Chapter Four

The Maritime Dimension of China-South Asia Relations
The post-1978 growth and developmental success of eastern China had much to do with its coastal position. With the adoption of the policy of ‘opening up to the outside world’, the harbour cities along China’s east coast, with a historical experience of maritime commerce, were able to trade swiftly, economically and globally via oceanic lanes. Once harbour and transportation infrastructure had been substantially upgraded, this easy access to global markets was helpful in attracting foreign investment in manufacturing facilities in China. Western China however is separated from the sea by thousands of kilometers of land. Currently a major effort is underway to develop transportation networks linking western China to the oceans through Central, Southwest and South Asia with the use of modern transportation technology (Garver 2006: 1-2). In 2001 the foreign trade volume of China’s western provinces was US$ 15.29 billion, which accounted for 3.3% of China’s total foreign trade volume. In 2002 their share of the total foreign trade rose to 4%. Many of China’s western provinces are adjacent to South Asia. With the improvement of basic infrastructure and services, such as transportation, shipping and other tertiary trades, South Asia can provide transit trade routes to international markets for commodities produced in China’s western provinces. One such route to international markets is through Pakistan and the Arabian Sea. Another is through Burma and the Bay of Bengal. Yet another possible route is through Nepal, India and the Bay of Bengal. The route through Nepal and India is through extremely difficult terrain and cannot afford too much traffic. For China’s western provinces these routes, particularly the ones through Pakistan-Arabian Sea and Burma-Bay of Bengal are more economical, efficient and safe than the South China Sea-Malacca Straits route (Hu Shisheng 2004: 310-11).

By 1993 foreign trade constituted 33% of China’s GDP, out of which 85% was seaborne. At the start of the 21st century about 9% of China’s total foreign trade passed through Indian Ocean. This included China’s petroleum imports from the Middle East and capital goods imports from Europe (Garver 2001: 275-276). In 2001 China’s total foreign trade volume was US$ 509.8 billion, and in 2002 it was US$ 623.8 billion. Thus
China’s total foreign trade volume increased by 22% from 2001 to 2002. Many of China’s trade partners are linked with it by sea. Among China’s sea trade routes the one through the South China Sea-Malacca Straits is one of the busiest. Between January and October 2002 44.8% of China’s total foreign trade volume went through the Malacca Strait. China started to import petroleum in 1993. Since then the annual increase in oil consumption has been 7.3%, while the annual increase in domestic oil production has been 1.7%. In 2001 China imported over 60 million tons of oil, while in 2002 it imported 71 million tons, meaning that from 2001 to 2002 its oil imports increased by about 15%. A main source of China’s imported oil is the Persian/Arabian Gulf region. In 2002 50% of China’s oil imports came from this region (Hu Shisheng 2004: 313). Pehrson (2006: 4-7) has noted that in 2006 coal accounted for 70%, oil for 25%, natural gas for 3%, nuclear power, hydro-electric power and other sources for the remaining 2% of China’s total energy requirement. Oil consumption is expected to increase at an annual rate of 5.8% for the next ten years. In 2004 China surpassed Japan to become the second largest oil importer in the world. Around 40% of all new oil demand in the world is attributable to China. He goes on to point out that in 2004 Saudi Arabia, Oman and Iran in the Middle East/West Asia supplied 14%, 13.3% and 10.8% respectively of China’s total crude oil imports, and that Angola, Sudan and Congo in Africa supplied 13.2%, 4.7% and 3.9% respectively of the same (see Table 1.1). All together more than 70% of China’s total crude oil imports in 2004 were from the Middle East and Africa. According to the US-China Economic and Security Review Commission’s Report to Congress (2008), in 2006 Angola became the largest supplier of crude oil to China, with Saudi Arabia as the second largest. The Middle East and Africa supplied 44% and 32% of China’s total crude oil imports respectively. Thus 76% of China’s total crude oil imports in 2006 were from the Middle East and Africa (see Chart 1.2). All of this had to be transported by sea, particularly through the Malacca Straits. Pehrson goes on to note that China’s energy projects in Central Asia, such as the agreements to develop oil and gas fields in Kazakstan and to construct pipelines in Kyrgyzstan and Turkmenistan, have proven expensive, logistically difficult and complicated by inadequate infrastructure in western China. The deal negotiated by the China National Petroleum Corporation (CNPC) with Russia’s Yukos in 2003 came apart when the Russian government dismantled Yukos and
Table 1.1: China's Crude Oil Imports from the Top Three Suppliers in the Middle East/ West Asia and the Top Three Suppliers in Africa during 2004 as a Percentage of China’s Total Crude Oil Imports

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of Total Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>14%</td>
</tr>
<tr>
<td>Oman</td>
<td>13.3%</td>
</tr>
<tr>
<td>Iran</td>
<td>10.8%</td>
</tr>
<tr>
<td>Angola</td>
<td>13.2%</td>
</tr>
<tr>
<td>Sudan</td>
<td>4.7%</td>
</tr>
<tr>
<td>Congo</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

Charter 1.2: China’s Crude Oil Imports by Region and Country in 2006

accepted a higher bid from Japan. Thus China's success in developing reliable oil or gas pipelines from Russia and Central Asia has so far been limited. Therefore in Pehrson's view China has become heavily dependent on SLOC through the Strait of Malacca and other chokepoints for importing oil from the Middle East and Africa. Not only is South Asia located in proximity to the middle segment of China's SLOC between the Strait of Hormuz and the Strait of Malacca, it also offers alternatives to the Malacca Strait transit route.

In 1999 the Communist Party of China took a crucial decision on accelerating the preparation for war. This decision was partly based on its perception of threat emanating from what has been called the 'one point' and 'one lane'. The 'one point' refers to Taiwan's tilt towards de jure independence, and 'one lane' refers to the sea route taken by Chinese oil tankers coming home from the Middle East and elsewhere. Hormuz and Malacca Straits are seen as posing the most strategic challenge to the security of China's oil supply and transportation. The Indian Ocean is the most important section of this lane, as indicated by President Hu Jintao's concern about the 'Malacca Strait dilemma'. This issue of the 'Malacca Strait dilemma', and the need for measures to cope with it, was raised by Hu Jintao at an enlarged meeting of China's Central Military Commission in December 2003. In 2006 the PLA held an international conference on energy security, with President Hu receiving the foreign delegates, which indicated the level of China's worry over this dilemma. The 'one lane' challenge will lead to readjustment of China's maritime strategy, in which naval modernization had been hitherto directly linked to the 'one point' Taiwan scenario. The 'one lane' challenge will also affect the PLA-N's force structure, weapons equipment and combat principles. The Indian Ocean is crucial to the PLA's efforts to deal with it (You Ji 2008: 46-47). Moreover, the Malacca Strait, Southeast Asian waters, and the Bay of Bengal are also notorious for incidents of piracy (Hu Shisheng 2004: 313-314; Kondapalli 2007: 32-33).
The Maritime Dimension of China-India Relations

China's perceptions of, and equations with, major powers like the United States, the Soviet Union and India have been important influences on its vision and policy towards the Indian Ocean. According to a Chinese expert, India has been a South Asian entity since ancient times, and it was only after the British expanded their Indian empire into Afghanistan in the west, Tibet in the north, Burma in the east and the Indian Ocean in the south, that India looked beyond the subcontinent. He thinks that this imperial thinking continues to be reflected in India's desire to establish its preeminence in its peripheral regions like the Indian Ocean, and that it is this desire that makes New Delhi see China as a threat (Z. Shengfu 1999, cited in Swaran Singh 2000: 73-4). Another Chinese expert, based on the assumption that the security policies of the Western powers are greatly influenced by Mahan's theories which have regarded the protection of sea lanes where the Pacific Ocean and the Mediterranean Sea converge with the Indian Ocean as a crucial task, and taking into account India's decision to exercise its nuclear option, has argued that under no circumstances will the West tolerate the dominance of a nuclear power north of their major international sea lanes in the Indian Ocean region (Z. Wenmu 1998, cited in Swaran Singh 2000: 74). According to Wang Chongli, issues related to the Indian Ocean region periphery, such as the domestic situation in Myanmar, Pakistan, West Asia and others, are not conducive to peace and stability in the region. Wang has observed that while India-China relations are improving, much remains to be done, and that the US could pose a threat to Chinese interests in the region (Yang Yueping 2004, cited in Kondapalli 2007: 25). Some Chinese see growing contact between India and the US in the IOR, in the field of container security, Malabar exercises and the joint naval exercises involving India, US, Japan, Australia and Singapore conducted in September 2007 as posing a challenge to China in the long-run. According to Zheng Li (2006: 37, cited in Kondapalli 2007: 25) such contacts between India and the US are partly shaped by a 'China threat' syndrome. Chinese military analysts have noted the challenge the Indian Navy could pose to China in terms of its impact on China's energy flows. They have termed the modernisation of the Indian Navy, through measures such as the acquisition of modern destroyers and frigates, a 'spectre' (youling) for the
Indian Ocean (Liang Guihua 2003, cited in Kondapalli 2007: 25). According to Jian Hua (2001, cited in Kondapalli 2007: 25-26), not satisfied with being a South Asian power India has been preparing itself to ‘dash out’ of the Indian Ocean and ‘march toward’ the whole world. In addition to its nuclear deterrent India has formulated a military strategy of “guarding against China in the north, containing Pakistan in the west, occupying the Indian Ocean in the south, and expanding the scope of its influence in the east”. In this strategy the ‘eastward expansion’ is an important link, its ‘nucleus’ is to expand the scope of its influence and activities to the South China Sea and part of the Pacific Region. Wang Ming (2005, cited in Kondapalli 2007: 26) has argued that in order to control the Indian Ocean and become a big power in the world India has embarked on a military modernization programme. Chinese military writers specifically mention the impact of the Indian Navy on the Indian Ocean and point to the consequences for China’s energy security in the event of a war between the two countries. An Binggong (2005, cited in Kondapalli 2007: 26) has reported on the launching of an indigenous aircraft carrier programme by India in May 2005 at Cochin, making it the fifth country in the world to have such a technological ability. According to this source an aircraft carrier built through this programme, with a width of 252m, a displacement of 37,500 tons, the capacity to carry 30 aircraft and costing about US$ 1 billion, is due to enter service in 2012. According to Jiang Nan (2004, cited in Kondapalli 2007: 26), in the last fifty years of naval ship-building and operational activity India has achieved several landmarks. Li Jie (2003, cited in Kondapalli 2007: 26) has focused on Indian efforts to acquire nuclear submarines from Russia. The Indian Navy is also preparing to form an unmanned ariel vehicle (UAV) base in the Andaman and Nicobar Islands to counter Chinese installations in the Myanmar-held Great Coco Islands. A Chinese military writer, citing Indian naval plans to acquire warships, submarines, aircraft and UAVs, has argued that:

