

Strategic Posturing in the Indo-Pacific



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B.L.U.F.

- 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.

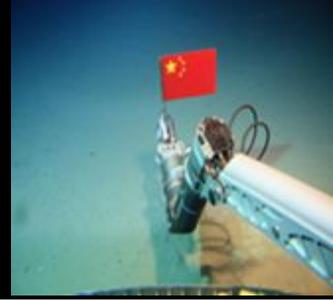
Outline

1. Key Trends in the Indo-Pacific
2. Implications for the maritime domain
3. Interests, Strategies & Activities of Indo-Pacific states

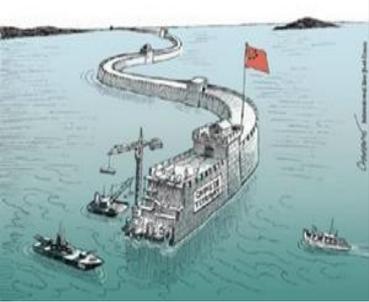




Key Trends



- **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 ...



Key Trends (cont'd)

- 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



Implications

- 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



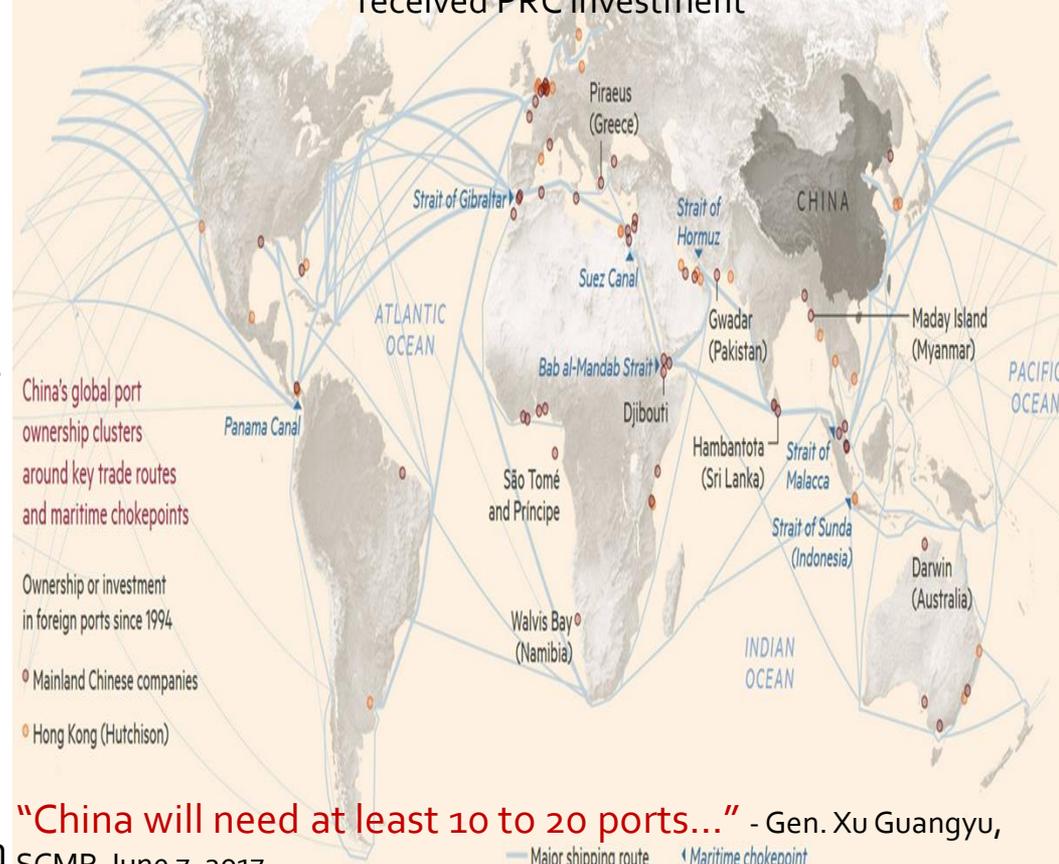


China's Maritime Strategy

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

Ports in China and Hong Kong not shown. Includes investments announced and completed
Sources: King's College, London; FT research; CIA (shipping routes)

Russia: Still a Superpower?



