Strategic Posturing in the Indo-Pacific
The Soviet collapse led the West to declare victory and “the end of history,” but the East saw Beijing resurrecting China’s imperial past.

- Xi’s OBOR to usher in a Sino-centric order faces pushback. To succeed, OBOR would need an OBOR (“order based on rules”).

- A fragmented, bifurcated world order – with competing rule sets in economy, politics, maritime, space & cyberspace – is emerging.

- Major power rivalries center around trade and tech wars, forward basing, financial muscle, and infrastructure investment for geopolitical advantage.

- The U.S.-China-Japan-India interaction will determine geopolitics as they compete, collide, cooperate, and collude with each other.

- Small states play one off against the other but often fall prey to great power intervention.
1. Key Trends in the Indo-Pacific
2. Implications for the maritime domain
3. Interests, Strategies & Activities of Indo-Pacific states
Key Trends

- **Power Shifts in the Age of Great Disruptions**: economic interdependence coexists with strategic competition & rival alliances as great powers turn revisionist
  - A Fragmented & Polarized World: The rise of regional hegemons

- **The New Great Game**: Geo-economics (Resources, Markets & Bases (RMB) + Emerging Technologies) fuels geopolitical tensions
  - The return of mercantilism, trade wars, neo-colonialism (e.g., OBOR)

- **The Changing Nature of Conflicts**
  - Race for dominance in new “Strategic Frontiers”: Oceans, the Seabed, the North & South Poles, Cyberspace and Outer Space
  - **Tech Wars** (AI, big data, robotics, IoT...): Supply chain disruption & a bifurcation of the global economy in new disruptive technologies is underway
  - Old form of land-grabbing coexists with cyberwar
  - Gray Zone competition (“Unrestricted Warfare”) tools: infrastructure, sand, coast guards, fishermen, tourists, rare earths, trade ...
Map making is not over
- History battles over land/maritime disputes are about the future of regional order: *Pax Sinica vs. Pax Americana*

Contested commons, competing visions of world order, globalization; liberal-democratic order under stress

Clash of Visions & Values: Axis of Authoritarianism + Populist Nationalism: Democracy in retreat
- **Techno-Totalitarianism** versus **Digital Democracy**: OBOR versus FOIP
The security dilemma worsens
- The Indo-Pacific region from East Africa to East Asia and the polar regions emerge as major arenas of contestation
- Bandwagoning, balancing and hedging games...mostly aimed at China

The “Warring States era” has begun: quest for spheres of influence; unprecedented naval expansion raises the risk of miscalculation & conflict
- Japan goes to the SCS & IO; China resents U.S. naval presence in the western Pacific, esp. FoN OPS in the SCS; India resents China’s presence in the IO

No “multilateral nirvana”?
- Institutions are new the arena of shadow boxing & multilateral maneuvers
- Laws, norms, treaties/conventions can’t settle disputes IF “might trumps right”
“The South China Sea, as the name indicates, belongs to China”
– Chinese Admiral Yuan Yubai, Sep 14, 2015

“Arctic resources are the commonwealth of mankind”
– China’s MoFA spokesman, 2013
China’s Maritime Strategy

G2: Historical Grievances + Imperial Grandeur

- Xi’s “China dream” to restore “China’s rightful & historical position as the greatest maritime power”
- PLA-Navy a major recipient of funding:
  - By 2030, PLA-N will have the largest navy, more subs & ships (500+) than the U.S. Navy (300-350)
- “Far Seas Defense”: MSR is part of “two-ocean strategy” (the Pacific & Indian oceans) for forward presence in Cambodia, S. Lanka, Pakistan, Djibouti, Myanmar, Malaysia, the Maldives...
  - Pakistan & Myanmar seen as “the West Coast of China”?
  - China wants to be a resident power in the Indian Ocean much like the U.S., France & UK
  - China is militarizing the First Island chain & buying off the Second Island chain
  - PLA-N presence at chokepoints

2/3rds of the world’s top 50 ports are either China-owned or have received PRC investment

“China will need at least 10 to 20 ports...” - Gen. Xu Guangyu, SCMP, June 7, 2017