“For a long period India has regarded the India Ocean as an ‘ocean of destiny’ and an ‘ocean of the future’ and strived to turn it into an ‘ocean of India’. With guidance of the strategic idea of ‘looking east, going out from the west, and going south’, India has an ever increasing desire to become a maritime military power. Since the 1990s of the 20th century, India has stepped up implementing the ‘Indian Ocean control strategy’ and ‘blue water project’ plan to enhance it’s

China’s concern about US presence in the Indian Ocean has been related to a fear of ‘encirclement’. China has also been suspicious of Soviet expansion into the warm waters of the Indian Ocean through Afghanistan. Other regional powers like Japan, India, Australia and South Africa have no major security concerns vis-à-vis each other, but some of them have some security concerns vis-à-vis China. From among them India has been central to China’s pronouncements on the Indian Ocean as indicated by its repeated assertion that it will not treat the Indian Ocean as India’s ocean. China’s rising energy imports pass through the Indian Ocean sea lanes, and India is strategically located in the Indian Ocean and capable of intercepting and disrupting shipping between the Middle East and East Asia. Beijing has also suspected India of supporting Soviet and American presence in the Indian Ocean as a counter to China’s entry into the Indian Ocean, and continues to be suspicious of US intentions about using regional powers like India in dealing with China. Such suspicion can play a role in making China more conciliatory towards India. Obtaining naval facilities in smaller states in the region like Pakistan, Myanmar, Bangladesh and Sri Lanka can improve China’s position in relation to the other regional powers and remove barriers to the gradual long-term growth of China’s naval presence and role. China has continued to supply weapons to many of these smaller countries and has involved itself in building strategically important infrastructure projects in many of them, which could enable it to influence their policies at the cost of the other regional powers. The smaller states in turn can view China’s presence as a counterweight to the other regional powers, which creates a complication in relations between regional powers like India and China (Swaran Singh 2005: 26-28).

From November 1985 to January 1986, under the command of Vice Admiral Nie Kuiju, No. 132 Hefei (Luda-class) 3250 ton destroyer accompanied by 7500 ton supply vessel No. 615 visited the ports of Chittagong in Bangladesh, Colombo in Sri Lanka, and Karachi in Pakistan. According to a Chinese source naval personnel’s ability to make such a voyage, technical performance of equipment and logistics capability were tested in this voyage. This source concluded that after several experiments and testing of
equipment and personnel it had become apparent that training methods of the PLA-N needed strengthening, familiarization with sea lines of the region should be enhanced by such visits, supply systems needed to be ensured, the quality of the personnel needed to be strengthened, the technical performance of the vessels needed to be enhanced, and the command and control systems needed to be revamped (Liu Haijun 1995, cited in Kondapalli 2000: 85). Besides helping the PLA-N identify areas that needed improvement, this visit may also have achieved the objective of sending political signals to the Indian establishment and exerting deterrence in South Asia (Kondapalli 2000: 85). These visits demonstrated China’s refusal to allow India a veto over China’s military relations with countries of the Indian Ocean littoral, and Indian analysts saw them as a show of China’s ‘interests in the Indian Ocean region’ (Mahapatra 1988, cited in Garver 2001: 286). Considering that this was also a period in which there was some progress in China-US defence-related cooperation, these visits aroused extensive concern in India (Swaran Singh 2005: 28).

In November 1993 the 4500 ton PLA-N training ship Zheng He visited ports at Karachi in Pakistan, Mumbai (Bombay) in India, Chittagong in Bangladesh and Bangkok in Thailand, with two hundred cadets. Bombay may have been included in this visit as a result of a visit by India’s defence minister to China in July 1992, and as an effort to persuade India of the friendly, non-threatening nature of China’s increasing naval presence in the IOR (Garver 2001: 286). The visit to Bombay was hailed by both China and India as part of the mutual confidence and trust building exercise between the two navies. However, in August 1994 the Indian Coast Guard captured three Chinese trawlers in the Andaman Sea and one of these was equipped with modern electronic monitoring gear for surveillance, a well known Chinese technique in building its naval presence. Since then such Chinese trawlers have been repeatedly captured in Indian and Sri Lankan waters. But such incidents have not been allowed to derail the rapprochement in India-China relations underway since the early 1990s. Yet, China’s literature on strategic affairs continues to project India as China’s likely opponent in Southern Asia. China’s growing interest, interaction and acceptance in the Indian Ocean littoral, its presence in the region’s multilateral forums such as the Indian Ocean Region Association for
Regional Cooperation (IORARC) and the South Asian Association for Regional Cooperation (SAARC), and its regular naval presence in the Indian Ocean is beginning to be noticed by India’s security analysts and policy makers. India’s strategic planning has begun to factor it into its strategic calculus. China’s ambitions must be understood in terms of both its increasing capabilities and its complicated web of compulsions and vulnerabilities. In recent years India has started engaging other regional powers like Japan and South Korea. India has also built up a tri-services command at Andaman Islands, which has complicated China’s policies towards the Indian Ocean. Therefore as Swaran Singh (2005: 29) has argued, it is imperative that China and India coordinate their policies and evolve joint strategies for ensuring peace and prosperity in this region.

Rahul Roy-Choudhury (1995: 105-6, cited in Garver 2001: 285) had argued that five post-1978 shifts in China’s naval policy, when taken together, pose a growing challenge to India. These were: the shift the in PLA-N doctrine from coastal defence to offensive operations at greater distances from the coast; the construction modernized principal combatants with deep ocean capabilities; the development of seaborne logistic capabilities; the planned acquisition of aircraft carriers; and construction of facilities in the Indian Ocean region. Roy-Choudhury feared that a threat to India’s maritime interests would emerge from a sense of rivalry between the Indian and Chinese navies over their respective ‘spheres of influence’ in the Indian Ocean, and that if the post-1978 trend continued, in the near future task forces of the PLA-N would be capable of carrying out operations such as defending Chinese sea lines of communication in the Indian Ocean as well as projecting power against the Indian mainland and island territories. According to Garver (2001: 285-6) this view probably represents that of India’s military establishment and security analysts. He points out that there are others in India who are reassured by the fact that China’s major naval concerns have to do with Taiwan, the United States and Japan, and maintain that these concerns will claim Beijing’s attention for some time to come. According to him they also emphasize the PLA-N’s current limitations in capability, the absence of evidence that China plans military operations in the Indian Ocean region, and suspect that the Indian Navy (IN) inflates the threat from China to win support for its growing financial needs. Garver (ibid.) goes on to argue that, while dealing
with Pakistan and enforcing India’s control over its Exclusive Economic Zone (EEZ) are more immediate concerns for the IN than countering a possible Chinese thrust into the Indian Ocean, countering such a thrust has been the IN’s most important long-term concern. The IN Far Eastern Command established in the mid-1990s at Port Blair in the Andaman Islands will have upgraded surveillance and monitoring capabilities, and augmented air and naval forces. The chief mission of this new command is to watch for and prepare to counter the growing Chinese presence in the Indian Ocean, and to block a possible PLA-N movement through the Strait of Malacca.

As Garver (ibid.: 310-312) understands it, China’s security concern with regard to the Indian Ocean is that a large and increasing portion of its trade, including its Middle Eastern oil imports, transits the Indian Ocean. Due to its geographic advantages the Indian Navy enjoys an overwhelmingly superior position in the Indian Ocean vis-à-vis the Chinese navy. The most contentious issues in China-India relations have to do with the China-Pakistan entente, the border issue and the status of Tibet. If a conflict between China and India arises in any one of these areas in which Indian land forces suffer a defeat, India could expand the conflict into the maritime dimension by severing Chinese commerce transiting the Indian Ocean. Without bases in the Indian Ocean region it would be difficult for China to deal with such a situation, since the PLA-N would not be able to sustain intense and effective operations in the region to protect Chinese commerce. India on the other hand wants to establish and maintain its naval supremacy in this region, and exclude any extra-regional military presence in the region, in order to be secure. Hence, China seeking bunkering options in, say for example Myanmar or Pakistan, rouse Indian suspicions, which in turn convinces China of India’s anti-China hegemony in the region. Therefore Garver (ibid.) argues that what exists between India and China in the Indian Ocean is the naval version of a classic security dilemma, in which each side, by acting to defend itself, threatens the other. He goes on to point out that if and when China achieves its objectives with regard to Taiwan and the South China Sea, it would have more naval power at its disposal for use elsewhere and it would have secured passage of Chinese vessels to the eastern entrance of the Malacca Strait. The withdrawal of Soviet and American naval power from the Indian Ocean may have been another factor exacerbating
China-India rivalry in the region. While the Russian naval presence completely disappeared by the mid-1990s, the American naval presence declined after the Gulf War of 1991 and stabilized thereafter. Given the ‘strategic partnership’ between China and the United States proclaimed in 1997 and America’s traditional commitment to the freedom of the seas, a viable US presence in the region is reassuring to Beijing, while further decline or a complete withdrawal of US naval presence in the region would push China further towards the Indian Ocean. The growing naval capabilities of India and China in itself adds to the tension between them in the Indian Ocean region.

Safe passage of Chinese oil tankers in the Indian Ocean depends to a great extent on cooperation with India and the US. Although China’s relations with both these countries are not entirely free of problems there has been some improvement. China has made cooperation the central theme in China’s relations with India. In March 1996 Adm. Shekhawat, the Indian Chief of Naval Staff, visited China. In the same year China and India reached an agreement on combating piracy and arms smuggling. In 1998 the Indian defence minister made some provocative remarks linking China to the reasons behind India’s nuclear tests at the time. The self-restraint exercised by the Chinese response facilitated the amelioration of the impact of the tests on China-India relations (Noorani 2002, cited in You Ji 2008: 54). While China would not accept Indian hegemony in the Indian Ocean, it also realizes that meaningful cooperation with India in the Indian Ocean has to be based on an acknowledgement of India’s special interests in the region. Based on such a foundation China and India are constructing a new relationship defined as ‘comprehensive strategic partnership’ based on the Panchsheel principle. There are regular exchanges of high level visits between the two countries. Both sides are committed to settling their territorial dispute through peaceful means. The armed forces of both nations have been holding discussions on measures for creating mutual trust. In 2003 maritime cooperation between China and India was further strengthened by an agreement on mutual naval visits and joint maritime maneuvers. The Chinese navy has also indicated that cooperation with India and other countries is necessary for countering non-traditional security issues such as piracy, drug-trafficking and gun-running. In the aftermath of the Indian Ocean tsunami disaster in December 2004 Cao Gangchuan,
China’s defence minister, sent US$ 277, 100 to the Indian defence ministry for its relief and reconstruction work. During the visit of the Indian defence minister to China in May 2006 a Memorandum of Understanding on Exchanges and Cooperation in the Field of Defence between India and China was signed. In this document both countries agreed to hold an annual security dialogue, joint military exercises and exchange of officers for education purposes. The navies of both countries have conducted joint exercises. These developments are laying the foundation for an unprecedented level of security cooperation. Deepening economic relations are providing a new basis for political relations. In January 2006 China and India signed a Memorandum of Understanding in the energy sector. Apart from agreeing to cooperate in securing crude oil resources in third countries, it also involved cooperation across the oil industry, from exploration to marketing. Energy cooperation with India is the most effective way for China to resolve its oil transportation dilemma. Energy cooperation can give each a stake in the other and raise the cost for each of resorting to assertive means for unilateral gains. Energy cooperation can also put a stop to the spiraling costs of vicious competition incurred by both, which for China adds to its oil transportation concerns in the Indian Ocean. Wide ranging cooperation in this sector can remove some of the very sources of China’s concerns about energy supply security, while being beneficial for both countries. While China continues to support Pakistan as part of its broader strategy towards the subcontinent, since the beginning of China-India rapprochement in the early 1990s China has shown some sensitivity in coping with tripartite relations, departing from its previous unconditional backing of Pakistan (You Ji 2008: 54-56; Hu Shisheng 2003: 14; Kondapalli 2000: 87, 2007: 29, 33; McGregor et al 2006).