- 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

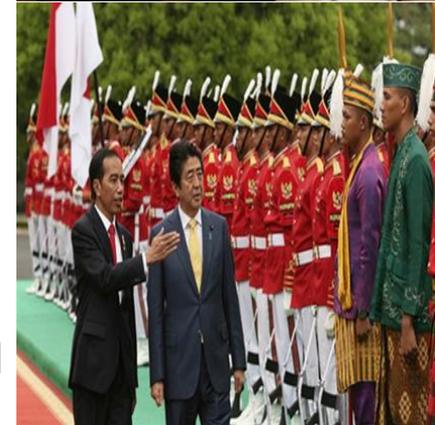
- Russia-China pursue “conengagement” strategies vis-à-vis each other
- Divergent views on “Near Abroad”, the M-E
- Uneasy with PRC’s expanding footprint, Russia arms Asians
- Moscow’s long-term worries about China
- **A reset or rupture: post-Putin?**

• **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



Japan's counter-moves



JICA-funded port projects in the Indian Ocean

Dawei, Myanmar – port and special economic zone	\$800 million
Nacala, Mozambique – port	\$320 million
Mombasa, Kenya – port and related infrastructure	\$300 million
Toamasina, Madagascar – port	\$400 million
Mumbai, India – trans-harbor link project	\$2.2 billion
Matarbari, Bangladesh – port and power station	\$3.7 billion
Yangon, Myanmar – container terminal	\$200 million
Dawei, Myanmar – port and special economic zone	\$800 million
Trincomalee, Sri Lanka – India-Japan joint project	??

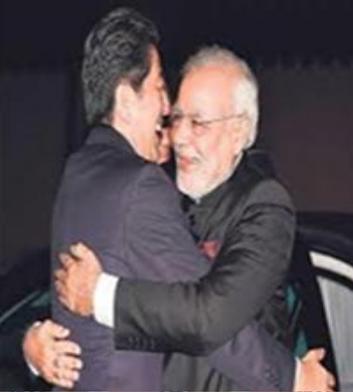
Since 2000, Japan's infra investments in SEA totaled \$230 billion compared to China's \$155 billion, according to BMI Research.

Quad 2.0

Japan-U.S.-Australia-India



From left, admirals Katsutoshi Kawano, Tim Barrett, Sunil Lanba and Harry Harris in New Delhi



- 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!**
- *iQuad?* *Quad Plus?* *COD?* (coalition of democracies) or *IPMP?* (the “Indo-Pacific Maritime Partnership”) to maintain robust power balance



India's Strategic Posture

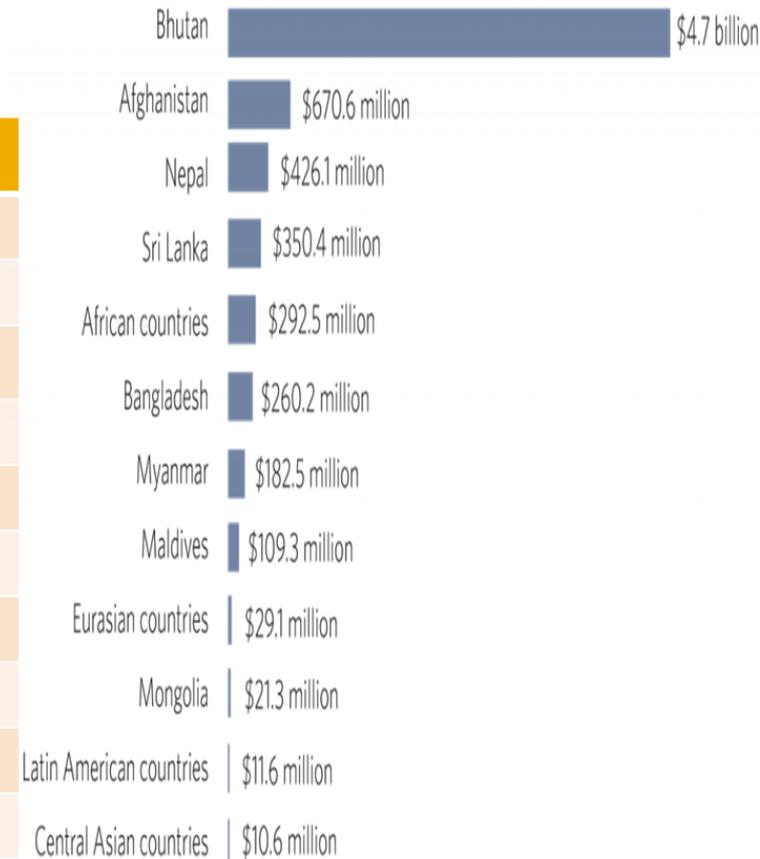
- The only country to boycott and criticize Xi's Belt & Road Forum, India's BRI concerns shaped the West's critique
- Opposes CPEC (west), supports east-west corridors to connect India with Vietnam thru Myanmar (IMT highway)
- "Project SAGAR" (Security and Growth for All in the Region) – an alternative 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's aid offensive

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.