“China needs at least 5 to 6 aircraft carriers” - Rear Adm Yin Zhuo
Economically & demographically shrinking Russia holds 6 cards as:
1. the only Eurasian power
2. a nuclear superpower
3. a UNSC veto-holding power
4. a major arms supplier
5. a “Swing State” in Asia
6. a key energy exporter

**CONVERGENCE**
- Russia sells weapons, oil & gas to China
- Common stance on global issues & conduct joint mil exercises
- Break up NATO & U.S.’ Asian alliances
- Russia plays second fiddle in China-led institutions: BRICS, SCO, OBOR

**DIVERGENCE**
- Russia-China pursue “congagement” strategies vis-à-vis each other
- Divergent views on “Near Abroad”, the M-E
- Uneasy with PRC’s expanding footprint, Russia arms Asians
- Moscow’s long-term worries about China
- A reset or rupture: post-Putin?

**Russia’s Future?**
1. Russia as “China’s Canada” (Xi Jinping’s dream)
2. Russia as America’s BFF counters China & radical Islam (Trump’s dream)
3. Russia’s supremacy over Eurasia (Putin the Great’s dream)
Japan’s evolving posture

• Japan’s first post-WWII overseas base in Djibouti

• Unveils “Asia-Africa Growth Corridor” with India; resurrects Quad 2.0 & the TPP with 11 countries (minus the U.S.)

• Tokyo’s $210 billion “Extended Partnership for Quality Infrastructure” (EPQI) & loans w/ very low interest rates
  • Building the East-West corridor from Myanmar to Vietnam

• Japan’s naval cooperation with India, S Lanka, Vietnam, the Philippines, Indo, Malaysia…
  • India-Japan to install a sea wall of “hydrophones” between Andaman/Nicobar islands & northern Indonesia to monitor PLA-N ops

• PM Abe to change the pacifist constitution and increase the SDF’s capabilities and reach
Since 2000, Japan’s infra investments in SEA totaled $230 billion compared to China’s $155 billion, according to BMI Research.
Quad 2.0
Japan-U.S.-Australia-India

- Free & Open Indo-Pacific to promote a ruled-based order
  - MDA info-sharing, capacity building, cooperative arrangements, interoperability, joint exercises...

- A multi-polar Asia that is not dominated by any single power

- Promote peaceful resolution of territorial disputes

- Promote democratic development model:
  - “Asia-Africa Growth Corridor” & the “Indo-Pacific Economic Vision” for Infrastructure financing to ensure the end of China’s “century of humiliation” does not usher in a century of humiliation for poor, corrupt nations

Quad 2.0 is still in an embryonic stage!

- *Quad? Quad Plus? COD? (coalition of democracies) or IPMP? (the “Indo-Pacific Maritime Partnership”) to maintain robust power balance*
India’s Strategic Posture

- The only country to boycott and criticize Xi’s Belt & Road Forum, India’s BRI concerns shaped the West’s critique

- Opposes CPEC (west), supports east-west corridors to connect India with Vietnam thru Myanmar (IMT highway)

- “Project SAGAR” (Security and Growth for All in the Region) – an alternative to OBOR to revive ancient trade routes and cultural linkages in the IO?
  - Modi’s counter to Xi's “Asia for Asians” notion: "The responsibility for peace, prosperity & security rests with those who live in the Indian Ocean"

- “Act East”: PLAN goes south to the IO, IN goes east to the Pacific: joint exercises

- India-Japan partnership in infrastructure development in “Asia-Africa Growth Corridor” (Bangladesh & S Lanka ports)

- Naval build-up: from 138 to 212-ship navy by 2030, 3 aircraft carriers, port access in Indonesia, Mauritius, Seychelles, Madagascar, Iran, Oman (Duqm), Réunion...

- LEMOAs provide IN reciprocal access to U.S., Singaporean & French ports/bases in the Indo-Pacific...Japan-India talks on LEMOA-type pact on
India commits approx. $25-30 billion to its neighborhood from East Africa to Southeast Asia (excl. Bhutan). India’s increased aid & lines of credit ($7.7 billion in 2017) to stimulate private sector investment. Bangladesh is the largest recipient.