However, there is a lingering mistrust in China-India relations. Chinese construction companies have been removed from the list of bidders for the contract to construct the Vizhinjam deep-water international transshipment terminal in India’s Kerala state due to security concerns (Anand Majumdar 2006). A mutually acceptable final settlement of the territorial dispute has proven difficult to arrive at. Although the two sides have a basic understanding on Tibet, the Dalai Lama can still create difficulties. Some academics have pointed out that the mainstay writings on Sino-Indian relations are
by hardliners among Indian security analysts who cannot forgive and forget the 1962 war and China’s friendship with Pakistan (Sidhu and Yuan 2003, cited in You Ji 2008: 57). Some Chinese strategists also identify India as China’s strategic competitor (Wang Lirong 2005: 51, cited in You Ji 2008: 57). While the PLA’s defence thrust is directed towards China’s east coast, given the connotation of deterring China in India’s nuclear programme, China has to deploy sufficient capabilities to offset Indian pressure on its land border. Tensions in India-Pakistan relations may leave China no option but to take sides even if it does not intend to do so. Indian efforts to control sea lanes in the Indian Ocean can increase the cost of China’s energy security measures. Some Chinese analysts also argue that other states in the Indian Ocean region are not entirely willing to accept the Indian Ocean as an Indian sphere of influence (Zheng Li 2005: 116, cited in You Ji 2008: 57). Despite efforts at cooperation in the energy sector the international supply/consumption structure and their own dependence on oil imports may continue to make them competitors for new sources of supply. It may not be easy for them to have cooperation outweigh competition in the energy sector. China is also concerned about India’s naval exercises in the South China Sea and its recent military cooperation with the United States (You Ji 2008: 56-58).

At the same time, China is aware that India’s independent foreign and security policy and status as a potential big power may prevent it from playing a role subordinate to the US, and that India’s increasing claims of rights and interest in the Indian Ocean may even lead to some friction between India and the US in the Indian Ocean (Hu Shisheng 2004: 316-317).

The Chinese believe that the threat to sea lanes cannot be effectively dealt with without enough military capabilities to back up a policy of cooperation. However, China’s naval strategists see the threat to sea lanes coming not from India but from the US. Since the PLA-N is not capable of sending escort fleets to the Indian Ocean to deal with any US naval action, China’s Indian Ocean policy is going to be non-military in nature for some time to come. It is understandable that some Indian analysts are alarmed by China’s efforts to project some presence in Myanmar and Pakistan. But so far there is
no evidence that these efforts are aimed at harming India’s strategic interests (You Ji 2008: 58-59).

China is also using modern transportation technology to connect its landlocked western regions to oceanic trade routes through Central, Southwest and South Asia. This will result in the growth of Chinese influence and capabilities on India’s western, northern and eastern flanks. These transportation networks could facilitate military as well as civilian movement. India will seek to counter by improving its own relations in general, as well as their transportation dimension in particular, with the countries on its flanks, and by cooperating with countries like the United States and Japan to offset the growing Chinese influence. This will in turn make reducing India’s negative reaction to China’s growing influence a major concern of Chinese diplomacy (Garver 2006: 19, 21).

The Maritime Dimension of China-Pakistan Relations

Naval visits and arms transfers from China to Pakistan have been substantial and regular since the late 1970s. In November 1980 Vice Admiral Liu Daosheng headed a delegation to Pakistan. In November 1983 Admiral Liu Huaqing lead a delegation to Pakistan. Karachi was one of the ports of call of the two-ship PLA-N flotilla/squadron under the command of Vice Admiral Nie Kuiju that visited Pakistan, Sri Lanka and Bangladesh from November 1985 to January 1986. In November 1993 the PLA-N training ship Zheng He also visited Karachi. In October 1997 Shi Yunsheng, commander of the PLA-N, lead a naval delegation to Pakistan. Between 1976 and 1997 China delivered to Pakistan 7 Hainan-class FAC-patrol, 4 Hegu-class FAC, 4 Huangfen-class FAC, 1 type 347G Fire Control Radar, 1 C-801/802 Ship-Ship Missile system and 8 C-802 Ship-Ship Missiles (Kondapalli 2000: 86-87, 90-91). The arms transfers to Pakistan since the mid-1990s include multi-role fighter aircraft, with JF-17 to be license manufactured with Russian engines, Z-9C anti-submarine warfare capable helicopters, submarines, frigates and FACs (Kondapalli 2007: 27). In 2004 China and Pakistan conducted their first ever joint naval exercises off the coast of Shanghai. Among other
things, these exercises included simulation of an emergency rescue operation (Niazi 2005). In April 2007 the Chinese navy participated in multinational naval exercises and operations organized by Pakistan in the Arabian Sea (Kondapalli 2007: 33).

In the exercise of naval power the availability of strong logistical support, secure and close to the forward areas of combat, is an important element. The PLA-N’s ability to support fairly intense combat operations in the Indian Ocean would be dependent on access to logistical support from its littoral. This would provide replenishment of fuel, ammunition, parts and equipment, personnel, food and water, medical treatment and evacuation, and facilities for repair of ships and equipment. While some of these tasks can be carried out by replenishment ships, they cannot keep on hand the wide range of spare parts needed by warships, and there are some kinds of repairs, such as the repair or overhaul of a ship’s engine, which cannot be done at sea. If replenishment ships must return to home ports to take on cargoes, the per-period-of-time tonnage that they can convey to warships in forward areas of the Indian Ocean would be far less than if they were picking up supplies at a friendly port on the Indian Ocean littoral. One logistic point for the PLA-N could be Karachi in Pakistan. The material required for warships could be stockpiled at Karachi and other Pakistani ports prior to the onset of hostilities. As these stockpiles are used up during hostilities the land routes connecting China and Pakistan, such as the Sino-Pakistan Friendship Highway (also known as the Karakoram Highway), can be used to replenish them. Such stockpiles would sustain a fairly intense level of PLA-N operations. At Hunza and Gilgit however the Sino-Pakistan Friendship Highway is extremely vulnerable to Indian efforts at interdiction. Furthermore it traverses difficult mountainous terrain in which, even under normal conditions but especially in the rainy and snow-melt seasons, avalanches and rock slides are common. Even in peacetime this road requires sustained repair work, and during hostilities ariel bombardment can easily trigger rock-slides, carrying away or burying long stretches of road (Garver 2001: 287-291).

In May 2001, during a visit by Premier Zhu Rongji to Pakistan, China announced its commitment in principle to assist in the construction of a new deep-water port at
Gwadar in Pakistan’s Balochistan province, close to the Pakistan-Iran border (see Map 4.1). Till then Gwadar had been a tiny port known primarily as a breaking yard for ships. Under the planned three phase expansion of Gwadar, it was to be dredged for the construction of a total of 23 deep-sea births, along with wharves, warehouses and other critical facilities. In Phase I three multipurpose births and a service birth with a depth of 12.5 metres capable of handling ships of 30,000 dead weight tons, and modern on-shore cargo handling facilities were to be constructed. In Phase II ten additional deep-sea berths and three dedicated container terminals would be constructed. With the completion of Phase III Gwadar would have a total cargo handling capacity equivalent to Karachi, which handles over 90% of Pakistan’s sea-borne trade. The expanded port would also have petroleum loading and unloading facilities. Gwadar is the projected sea terminus of proposed pipelines for carrying energy resources from Turkmenistan to the sea and on to world markets. In August 2001 China’s financial support for Phase I was finalized. The total estimated cost of Phase I was US$ 248 million. China agreed to provide US$ 50 million as a grant, US$ 50 million as commercial credit, and US$ 98 million as a state credit. This US$ 198 million provided by China would account for about 80% of the funding for Phase I, which was scheduled for completion in 2005. The total cost of all three phases was estimated at US$ 1.75 billion. Pakistan has also sought the support of Saudi Arabia, Oman and Russia for the project. In March 2002 groundbreaking for the new harbour took place. China’s Vice Premier Wu Bangguo led a 32-member Chinese delegation to participate in the ceremonies. During Premier Wen Jiabao visit to Pakistan in April 2005 he committed China to support Phase II of the project. This phase was to include a deepening of the new harbour to a depth of 14 metres, which would enable it to receive 200,000 ton oil carriers and 100,000 ton container carriers. Two dedicated oil births and a bulk cargo terminal was also to be constructed. The total estimated cost of this phase was US$ 600 million. China is reported to have offered financial support totaling US$ 198 million or about one third of the total estimated cost, out of which US$49 million would be a grant, and US$ 31 million an interest free loan. A visit by Premier Wen Jiabao to Gwadar may have been cancelled so as not to rouse US suspicions. New railway lines and roads will connect Gwadar to Pakistan’s and Iran’s

