doctrine
- to contribute to regional engagement
- to contribute to the development of maritime strategic concepts, and strategic and operational level doctrine, and facilitate informed force structure decisions
- to preserve, develop and promote Australian naval history.

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