<table>
<thead>
<tr>
<th>COUNTRY/CONTINENT</th>
<th>Loans, Grants &amp; Line of Credit (LoC)</th>
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<tbody>
<tr>
<td>Afghanistan</td>
<td>$3.4 billion</td>
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<tr>
<td>Bangladesh</td>
<td>$8.0 billion</td>
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<tr>
<td>Iran</td>
<td>$500 million (Chabahar port)</td>
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<tr>
<td>Myanmar</td>
<td>$1.75 billion</td>
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<tr>
<td>Mauritius</td>
<td>$960 million</td>
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<tr>
<td>Sri Lanka</td>
<td>$2.7 billion</td>
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<tr>
<td>Seychelles</td>
<td>$90 million</td>
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<tr>
<td>The Maldives</td>
<td>$150 million</td>
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<tr>
<td>Vietnam</td>
<td>$500 million (LoC)</td>
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<tr>
<td>Nepal</td>
<td>$2 billion</td>
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<tr>
<td>AFRICA</td>
<td>$15 billion (LoC)</td>
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</tbody>
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The drama of small & middle powers (SMP)

- SMP aka “swing states” are the first to experience geopolitical shifts
- Their support tilts the scales in favor of one or the other great power (e.g., China & Egypt during the Cold War)
- Strong supporters of multilateralism to constrain great powers via laws, norms and regimes
- Caught in a tug-of-war for RMB, battle of wills & influence from the Himalayas to the far reaches of the Indian and Pacific oceans
  - Key swing states: Vietnam, Indonesia, Myanmar, Sri Lanka
- Often “the bit players” on the periphery, small states play a big role in triggering major crises
  - Attempts to extract benefits by playing one great power off against the other often boomerang as SMP fall prey to external intervention, e.g., corrupt regimes addicted to cheap loans trapped in Xi’s ODOR (“One Debt, One Road”)
  - China, not so much the U.S., is pressuring SMP to choose sides
- Indonesia proposes a plan called the “global maritime fulcrum” that’s “designed to balance the Belt and Road Initiative”

- Indonesia, Australia, India trilateral following the PLA-N exercise in the Sunda strait in 2014

- Concerns about Chinese expansion in the SCS & the IO have led Jakarta & Delhi to cooperate on the Sabang port development project

- Mahathir’s critique of OBOR as “neocolonialism” induces caution in Indonesia
Australia’s China Debate: U.S.A. or P.R.C.?
- “China is ensnaring small Pacific states in a debt trap with ‘white elephant’ projects.” - C. Fierravanti-Wells, OZ minister for Pacific, 2017

Canberra pre-empts Beijing’s moves to
- build fiber-optic cable from the Solomon Islands to PNG & Australia
- build naval bases on Manus Island in PNG, in Vanuatu and at Black Rock camp in Fiji

Increased aid and diplomatic engagement with island states

Security cooperation with Japan, the Philippines, Vietnam, Indonesia, India, and France & Britain

Naval expansion, joint exercises and patrols
Beijing-led 16+1 union weakens the EU cohesion

China’s SCS claims and attempts to establish an empire of “exclusive economic enclaves” brings former European imperial navies – the French and British – back in Asia, *this time with the support of their former colonies* (India, Australia, Malaysia, VN...)

27 of 28 EU ambassadors in China–except Hungary’s–denounced the Belt & Road plan for hampering free trade and giving an unfair advantage to Chinese SoEs

The EU proposes “the Europe-Asia Sustainable Connectivity” plan of 300 billion Euros from 2021 to 2027 for investors building infra projects

- alignment with Japan, India, Australia, and the U.S.?
What about the U.S.?

- From “Pivot/Rebalance” to “Free and Open Indo-Pacific” to “Maximum Pressure” ... for a rules-based order

- NSS, NDS, NPR - herald the return of great power competition w/ Russia & China
  - build a 355-ship navy to maintain a robust power balance; SEA Maritime Security Initiative
  - trade and tariff wars to maintain U.S. tech edge

- “Asia Reassurance Initiative Act” reaffirms old alliances (OZ, Japan, RoK) & calls for deeper ties with India and Taiwan

- Tillerson, Mattis’ and Pompeo’s public criticism of OBOR as “predatory economics”
  - “Indo-Pacific Economic Vision” with Japan, Australia (and India?) to check China from leveraging its economic largesse to undermine democracies
  - Under the U.S.-Japan-Australia infrastructure initiative and “Build Act” of 2018, U.S. to set up a $60 billion agency USIFDC to streamline joint investments in developing Asia
America and China
Future Tense?