---

1 Pp. 101-104, which provide facts and data related to China’s role in Gwadar, draw upon Garver (2006).
Map 4.1: Gwadar

Source: Garver (2006: 8).
railway networks. Phase I includes the building of a new railway line northward from Gwadar, connecting it to Pakistan’s main east-west rail line at Dalbhandin, linking Gwadar with Bandar Abbas in the west, Karachi in the east and Rawalpindi in the north. A hard-surfaced two-lane highway running eastward from Gwadar along the Makran coast will join up at Liari with Pakistan’s Indus valley road and rail system. In 2001 China committed itself to support the construction of the Gwadar-Dalbandin railway and the Makran highway. In January 2003 the Asian Development Bank agreed to provide US$ 150 million for the first phase in the construction of a modern road linking Gwadar with Chaman on the Pakistan-Afghanistan border, just north of Quetta. This road will facilitate the flow of goods between Gwadar and Afghanistan. In May 2004 the United States, Pakistan and Saudi Arabia undertook to build a railway from Chaman to Afghanistan’s Kandahar. Through these links the development of transport networks in Afghanistan could facilitate the flow of goods between Central Asia and Gwadar. Parallel to the Gwadar project China is also involved in a major effort to upgrade Pakistan’s railway system. In May 2001 China agreed to provide the equivalent of US$ 250 million in supplier credits, which allowed Pakistan to purchase from China 69 locomotives and 175 rail coaches, and to improve its own technology for manufacturing locomotives and rail coaches. The first batch of 14 Chinese-made passenger coaches was sent to Pakistan in July 2002. China’s deputy railways minister Peng Kaizhou presided over the inauguration of these coaches with Pakistan’s communications minister. Another contract signed in February 2003 would provide Pakistan with 1,300 railway freight wagons, out of which 420 were to be manufactured in China within a year, and 880 were to be manufactured in Lahore with Chinese assistance over the next two years. China’s Exim Bank provided 87% of the US$ 62 million total cost of this project. Another related project that was discussed at the time was the modernization of the outdated signaling system in Pakistan’s railways. In March 2003 during a visit by Pakistan’s prime minister Zafarullah Khan Jamali to China a MoU was signed for further Chinese assistance in the development of Pakistan’s railways. According to Pakistan’s finance minister at the time, Shaukat Aziz, China was to provide Pakistan with approximately US$ 500 million for new locomotives, wagons and construction of new track (Islamabad the Nation, 24 March, 2003, cited in Garver 2006: 10). The US$ 198 million for Phase I of Gwadar
committed in August 2001, US$ 250 million for railway modernization committed in December 2001, the US$ 500 million for railway modernization committed in March 2003, and the US$ 198 million for Gwadar Phase II committed April 2005 adds up to a total of about US$ 1.15 billion. The Gwadar project together with the development of Pakistan’s rail and road networks will substantially enhance the movement of goods and people from China’s western regions and Central Asia to the Arabian Sea and vice versa. Chinese rhetoric has compared the Gwadar project with the construction of the Karakorum highway in the 1960s. China undertook support of Gwadar shortly after China-India rapprochement resumed following an interruption over India’s explicitly anti-China nuclear tests in May 1998. This conforms to the traditional pattern of China-India rapprochement advancing in tandem with China-Pakistan strategic cooperation (Garver 2006: 7-11).

During the India-Pakistan war of 1971 the Indian Navy successfully blockaded and raided the port at Karachi, and during the Kargil conflict of 1999 Karachi was under threat of blockade by the Indian Navy. Gwadar is 450 miles west of Karachi. A modern port at Gwadar would enhance Pakistan’s ‘strategic depth’ along its coastline with respect to India. For China the strategic value of Gwadar is its 240 mile distance from the Strait of Hormuz. The Gwadar project has greatly strengthened the strategic, diplomatic, and economic ties between Pakistan and China (Pehrson 2006: 4). Gwadar can be useful to the Chinese navy as a port of call, a refueling halt and as a listening and observation post for monitoring developments in the Gulf. Oil and gas tankers can unload supplies at Gwadar and from there it can be sent by pipeline through Pakistan territory, including Kashmir territory occupied by Pakistan, to China’s Xinjiang province. Gwadar can also serve as an outlet for the external trade of Xinjiang and neighbouring provinces. Pakistan has also agreed to the setting up of a Special Economic Zone in Gwadar for the use of Chinese industries manufacturing goods for export to Africa. Locating in Gwadar will make manufacturing and transport costs lesser than if they were located in China. The plans for Gwadar did not have an economic component till after the collapse of the Soviet Union and the emergence of new states in Central Asia. Since then an economic component was included which provided for the construction of an international port at
Gwadar to serve as an outlet for the external trade of the Central Asian states, Afghanistan as well as the Xinjiang region of China. However Pakistan did not have the funds and the technical expertise to implement the plans. None of the Gulf countries were willing to support the project. Benazir Bhutto and Nawaz Sharif were reluctant to approach China for assistance for fear of arousing US concerns. It was Gen. Pervez Musharaff who finally approached China for assistance when Chinese Primeir Zhu Rongji visited Pakistan in 2001. The construction of a naval base at Gwadar by Chinese engineers is expected to be completed in 2010 (Raman 2007).

China has also agreed to further increase the depth of the deep-sea port from 14 metres to 19 metres. Larger displacement vessels would require a depth of about 11 metres for berthing. Further increasing the depth of the port indicates long-term Chinese plans for Gwadar in the naval sphere. A signals outpost for monitoring maritime traffic is already in place (Kondapalli 2007: 32). Gwadar provides China with a ‘strategic foothold’ in the Arabian Sea. This is a cause for alarm in India, and discomfort for the US, which maintains a key overseas base in the Arabian/Persian Gulf. (Bansal 2005: 190). For China however the importance of Gwadar may have more to do with ensuring energy supply security than as a naval base for checking the military presence of other major powers like India and the US. If China’s oil imports from the Middle East is first shipped to Gwadar and then via pipelines to China it will reduce the distance of shipborne oil transportation by over 3,000 miles. The military significance of the port for China is questionable since it is too far for PLA-N ships to arrive in a time of crisis. A PLA outpost for monitoring maritime traffic at Gwadar would contribute greatly towards keeping sea lanes safe, but would not pose a meaningful threat to the Indian or the US Navy, in the sense that by itself it would be of little use for fighting major battles on the high seas (You Ji 2008: 60-61). It has also been noted that Pakistan does not want China to play a military role in Gwadar, and that it has brought in a Singaporean company to manage the port (Khanna and Kondapalli 2008: 28). However, here we should keep in mind Kondapalli’s (2001) observation, cited in chapter three, regarding the strong presence of Chinese companies with links to the PLA in Singapore.
China had shown some unease when Pakistan had offered the US exclusive access to critical airbases at Jacobabad in Sindh province and Pasni in Balochistan province during the US invasion of Afghanistan following the September 11, 2001 terrorist attacks on the World Trade Centre in New York. China had also asked for 'sovereign guarantees' from Pakistan on China's use of the port facilities at Gwadar before commencing its assistance. A part of the reason for the cancellation of Premier Wen Jiabao's visit to Gwadar during his stay in Pakistan in April 2005 may have been concern over the security situation in Balochistan. Of the nearly 3000 Chinese in Pakistan about 450 engineers work for Gwadar project. Three Chinese engineers working for a Chinese construction company in Gwadar have been killed and nine others injured when their vehicle was attacked by Baloch nationalist insurgents who oppose the project as part of their struggle against Pakistan's government. There have been several such incidents involving Chinese engineers. Gwadar port and feeder lines in Balochistan and Northern Areas are vulnerable to terrorist attacks. Nevertheless on May 31, 2005 the government of Pakistan declared that phase I of the project had been completed. It has also declared the port area a 'sensitive defence zone'. Since January 2003 merchant ships have been entering the port and offloading hundreds of tonnes of cargo imported for the project. Pakistan Petroleum, which is prospecting for offshore gas has also started using the port for loading and offloading equipment fairly regularly. Iran may be opposed to the port because it will compete with Chahbahar Port, being built with Indian assistance, on Iran's Balochistan coast. The Chahbahar Port is also being built as a gateway to Central Asia (Bansal 2005: 181, 185, 190, 191; Kondapalli 2007: 32-33; Niazi 2005). Meanwhile, since the beginning of the war in Iraq in 2003 the Indian Navy has had an arrangement with the US Navy to escort shipping through the sea lanes between the Gulf of Aden and the Strait of Malacca. This may be a factor that will draw Pakistan and China closer to each other (Haider 2006: 24, 26).
The Maritime Dimension of China-Myanmar Relations

Although Myanmar is not a part of South Asia, it forms a critical component of the maritime space in South Asia. Myanmar occupies a geo-strategic position of considerable importance. It is located between India and China, at the crossroads of South Asia, Southeast Asia and East Asia. It separates China from the Indian Ocean. While it does not directly dominate any major Indian Ocean shipping lanes, it is fairly close to some important ones (Spelth 2005: 29).

Chinese thinking about creating conditions for land-locked provinces such as Yunnan and Guizhou to ship goods to world markets by constructing new transport infrastructure linking them to the Bay of Bengal via Myanmar (then known officially as Burma) emerged in the mid-1980s. Pan Qi (1985: 22-23, cited in Ghoshal 1994: 193), a former vice-minister of communications, had pointed out that:

"Looking towards the south, we could find outlets in Burma; that is, we could select an appropriate route across the 1,000 plus-kilometre Yunnan-Burma border to export the rich resources of west Yunnan.....several possible passages from Yunnan to the outside world. From the mining area of Tengchong, for example, one highway leads westward to Myitkyina in Burma, where a railroad is available to transfer cargo to the sea. A second highway leads south to Lashio, another major Burmese railroad. And between these two, a third road leads to Bhamo, on the Irrawady river. None of these roads is over 300 kilometers long".

What has come to be known as the Irrawaddy Corridor involves a combination of road, river, rail and oceanic transport infrastructure linking Yunnan with Myanmar ports on the Bay of Bengal (see Map 4.2). In the mid-1980s however Burma was following a policy of economic isolationism. When Mynamar under the SLORC began abandoning this policy in 1989 it was estranged from Western countries over human rights issues. Around the same time China withdrew its support to the Burma Communist Party and its insurgency which had for long been a major problem in Burma-China relations. In this context Myanmar's government welcomed Chinese involvement in the modernization of its transport infrastructure. The 'Burma Road' between Kunming in China's Yunnan province and Mandalay in Myanmar, which had been under constant reconstruction since
Map 4.2: The Irrawaddy Corridor

it was first opened in 1939, was widened and resurfaced during the 1990s. Its grades were moderated and bridges were newly built or improved. It has been refurbished yet again in 2002. A major road connecting it to Shanghai was developed into a national trunk highway. Within Myanmar the Burma Road splits, with one branch going northward to Bhamo on the upper reaches of the Irrawaddy River, and the other going southward to Lashio, one of two northern terminuses of the railway line going northward from Yangon. Chinese engineers have identified several routes for moving cargo through Myanmar. One route uses the Irrawaddy River, with barges carrying cargo from Bhamo to Minbu on the middle Irrawady. A new highway through the Arrakan mountain range and coastal swamps was to be built connecting Minbu to the northern end of Ramree Island. By the end of 2004 14 bridges of over 180 feet, some of which had been completed and some of which were under construction, were included in that highway. Another southerly access road from Minbu to Ramree Island via Taungup was also under construction at the time. The 640 km long Yangon-Kyaukpyu road was also being upgraded. The port of Kyaukpyu on the northern end of Ramree Island is to be greatly expanded and modernized. In 1997 the Hutchison Port Holdings Company of Hong Kong began work on the Thilawa harbour, 40 km south of Yangon at the mouth of the Yangon Rivier. While the Yangon River is not a tributary of the Irrawady River, barge traffic can move between the two via many coastal channels. The Thilawa harbour has been built to accommodate large ocean-going ships. A railway line from Thilawa to Yangon via an existing bridge built under a China assisted project over the Bergen River was also planned. The port at Thilawa can be used to deliver Chinese goods coming down the Irrawady River by barge as well as to bring goods from factories along China’s east coast by large ship. The Thilawa port in itself will mainly facilitate trade between China and Myanmar. It is the Irrawady Corridor as a whole that is to facilitate the export of Yunnan’s goods to world markets (Garver 2006: 11-14).