COUNTRY/CONTINENT	Loans, Grants & Line of Credit (LoC)
Afghanistan	\$3-4 billion
Bangladesh	\$8.0 billion
Iran	\$500 million (Chabahar port)
Myanmar	\$1.75 billion
Mauritius	\$960 million
Sri Lanka	\$2.7 billion
Seychelles	\$90 million
The Maldives	\$150 million
Vietnam	\$500 million (LoC)
Nepal	\$2 billion
AFRICA	\$15 billion (LoC)

India's Foreign Aid 2000-2017



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

- 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





The Pushback Down Under

- 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





The European Union



- 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.?



Montenegro's highway to nowhere...but debt

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?

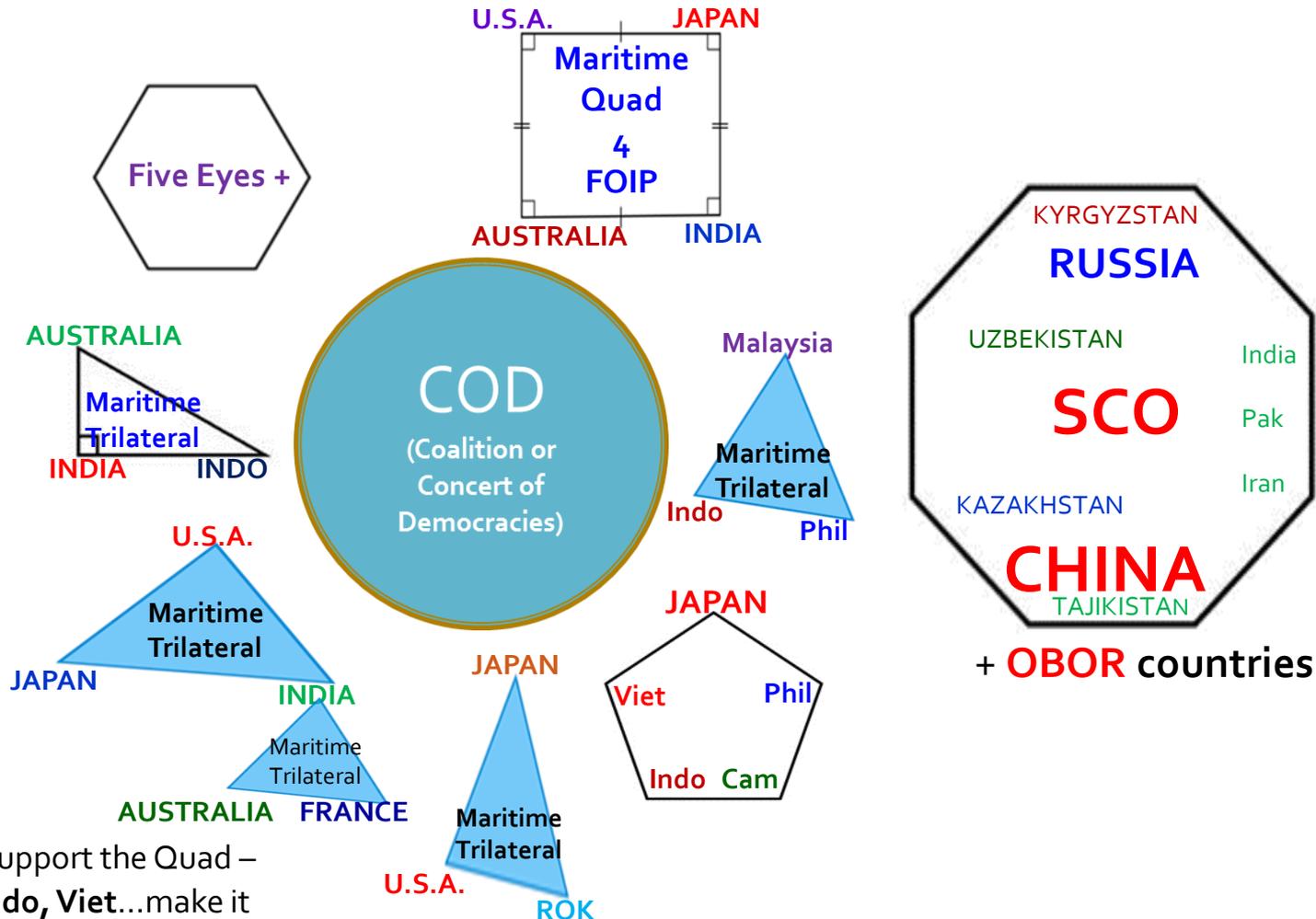