TRUMP’S TWEETEASE
“PEACE THRU STRENGTH”: 8 TRUMP CARDS
杀手锏
1. Taiwan
2. THAAD (RoK)
3. Tibet
4. Tawang (“the India card”)
5. The Hague Verdict (on the SCS)
6. Trade protectionism
7. Tempt, court Russia to counter China (Do a Nixon in reverse)
8. Transform USN into a 355-ship navy

XI’S SHENANIGANS
“PEACE FOR OUR TIME” ON CHINA’S TERMS
1. Squeeze Taiwan’s diplomatic space
2. Shore up allies: N Korea, Pakistan, Cambodia...
3. Threaten war; more salami slicing
4. Divide & dominate ASEAN
5. Regulate trade & market access
6. Buy off small states
7. OBOR for a Sino-centric order
8. Build the largest naval fleet
# China: A Polarising Power?

## Asian Reactions

<table>
<thead>
<tr>
<th>Tier I: Balancing</th>
<th>Japan, India, Australia, South Korea and Vietnam are strengthening their security ties with the United States and with each other</th>
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<tbody>
<tr>
<td><strong>Tier II: Balancing &amp; Bandwagoning</strong></td>
<td>Indonesia, Mongolia, the Philippines, Myanmar, Malaysia, Thailand, Singapore, B’desh, Nepal, Sri Lanka are bandwagoning as well as balancing (i.e., putting their eggs in both American &amp; Chinese baskets to extract benefits)</td>
</tr>
<tr>
<td><strong>Tier III: Bandwagoning</strong></td>
<td>Russia, N Korea, Laos, Cambodia, the Maldives (?), Pakistan, Iran, and some Central Asians are bandwagoning with China, albeit for different motives &amp; reasons</td>
</tr>
</tbody>
</table>
OBOR versus FOIP: China’s global “BRI” vision counters “COD” (“Coalition/Concert of Democracies”) at the global level to support the Quad/trilat/bilat/multilateral cooperation at the regional level for a “Free and Open Indo-Pacific” (FOIP)

“iQuad”: Countries that support the Quad – UK, Canada, France, NZ, Indo, Viet…make it more “inclusive Quad” or “Quad Plus”
Asia’s Maritime Future will resemble its Past Multiple Roads

NOT

One Road

FOIP
Asia’s Ancient Trade Routes

OBOR
PRC’s View of the Past & Future
Geometry explains Geopolitics
Cooperation within triangles, quads, squares, rectangles...
Gray Zone Competition
Fishermen’s (People’s) War at Sea?

All diplomacy is continuation of war by other means.
“War is peace, peace is war”: 战战谈谈 (fight and talk)

China’s 4-legged Navy:
1. Navy
2. Coast Guard
3. Maritime Militia
4. Fishermen’s Fleet

"The sheer numbers are starting to push the Filipinos, the Vietnamese and the Malaysians out" - Gregory Poling, CSIS https://www.stripes.com/news/pacific/with-trump-focused-on-north-korea-beijing-sails-ahead-in-south-china-sea-1.498231
One Debt, One Road? ODOR, not OBOR

Countries vulnerable to China’s debt diplomacy

Revolution, which has been carried out in China in recent years, and the campaign of criticizing Lin Piao and Confucius has a fair way throughout China, are both aimed at preventing capitalist restoration and ensuring that socialist China will never change her colour and will always stand by the oppressed peoples and oppressed nations. If one day China should change her colour and turn into a superpower, if she too should play the tyrant in the world, and everywhere subject others to her bullying, aggression and exploitation, the people of the world should identify her as social-imperialism, expose it, oppose it and work together with the Chinese people to overthrow it.
The AAGC emphasizes connectivity, corridors and infrastructure development while the EPQI encourages the export of high-quality infrastructure with partnering countries. Approx $200 billion allocated by the Japan under the EPQI for quality infrastructure investment. There is a strategic complementarity between India’s “Act East” Policy (AEP) and Japan’s FOIP.