In 2001, the Navigation Bureau of Yunnan province estimated that 200,000 tons of freight moved annually between Yunnan and the sea over the various Irrawady Corridor routes (Renmin Ribao Haiwai Ban, June 27, 2001, cited in Garver 2006: 14). In March 2001 China is reported to have presented Myanmar with a 30-year term ‘draft
agreement on highway-waterway combined transport' meant to ease Chinese transit via Myanmar, and Jiang Zemin is reported to have discussed this agreement during his visit to Myanmar in December 2001 (Bertil Lintner 2002: 24, cited in Garver 2006: 14).

Myanmar could also provide forward logistical bases for PLA-N operations in the Indian Ocean. The land routes connecting China and Myanmar are less vulnerable to interdiction and traverse far easier terrain than those connecting China and Pakistan. From Kunming in China's Yunnan province to the Sino-Myanmar border it is a fairly easy drive of about 700 km, and from there it is another 900 km drive to Kyaukpyu on the Bay of Bengal. The planned linking of Yunnan's railway system with that of Myanmar would greatly facilitate concentration of PLA-N supplies at forward ports on Myanmar's coast. Yunnan province has an industrial base which is more developed than that of Xinjiang province bordering Pakistan. In 1997, the value of Yunnan's industrial output was approximately double that of Xinjiang. This would enable a larger portion of naval stores to be produced in Yunnan itself. From forward logistical bases along Myanmar's coast, the PLA-N could sustain an even more intense and effective pace of operations in the Indian Ocean (Garver 2001: 291-292).

The modernization of Myanmar's antiquated harbours was necessary for the expansion of foreign trade sought by the SLORC regime. Through the 1990s Chinese entities became involved in the modernization of wharf and cargo handling facilities at Sittwe, Kyaukpyu, Bassein, Mergui, and Yangon. These projects would facilitate China's trade with and through Myanmar, and Myanmar's own trade with the rest of the world. Old naval facilities existing in some of these places were also included in this Chinese-assisted modernization drive. China also undertook the construction of a new harbour and naval base on Hainggyi Island, south of Bassein, at the mouth of the Pathein River. By early 1999 the construction at Hainggyi also included a large casern for Myanmar's armed forces. Heavy silting in areas surrounding the new harbour indicate that instead of large ocean-going vessels, this facility will be used primarily by coastal patrol forces engaged in anti-smuggling, anti-poaching and internal security activities. China was also involved in setting up a radar monitoring facility on Cocos Island, just north of India's
Andaman archipelago. Four to five PLA technicians at a time rotate through this facility. Chinese media has reported that there were no casualties among the 976 people living on the Coco Islands during the Indian Ocean tsunami disaster in December 2004. The purpose of the facility appears to be the monitoring of Myanmar’s Exclusive Economic Zone which suffers from heavy encroachment by illegal fishing vessels as well as narcotics and arms smugglers. China has helped establish and operate a similar, anti-smuggling and anti-poaching, radar station at Ramree Island as well. Myanmar’s territorial waters also contain natural gas fields. Just off Myanmar’s southern most territory on the Kra Isthmus, China has established an earth satellite station at Zadetkyi Kyun Island, which Indian officials believe is used to maintain communications with PLA-N submarines in the Bay of Bengal. In the 1990s China also became a major supplier of naval vessels to Myanmar. This included 10 Hainan-class FAC-patrol and 2 Jiangnan-class frigates in 1991-1993, and 6 FAC-missile boats in 1995-1997. Myanmar’s arms acquisitions from China also include more than 120 F-7 and A-5 fighters, Y-8 transport aircraft and K-8 trainers. Through the 1990s China also became a major provider of military training to Myanmar. A military cooperation agreement signed in late 1996 provided for the training of senior Myanmarese officers at PLA staff colleges (Garver 2001: 292-293; Ghoshal 1994: 198-199; Kondapalli 2000: 91; 2007: 31; Spelth 2005: 31-33).

Rahul Roy-Choudhury (1995, cited in Garver 2001: 293-4) had argued that India’s concern about the Chinese acquisition of naval facilities in the Indian Ocean littoral ‘appear to be well founded’ in the case of Myanmar. He feared that China’s activity in Myanmar would, at a minimum allow the PLA-N to familiarize itself with conditions in the Indian Ocean, and at a maximum the growing dependence of Yangon on Beijing would make the former willing to grant certain facilities to Chinese warships.

The China-Myanmar military link constitutes an important part of China’s gradually expanding military activity in the Indian Ocean region. This trend suggests that China’s leaders see this region as an area of substantial Chinese interests and that they aspire to eventually establish a permanent and effective military presence in the Indian
Ocean. One of the PLA-N’s missions is to protect China’s commerce. China’s leaders understand that the vulnerability of China’s sea lanes across the Indian Ocean can only be alleviated by securing a forward logistical presence in that region, without which the PLA-N will not be able to operate there effectively. The goodwill generated by years of friendly exchanges with countries such as Myanmar will create favourable conditions for China to ask for expanded naval cooperation, and a deeper strategic partnership founded on mutual trust and common interests could eventually provide naval facilities when they are required (Garver 2001: 295-296).

Ports on Myanmar’s coast also open-up alternatives to the Malacca Strait-South China Sea route for China’s seaborne energy imports from West Asia and Africa. Oil and gas supplies can be unloaded at the deep-water port at Sitwe and sent by pipeline via Myanmarese territory to China’s Yunnan province. In 2004 China signed an agreement with Myanmar to construct a 1250 km pipeline from Sitwe to Kunming. (Raman 2007; Kondapalli 2007: 23).

Naval air capability is crucial for defending one’s own ships from attack, and for locating and disabling enemy ships. For the PLA-N to have an effective naval air capability in the Indian Ocean it would need aircraft carriers and/or air bases on the littoral of the Indian Ocean in countries such as Myanmar from which its naval air-forces can operate (Garver 2001: 292). China has been involved in the expansion of airfields at Mandalay and Pegu for receiving heavy transports (Kondapalli 2007: 24). Indian authorities have noted several China-assisted airfield construction projects that have been undertaken at An, Bhamo, Hkmati, Homalin, Kale, Kyaukhtu, Monywa, Pakokku and Putao, in north and northwestern Myanmar in recent years (FBIS 2003, cited in Spelth 2005: 34). Some of these new and improved airfields are reportedly capable of handling the types of military aircraft that Myanmar had acquired from China since 1988. The improvement and construction of these airfields with Chinese involvement has ‘unnerved the Indian security establishment’ (as reported in The Hindustan Times, May 02, 2003, cited in Spelth 2005: 34). The government of Myanmar (known since 1997 as the State Peace and Development Council, SPDC) has stated that this airfield construction effort is
part of a large-scale programme to upgrade Burma’s civil aviation infrastructure and explained China’s involvement on purely commercial grounds (Spelth 2005: 34).

According to William Ashton (1995, cited in Spelth 2005: 35) Indian commentators have claimed that China has established a permanent military presence in Myanmar in the form of a massive tri-services base on the Irrawady Delta at Hanggyyi Island. This base has been reported to have a major airfield and specialized maintenance facilities capable of undertaking ‘second echelon’ repairs of combat aircraft, and replenishing Chinese naval vessels, including nuclear submarines, during ‘regular’ deployments to the Indian Ocean. These claims have been supported by the Indian Coast Guard’s capture of three Chinese trawlers flying the Myanmarese flag in Indian waters in 1994, at least one of which is said to have been equipped with electronic surveillance gear. This incident was cited as evidence of the military links between China and Myanmar, and of China’s aggressive designs in the Indian Ocean. Myanmar’s SPDC has refuted these claims and in the late 1990s invited India’s Defence Attache at Yangon to visit any of the places suspected of having a Chinese military presence. This invitation does not seem to have been taken up. More recently however the SPDC permitted the Indian Air Force to conduct a surveillance flight over Great Coco Island, which has been claimed to have a massive Chinese signals intelligence collection station and a radar facility. While there may be a small Myanmarese communications facility under the Myanmarese navy at Great Coco Island, such a flight would not have been permitted if the SPDC had anything important to hide (Spelth 2005: 35-36).

Spelth (ibid.: 36) argues that while some reports about China’s relationship with Myanmar are quite true, the accuracy of many others must be considered suspect. At the same time neither China nor Mynamar have made a real effort, beyond bland press releases, to inform the international community about the frequent high-level exchanges between them, the terms of their economic deals, and the exact nature of their defence links. Claims that should have been dismissed, such as those relating to a massive PLA base on Hanggyyi Island referred to earlier, have been quoted by some commentators in support of particular arguments. Once in print, such statements have been repeated by
others, giving them an unwarranted credibility. Some of the more tendentious reports could have been planted by self-interested parties looking to promote agendas such as an alliance against China, application of greater pressure on the military regime at Yangon and increased naval expenditure. In his view all this publicity has clouded the picture making objective analysis of the strategic environment more difficult.

Both accurate and inaccurate reports have played on existing suspicion of China's long-term strategic aims, helping to fuel more immediate concern that the China-Myanmar relationship could threaten not only India, but also regional stability. These perceptions have prompted a number of specific policy decisions by governments. According to one Indian analyst:

"While China professes a policy of peace and friendliness toward India, its deeds are clearly aimed at the strategic encirclement of India in order to marginalize India in Asia and tie it down to the Indian sub-continent....Pakistan, Bangladesh, Nepal and Sri Lanka have been assiduously and cleverly cultivated toward this end. Myanmar has been recently added to this list" (Kanwal 2000: 13, cited in Spelth 2005: 37).

India's fear according to this line of argument, that its support of exiled Burmese opposition groups and hostility towards the military regime in Yangon was bringing Burma and China closer to each other, has prompted New Delhi to improve its relations with Yangon through increased political, economic and military ties. India has also been trying to develop its economic relations with Southeast Asian states such as Thailand, and offered itself to Singapore, Malaysia and Vietnam as a strategic counterweight to China. Japan also seems to be concerned about China's increasing influence in Burma, and the implication for regional stability of China's perceived rivalry with India. The security of its SLOC through the Malacca Strait and Indian Ocean are essential for Japan's oil imports from the Middle East. In this regard, the possibility of increased Chinese naval deployment in the Indian Ocean, and the reported construction of Chinese naval and intelligence facilities in Myanmar, is of concern to Japan. The Republic of Korea share some of Japan's concerns since it too is dependent on oil shipments from the Middle East. While there has been a 'strategic partnership' between the US and China
particularly with regard to issues like international terrorism and North Korean weapons of mass destruction, when and if the US government sees its relationship with Beijing in terms of 'strategic competition', the close relationship between China and Myanmar would be of greater concern to it. According to a classified US study leaked to Jane's Foreign Report, efforts by the US and India to forge defence links are part of a strategy to contain China, which it argued represent 'the most significant threat to both countries' security in the future'. A positive relationship with India was seen by the US as a 'hedge' against future Chinese ambitions. This report claimed that US and Indian views of China are 'strikingly similar', and 'predicated to keeping China out of the Indian Ocean region where, over the past decade, it has been making swift inroads' (Jane's Foreign Report, April 01, 2003, cited in Spelth 2005: 39-40). Developing ties between India and the US, which also includes a shared interest in a ballistic missile shield, could be seen by Beijing as part of a long term move to offset its security relationships with countries like Myanmar and Pakistan (Spelth 2005: 36-40).

Spelth (2005: 40-41, 44-46) is of the view that China has much to gain from a close relationship with Myanmar. The incumbent military regime may be much more acceptable to Beijing than one led by the current opposition leader Aung San Suu Kyi, who may be seen by Chinese leaders as strongly sympathetic to the West. On issues such as internal security, human rights, and entitlement of other governments and multilateral organizations to involve themselves in a country's domestic affairs, China and the military regime in Myanmar can count on each other's support in regional and global multilateral forums. A government led by Aung San Suu Kyi would add to Beijing's long-standing fears of strategic encirclement by the US and its allies. Regular Chinese naval deployments to the Indian Ocean with support from Myanmar however remain a distant prospect. China has not been as successful in winning Myanmar's confidence as is often reported. The Irrawady transport corridor has run into numerous problems in recent years. First the SLORC, and then the SPDC, has shown signs of worry over the economic and political leverage that this will give China. They have also been considerably displeased with the workmanship and quality of military material acquired from China. Chinese officials keep a low profile and tread warily in contacts with their counterparts
in Myanmar out of concern that they will upset the notoriously unpredictable military leadership and lose the gains China has made since 1989. Myanmar, like Pakistan, both of which are often considered ‘client states’ of China, will seek to decide its own fate and develop its own independent relations with other major powers like the United States. Myanmar has been quite comfortable to use the possibility of becoming an ally of an expansionist China to gain support from other influential countries like India and in multilateral forums such as the ASEAN, which can be seen as a part of Yangon’s continuing efforts to counter China’s influence and to keep its foreign policy options open. In the Myanmar-China relationship there are many uncertainties and there are some genuine causes for concern, but as one Indian strategic analyst has put it, ‘a degree of caution is warranted, but not undue alarm’ (Banerjee 1996, cited in Spelth 2005: 46). Spelth argues that what has to be kept in mind is that, for the military regime in Yangon retaining political power within Myanmar takes precedence over concern about any perceived impact that its actions for retaining power will have on the wider strategic environment of the Indian Ocean region. Thus criticism of, and sanctions against, its repressive policies by other countries in the region and the United States can have indirect and unintended consequences for the strategic environment in the Indian Ocean region by pushing it closer to China.

China’s relations with Sri Lanka and Bangladesh are also sensitive in the context of the evolving Sino-Indian naval balance. However Sri Lanka and Bangladesh are vulnerable to an Indian economic blockade. Both are separated from China by Indian territory and large tracts of sea. On the other hand the overland transportation between China and Myanmar is better than that between India and Myanmar. Hence, as a base area for operations in the Indian Ocean region, Myanmar would serve the PLA-N much better than either Sri Lanka or Bangladesh. A chief objective of Indian diplomacy is to ensure that Myanmar does not allow such a development (Garver 2001: 296, 309-310).
The Maritime Dimension of China-Sri Lanka Relations

As a large island lying a significant distance from the Indian subcontinent, Sri Lanka is defensible by a naval power against a superior infantry force on the subcontinent. It is located just north of major Indian Ocean sea lanes, which makes it an excellent position from which to either protect or attack those sea lanes. Sri Lanka also provides a platform from which to either mount economic, political or military operations against the subcontinent or to shield the subcontinent's coasts from hostile operations. The island also has two very good natural harbours at Colombo on its western coast, and at Trincomalee on its northeastern coast. India's overriding geopolitical objective with regard to Sri Lanka has consistently been to prevent the presence of a hostile third-power on the island (Garver 2001: 300).

In 1980 China gifted Sri Lanka two Shanghai-class gunboats. In 1986 Sri Lanka acquired from China 10 Y-12 transport aircraft (ibid.: 304). The PLA-N port call at Colombo in November 1985 occurred at a time when India-Sri Lanka relations in general, and its maritime dimension in particular were going through troubled times. The Indian Coast Guard and Navy were doing little to halt the flow of men and arms between India’s Tamil Nadu state and Sri Lanka in support of a Tamil nationalist insurgency on the island. In January that year Indian Coast Guard vessels had seized a Sri Lanka Navy patrol boat for interfering in the activities of Indian fishing vessels. Following the India-Sri Lanka agreement of July 1987, in the letters exchanged between the Indian Prime Minister and the Sri Lankan President, among other things, Sri Lanka guaranteed that Trincomalee would not be made available to any foreign navy for purposes that would injure India’s interests, and agreed to refurbish the Trincomalee tank farm jointly with India (ibid.: 304, 306, 309). China’s arms transfers to Sri Lanka continued in the 1990s. In 1997 and 1998 China delivered to Sri Lanka 3 Shanghai-class FAC-patrol, 2 Haiqing-class FAC-patrol and 1 Yuhai-class Landing Ship (Kondapalli 2000: 91). Since then military equipment Sri Lanka has acquired from China include artillery systems and surveillance radar (Kondapalli 2007: 27). In early 2000 however several Chinese trawlers were taken into custody in Sri Lankan waters by the Sri Lanka Navy (Swaran Singh
Following the Indian Ocean tsunami disaster in December 2004 China wrote off all governmental debts of Sri Lanka and in addition committed US$ 4 million for disaster relief. A Chinese medical team went to Hikkaduwa on Sri Lanka’s southern coast to assist in the relief effort, and the Chinese vice foreign minister Wu Dawei visited Hikkaduwa on January 11, 2005, barely two weeks after the tsunami had struck (Kondapalli 2007: 29). In 2006 a Chinese trawler was attacked by the Sea Tigers, the sea wing of the Liberation Tigers of Tamil Elam (LTTE), the Tamil nationalist insurgent group fighting the Sri Lankan government (Wijesinha 2006).

Following the visit of Premier Wen Jiabao in April 2005, the development of a deep-water port at Hambantota, a town on Sri Lanka’s southern coast, has emerged as an important component of China-Sri Lanka relations. Hambantota is a town located on Sri Lanka’s southern coast. During this visit the Sri Lanka Ports Authority and the China Huanqiu Contracting and Engineering Corporation signed a Memorandum of Understanding on the development of the Hambantota bunkering system and tank-farm project (Ministry of Foreign Affairs of Sri Lanka 2006: 6). Chinese economic assistance was to finance ten oil tanks and four pipelines (Mohan 2005) The implementation of the agreement did not make much progress till Sri Lanka’s President Mahinda Rajapakse’s visit to China in February/March 2007. The joint communiqué issued after this visit noted that discussions between the Chinese companies concerned and the Sri Lankan authorities on the Hambantota Development Zone, which includes harbour development, a bunkering system and tank farm, have made positive progress, and that the Chinese government would encourage and facilitate financial institutions to effectively examine feasibility reports and other aspects to enable its early commencement (as reported in, Daily News, March 05, 2007). A friendship agreement between the district of Hambantota and the city of Guangzhou was also signed (Wijayapala 2007a). The vice-chairman of the Sri Lanka Ports Authority, Priyantha Bandu Wickrama, who had accompanied the president, stated to the press that two Chinese engineering companies, China Harbour Engineering Corporation and Syno Hydro Corporation, had agreed to begin construction work on the proposed Hambantota port within two months of the president’s visit to China. The two companies were to sign
the construction agreement with the Sri Lanka Ports Authority on March 12, and begin the construction on the assurance given by the Chinese government to provide financial assistance without waiting for the actual release of funds by the government. The Chinese president and premier had both promised the Sri Lankan president to provide financial assistance for the project after the latter had emphasized the need for commencing the project immediately. The Chinese government had agreed to provide US$ 375 million, or 80% of the US$ 420 million estimated total cost of the project. The two companies would mobilize their machinery and equipment already located in Sri Lanka and the South Asian region for this project. Once the construction work of the port is completed it will provide 6000 direct employment and 50,000 indirect employment opportunities. During the first phase of the project, an industrial port with a 300m jetty and an oil terminal will be constructed. In the next two phases it will be expanded to a container handling port with the capacity to handle 20 million containers per year. The first phase of the project is expected to be completed within the next three years and the whole project is expected to be completed within 15 years. The two Chinese construction companies had agreed to use local engineering experts for planning and construction work, and to work according to the project plans of the Sri Lankan engineers (Wijayapala 2007b). According to B. Raman (2007), from the US$ 375 million provided by China, a part would be a grant and a part would be a loan. He is of the view that the Sri Lankan president has agreed to give China at Hambantota the same facilities that has been given, or is proposed to be given, to India at Trincomalee.

The government of Sri Lanka had been considering the construction of a port at Hambantota for some time as a catalyst for the economic development of the surrounding area in southern Sri Lanka. In 2003 M/s SNC Lavalin International of Canada had undertaken a preliminary feasibility study. In 2005 a Master Plan for the Hambantota Port Project was completed by M/s Ramboll of Denmark. Port of Hambantota is planned as a service and industrial port initially and subsequently it could be developed as a transhipment port depending on the increase in cargo volumes. Hambantota is within 10 nautical miles of one of the world’s busiest shipping lanes. It is ideally located directly at the intersection of major international sea trading routes. Over 100 ships bypass Sri
Lanka daily during the voyage between Europe and the Far East. It is necessary for cargo carrying vessels undertaking such a long journey to carry a large quantity of fuel and supplies. However if they were to use servicing facilities at a midway port such as Hambantota, they would not need to carry such large quantities of fuel and supplies, which would enable them to carry more cargo. Hambantota is also well positioned as a maritime gateway to India for transshipment container cargo. It is better located than any Indian port to act as a transshipment centre, because of equidistance from, and the ability to serve, both the east and west coasts of India, as well as Myanmar, Bangladesh, Pakistan, and smaller countries such as the Maldives. Given the considerable distance between Hambantota and Colombo, it would function best as an independent rather than an overflow port. Hambantota possesses extensive land area for expansion and harbour-related activities such as port related industries, warehousing and servicing. A port at Hambantota will stimulate the development of related industries such as ship repair, shipbuilding, bunkering, break bulk, oil refinery, power generation plant, and a free trade zone, facilities for which there is an increasing demand. In view of the deeper berths and locational advantages at Hambantota, it may be possible to attract port related industries such as cement and fertilizer. Since the maximum available draft at Colombo is limited to 10m for general cargo vessels, manufacturers may invest at Hambantota to take advantage of ‘economies of scale’. Port basin could be used for the service vessels of bunkering facility and for larger fishing vessels. Since the major shipping route is very close by, off-shore services such as supply of water, supply of fuel, and crew changes could be undertaken from this proposed port. Supplies for coal power generation and transshipment of vehicles could also be undertaken. With completion of phase I of the project, the port will be able to accommodate vessels of up to 100,000 deadweight tons. The width of the approach channel would be 210m and its depth would be 16m. The turning circle will be 600m. The depth of the basin will be 16m. It will have a general cargo quay of 600m, a service quay of 105m, and an oil quay of 310m. With the completion of the final phases the total length of the quay wall will be 13km, and it could be able to cater for nearly 20 million TEUs in addition to the normal general cargo, coal, vehicles, oil and gases. The Ex-Im Bank of China has signed a loan agreement with the
Government of Sri Lanka to fund this project and according to the contract the total cost estimate for Phase I of the project is US $360 million (Sri Lanka Ports Authority 2007).

The Hambantota project is aimed at encouraging development of one of Sri Lanka’s least prosperous districts. In addition, Hambantota does provide a convenient mid-way point on the sea-routes between China, and the Middle East and Africa. The port development and the oil-bunkering/storage facilities, when completed in Hambantota, would be a mutually beneficial asset to both Sri Lanka and China. The agreement between the city of Guangzhou and the district of Hambantota, despite the disparities in size, levels of development and the economic units, would serve to encourage further technical and other exchanges as Hambantota develops. China and Sri Lanka are also discussing the establishment of a Special Export Zone in the area for the use of Chinese entrepreneurs, with zero- or low-tariffs. The economic benefit accruing to the two countries is the driving force behind the project, although there is, of course, some imaginative speculation about the so-called ‘military and strategic aspects’ (Rodrigo 2007).

Hambantota is not economically significant for China from the point of view of its energy supply route and external trade in the same way as Gwadar and Sitwe. Therefore China may have agreed to assist Sri Lanka mainly because of its potential significance for their navy as a port of call, as a port for refueling purposes and as a listening and observation post on India’s nuclear, space and naval establishments in south India. While the details of the proposed project available at present do not mention a military component the Chinese assistance to the project does not make sense except from a military perspective (Raman 2007). China’s involvement in Hambantota could also be related to competition between India and China in Sri Lanka’s energy sector, including for offshore oil resources. Peiris (2007) is of the view that such competition could have far reaching consequences for the geopolitics of South Asia and the Indian Ocean.
Naval cooperation between China and Bangladesh started in the early 1980s, when the Bangladeshi navy began acquiring Chinese fast-attack craft. Admiral Liu Huaqing visited Bangladesh in January 1982, and again in November 1983. During the visit of the PLA-N two-ship flotilla/squadron to Chittagong in November 1985/January 1986 the commander of No. 132 destroyer had commented that China did not recognize the Indian Ocean as belonging to India alone (T. M. Cheung 1990: 40, cited in Swaran Singh 2000: 76). From 1980-1996 China delivered to Bangladesh 5 Jianghu-class frigates, 8 Shanghai-class Fast Attack Craft (FAC)-gun, 4 Huangfen-class FACs, 4 Hegu-class FACs, 10 Hainan-class FAC-patrol, 2 T43-class minesweepers, 1 Hai Ying 2L Ship-Ship Missile Launcher, 12 Hai Ying 2Ship-Ship Missiles and 8 Fei Lung Ship-Ship Missiles. In November 1989 a 1425 ton frigate built in Shanghai was commissioned into the Bangladesh navy. In the early 1990s Bangladesh approached China for assistance in upgrading its inland and overseas navigation, and the PLA Vice Admiral Zheng Lianzhong was reported to have assured his Bangladesh counterpart of cooperation in sophisticated management of the navy. In return Bangladesh was expected to provide facilities of various kinds for China’s fleet in the Indian Ocean (Asian Recorder, September 10-16, 1990, cited in Chakrabarti 1994: 155). In November 1993 Chittagong was one of the ports visited by the PLA-N training ship Zheng He. By 1995 Bangladesh had also acquired a Romeo-class submarine from China. Chinese weapons and equipment were accompanied by training and advice (Garver 2001: 296-7; Kondapalli 2000: 86-87, 89-90).

According to R. Chakrabarti (1994: 156) the motivation of China for coming militarily close to Bangladesh by the early 1990s has been explained from two different perspectives. One position, represented by K. N. Ramachandran (1988: 26, cited in ibid.), is that China was seeking to use Bangladesh as one of its ‘staging posts in the long run’, undisturbed by any other big power, from where it can ‘spread its net’ to cover Pakistan and Sri Lanka, where at the time the United States was not very keen on remaining engaged. Bangladesh could help China fulfill its aspiration to have an assured presence in
the Indian Ocean. The other position, represented by Manoranjan Mohanty (1988: 81, cited in ibid.), is that China wanted to maintain an ‘internal balance’ in Asia and keep external forces out, in order to ensure a peaceful environment for its own development. It may have wanted to strengthen the smaller powers of South Asia as a ‘cordon sanitaire’ against other big powers.

Since the mid-1990s China has sold frigates, FACs, amphibious warfare capable ships and fighter aircraft to Bangladesh. Chinese military officials have visited Chittagong in connection with the planned construction of a highway through Sitwe and Yangon to Kunming. China is also involved in the construction of a container port at Chittagong (Kondapalli 2007: 27, 31). One of China’s motives for drawing Bangladesh into its strategic orbit could also be the latter’s immense natural gas reserves (Walgreen 2006: 61).

Conclusion

China’s maritime relations with South Asia have largely been interpreted as part of a perceived ‘encirclement’ of India. The articulation of the notion of the ‘string of pearls’ has brought into sharp focus the maritime dimension of this ‘encirclement’. According to Pehrson (2006: 3-4, 8-9) the phrase ‘string of pearls’ was first used to describe China’s emerging maritime strategy in a report entitled ‘Energy Futures in Asia’ by defence contractor Booze-Allen-Hamilton. This report was commissioned by the Office of Net Assessment of the US Department of Defense in 2005. The ‘string of pearls’ extends from the coast of mainland China, through the littorals of the South China Sea, the Straits of Malacca and the Indian Ocean, to the littorals of the Arabian Sea and the Persian Gulf. The specific pearls in the string consists of: Hainan island with recently upgraded military facilities; an upgraded airstrip on Woody Island in the Paracel archipelago; the proposed container shipping facility in Chittagong, Bangladesh; the deep water port under construction in Sittwe, Myanmar; and the naval base under construction in Gwadar, Pakistan (see Map 1.3, reproduced from p. 13). Port and airfield construction
Map 1.3: China’s String of Pearls

projects, diplomatic ties and force modernization form the essence of the ‘string of pearls’. It could enable China to establish a ‘forward presence’ along the SLOC that connect it to the Middle East. The ‘string of pearls’ however may not be an explicit strategy of China’s central government, but rather a term applied by some in the United States to describe a specific aspect of China’s foreign policy. Therefore one could argue that the ‘string of pearls’, like the ‘two island chains’, is also a strategic geopolitical construct. Pehrson argues that while China may not have the same perception of its policy as does the United States, economic benefits of relations with China and China’s diplomatic rhetoric have been an enticement for countries to facilitate China’s strategic ambitions in the region. He also argues that in Asia the United States has been facilitating freedom of navigation on the high seas, and that the ‘string of pearls’ raises the question, will China let the United States continue fulfilling this role or will it attempt to assert its own primacy in the region? According to Goldstein (2005: 12-13, cited in Pehrson 2006: 8) ‘peaceful development’ was a strategy adopted by China in the mid-1990s to enable it to pursue economic growth and modernization and at the same time reduce the risk of other nations perceiving China as a threat. Pehrson goes on to argue that, while on the one hand the ‘string of pearls’ may support ‘peaceful development’ and may be a measured and prudent hedging strategy, on the other hand it could also be the beginning of a bid for regional dominance. However, one must point out here that in comparison with the ‘two island chains’ construct, the creation of the ‘string of pearls’ construct is not even attributable to unofficial Chinese sources, and that it has originated as a part of America’s perception of China’s maritime strategy. Kanwal (1999, cited in Garver 2001: 31) has argued that, while China professes a policy of peace and friendliness toward India, its deeds clearly indicate that concentrated efforts have been underway for the last several decades aimed at the ‘strategic encirclement’ of India through efforts to create a string of anti-Indian influence around India through military and economic assistance programmes to neighbourly countries, combined with complementary diplomacy. Garver (2001: 31) goes on to argue that while one should not necessarily accept the proposition that China is motivated by the strategic calculations attributed to it by Kanwal, one can accept this view as representing Indian perceptions. One may qualify Garver by pointing out that the notion of ‘strategic encirclement’ is a strategic geopolitical construct, like the
'island chains' and the 'string of pearls', applied by scholars such as Kanwal to China’s relations with South Asia. Arasakumar (2006: 61-62) points out that China’s effort to gain a strategic foothold in India’s neighbourhood in the Indian Ocean includes seeking naval and commercial facilities in Bangladesh, building naval bases and electronic intelligence gathering facilities at Great Coco Island off the coast of Myanmar, the funding of a canal across the Kra Isthmus, and the development of the strategically important port at Gwadar, Pakistan. According to him India views this as an 'encirclement', and it has been periodically expressing its concern to its smaller neighbouring countries regarding their military security ties with China. Mohan (2006: 50) points out that the expansion of China’s maritime profile in the Indian Ocean is apparent from what we see in relation to what is called the 'string of pearls' strategy. Hence it would seem that there is an overlap between the American analysts’ construct of the 'string of pearls' and the Indian analysts’ one of 'encirclement'. Given China’s involvement in the Hambantota port development project in the Southern Province of Sri Lanka, Mohan and Nuwan Peiris (2007) have added Hambantota as well to the ‘string of pearls’.

Kondapalli (2007: 22, 33) argues that China’s interest in the Indian Ocean region (IOR) is based on its need to import resources such as oil and gas, fisheries and metals, and the consequent need to secure transport corridors and maritime trade. China is enhancing its presence in the region through bilateral political, economic and military contacts as well as through joining and influencing multilateral organizations. At a minimum China’s strategy is to marginalize Taiwan in the region, and at a maximum it is to shape the regional security environment in a way that is conducive to its rise in the 21st century. Components of its strategy include forays into the region through port calls, military equipment/skills transfer and the ‘string of pearls’. Although China has indicated its willingness to participate in multilateral activity in the IOR, it has only done so selectively. For example, the Chinese navy visited Chittagong, Colombo and Karachi in 1985-86, but refused to participate in the Indian Fleet Review. Nevertheless, the Chinese navy has indicated that multilateral activity with India and other countries is necessary for countering non-traditional security issues such as piracy, drug-trafficking and gun-
running. Kondapalli (2007: 33-35) goes on to argue that China’s approach towards the IOR is becoming strategic in scale. Its vision encompasses bilateral political, economic and military interactions, participation in multilateral activities, disaster relief operations and an active interest in constructing facilities in the naval sphere. While the current drivers of Chinese interests are economic and energy security oriented, these could turn into military-strategic ones in the medium to long term. China has been relatively successful in marginalizing Taiwan in the IOR by persuading most states to diplomatically derecognize it, and growing trade between China and the IOR point towards the continuation of such a trend. While the Chinese state is knocking on the ‘continental doors’ of India on the land borders with its Western Development Campaign of infrastructure development in Tibet, Xinjiang, Yunan and surrounding areas, the ‘string of pearls’ strategy is to gradually knock at India’s ‘maritime doors’ in the IOR. If this constitutes a ‘strategic encirclement’ of India, the encirclement is not yet complete. Moreover, the energy issue may lead to cooperation between India and China. China is setting up the ‘pearls’ in conjunction with local states. While China is providing credit, technology, and a skilled work force, and there is the possibility of China deploying military equipment to these localities, it does not at present have formal military alliances with these states. Nevertheless, while China’s ‘independent foreign policy of peace and development’ opposes military alliances in principle, it may change its principles for maximizing its security. China’s current power projection capabilities abroad are limited. However, it is carrying out a major revamping of its long-range naval and air forces. It is currently developing the type 094 SSBN to be equipped with submarine launched missiles (SLBMs) with a range of 8000 km, and it is possible for China to deploy this SSBN in the IOR within the next decade. It has also been reported that cruise missiles supplied by the Ukraine to China have made their way to Pakistan to become the Babur-series of missiles. This could have significant impact on the security of the region in coming years. The Beitou series of satellites placed in West Asia during the 2003 Iraq War could provide satellite communications in the region. Similarly, while China’s current logistics capabilities to sustain bases abroad are limited, it has made considerable progress. While China participates in multilateral initiatives and multinational military exercises/operations, it is sensitive to the leadership issue in such arrangements. It is
concerned about the consequences of following other countries in comprehensive security. With India and the US having a major say in the IOR, through which substantial energy is imported by China, it is vulnerable in the region. But instead of agreeing to a multilateral security initiative in the region it has been attempting to initiate a ‘string of pearls’ strategy to maximize its security through clients or quasi-allies.

You Ji (2008: 52-53, 53-54, 58-59) points out that when Admiral Liu Huaqing put forward his blue water strategy in the early 1980s the sea lane issue was not considered that important. Since however, China’s huge and growing foreign trade and its dependence on oil imports has brought the sea lane protection issue to the fore. The control of major sea lanes in the West Pacific Ocean, especially in the Taiwan strait, within a time limit was even then a key mission of sea denial for the Chinese navy. Most of China’s shipping goes through these waterways, and they are also the last section of navigation for its oil imports. In Admiral Liu’s projection however the PLA-N would not have needed to look beyond the Western Pacific till after 2020. However China’s increasing dependence on oil imports from the Middle East and Africa may have made it necessary for the PLA-N to shift its vision toward the Indian Ocean earlier than that.

While combat scenarios focused on Taiwan has been, and will continue to be, the primary ones for which the PLA-N is preparing for, the need to prepare for scenarios focused on sea lane protection is increasing in urgency. While some of the capabilities needed for both Taiwan-focused scenarios and sea lane-protection-focused scenarios are the same, there are crucial differences, which creates a conundrum for the Chinese top command in allocating limited resources. For the PLA-N to be able to ensure safe passage of shipping in the Indian Ocean it will have to acquire crucial capabilities for defending sea lanes in the area. Naval modernization however can take place only over a long period of time. In the Indian Ocean Chinese naval power is more likely to be projected against the US than against India. It is virtually impossible for the PLA-N to modernize enough, even in the third decade of the twenty first century, to be able to deter any naval action by the US. For China the military option of protecting sea lanes in the Indian Ocean would be one of last resort. Therefore the Malacca Straits dilemma is more an issue of diplomacy than of naval operations. China’s policy towards the Indian particular with India, as the mainstay
of its policy and in a visible manner, while at the same time gradually accelerating the naval build-up catering for missions in the Indian Ocean in a relatively disguised manner as a hedging strategy. The Chinese believe that the threat to sea lanes cannot be effectively dealt with without enough military capabilities to back up a policy of cooperation. It is understandable that some Indian analysts are alarmed by China’s efforts to project some presence in Myanmar and Pakistan. But so far there is no evidence that these efforts are aimed at harming India’s strategic interests.

You Ji (2008: 59-60, 61-63, 63-64) goes on to argue that under war-like circumstances China’s ability to conduct independent naval operations in the Indian Ocean would depend on a permanent strategic presence in the region in terms of naval bases, sustainable logistical supply lines and forward air support facilities. At the same time a permanent naval presence in the Indian Ocean can also be counter-productive for China. The security dilemma that this would create between China and the Indian Ocean littoral states with the US in the background would worsen the situation as far as ensuring the safe passage of China’s commercial shipping is concerned. While forward bases can be helpful, securing freedom of commercial shipping does not depend on the physical presence of gunboats. Some military facilities for monitoring, intelligence gathering and early warning can contribute greatly towards the effort of protecting sea lanes, but by themselves they would be of little use for major battles on the high seas. China has built some surveillance facilities in the Indian Ocean littoral states. The common sense interpretation of the diplomatic significance and military purpose of these facilities would be that they are meant for protecting the shipping ‘lane’ from the Middle East and through the Strait of Malacca. In which case, they are defensive in nature and do not have the combat objective of sea control and sea denial in the Indian Ocean. One or two Chinese foot holds cannot have a great impact on the balance of power in Indian Ocean region. The geographic access in the region for China’s naval ‘ambition’ is minimal. While strategic concern about sea lanes in the region may require Chinese naval activity in the region, the assessment of PLA strategists regarding the future combat situation in the region is similar to that of their Indian counterparts- the US has the ultimate control over all the key international waterways. In the eventuality of US control turning hostile
to China the PLA-N must consider deployment of naval forces in the region to counter the blockade of Chinese shipping in the region. Despite the urgency of Malacca Strait dilemma Chinese naval expansion into the Indian Ocean region will be very gradual due to the priority accorded to the Taiwan situation, the international repercussions and the enormous demand this would place on force capabilities such as the need for an aircraft carrier to provide air cover for deep ocean fleets. Combat situations in the IOR are factored into the PLA’s overall long-term development plan. While as a result of the spurt of growth since 2000 the PLA-N acquired a number of major surface combatants that will help bridge the gap between its blue-water intention and brown-water capability, a more likely scenario for Chinese naval engagement in the Indian Ocean is submarine warfare as they are still a long way from assembling long range escort fleets to protect sea lanes there. The lack of capability to protect one’s own shipping can be compensated for by a capability to disrupt the opponents shipping. The development of a nuclear and conventional submarine fleet can cater to this need at a cost lower than that of building aircraft carrier battle groups. The Malacca Strait dilemma may push the PLA-N along the lines of the proposal to restructure into two major fleets, the Pacific fleet and the South China Sea fleet, with a third coastal component for the defence of home waters. The PLA has recently transferred some of its nuclear submarines and large surface combatants to China’s southernmost Yulin naval base. While the immediate scenario for the move may be the South China Sea, the strengthening of the Yulin base can also help campaigns along the ‘lane’ by bringing the PLA-N fleet closer to the Indian Ocean. The Malacca Strait dilemma and the concern about sea lanes is a key factor in the adjustment of the PLA-N’s strategic guidance for long-term naval transformation in terms of ‘defensive offense’ and ‘regional navy’. China’s Indian Ocean strategy will be based on a policy of cooperation with India and the other littoral states, and a hedging policy of preparing the PLA-N for scenarios of blocked sea lanes through force transformation. Thus eventually capabilities for campaigns in the Indian Ocean region will become an integral part of the PLA-N’s overall effort to become a blue-water navy.

As Hu Shisheng (2004) has pointed out South Asia can provide maritime transshipment points for the international trade of China’s western and southwestern
provinces. Garver (2006) has noted that the same routes that facilitate the transport of trade through Central, Southwest and South Asia, can also facilitate military mobilization. Moreover, as Pehrson (2006), Kondapalli (2007), and You Ji (2008), as well as Hu Shisheng, have taken note of, the increasing amount of energy imported by China from the Middle East/ West Asia and Africa has to be transported through the Indian Ocean. As we had noted in chapter three, if China’s increasing international trade gives China a greater interest in developing a blue-water navy, this chapter indicates that, facilitating the international trade of China’s western and southwestern provinces and securing its energy imports from the Middle East/ West Asia and Africa, give China’s maritime strategy a greater interest in South Asia and the India Ocean. Two aspects of China’s maritime strategy are of concern in this regard. These are the PLA-N’s ability to operate in the Indian Ocean, and relatedly, the availability of support from littoral countries. As both Kondapalli and You Ji have indicated, the PLA-N is likely to develop such capabilities in the coming decades. Garver (2001) has pointed towards an inevitable geopolitical rivalry between India and China in the Indian Ocean, involving competition for influence in countries such as Pakistan, Myanmar, Sri Lanka and Bangladesh. China’s concerns regarding the security of its seaborne energy imports from the Middle East/ West Asia and Africa has complicated the situation. The ‘string of pearls’ strategic geopolitical construct that has been discussed in connection with China’s strategy in the Indian Ocean has a lot do with US concern about the growth of China’s influence there. As pointed out earlier, the American ‘string of pearls’ construct overlaps with the Indian one of ‘encirclement’, which indicates that there is some commonality in American and Indian perceptions of China’s influence in the Indian Ocean. Therefore it is important to place the possibility of an India-China rivalry in the Indian Ocean in the context of the predominance of the United States Navy (USN) there. Kondapalli argues that given the fact that the United States and India are very influential in the Indian Ocean, and taking into account China’s sensitivity to leadership issues in multilateral security initiatives, the latter is attempting to unilaterally maximize its security through client and quasi-ally states in the Indian Ocean. On the other hand, You Ji argues that both India and China have to come to terms with the predominance of the USN in the Indian Ocean, and that Chinese naval power is more likely to be projected against the US than against India. At
the same time however, Kondapalli points out that the energy issue may lead to cooperation between China and India, and You Ji points out that comprehensive cooperation with India in the energy sector could be an effective way for China to resolve its oil transportation dilemma in the Indian Ocean.