Asian Reactions

<i>Tier I: Balancing</i>	Japan, India, Australia, South Korea and Vietnam are strengthening their security ties with the United States and with each other
<i>Tier II: Balancing & Bandwagoning</i>	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 & Chinese baskets to extract benefits)
<i>Tier III: Bandwagoning</i>	Russia, N Korea, Laos, Cambodia, <i>the Maldives (?)</i> , Pakistan, Iran, and some Central Asians are bandwagoning with China, <u>albeit for different motives & reasons</u>

Maritime Futures

SCO, OBOR, FOIP, Quad, iQuad, COD?

- **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"

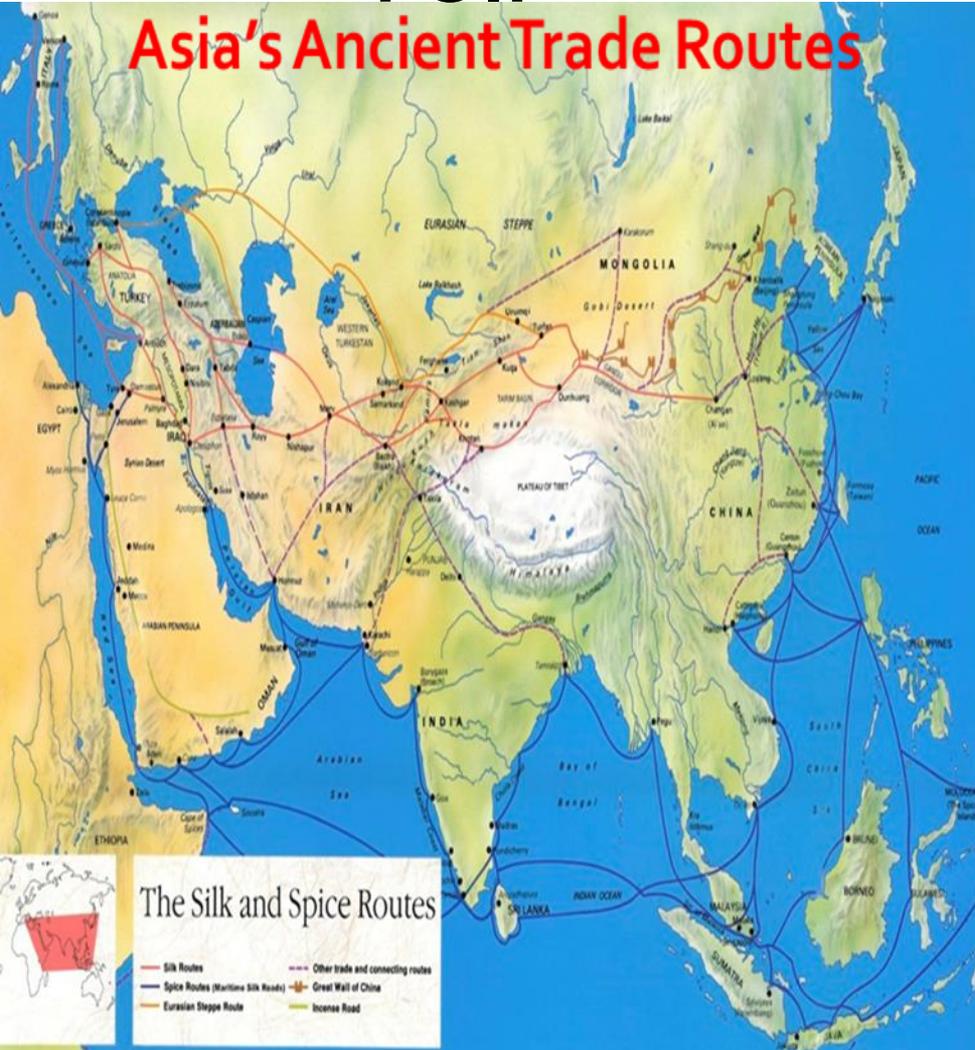
Asia's Maritime Future will resemble its Past

Multiple Roads NOT One Road

FOIP

OBOR

Asia's Ancient Trade Routes

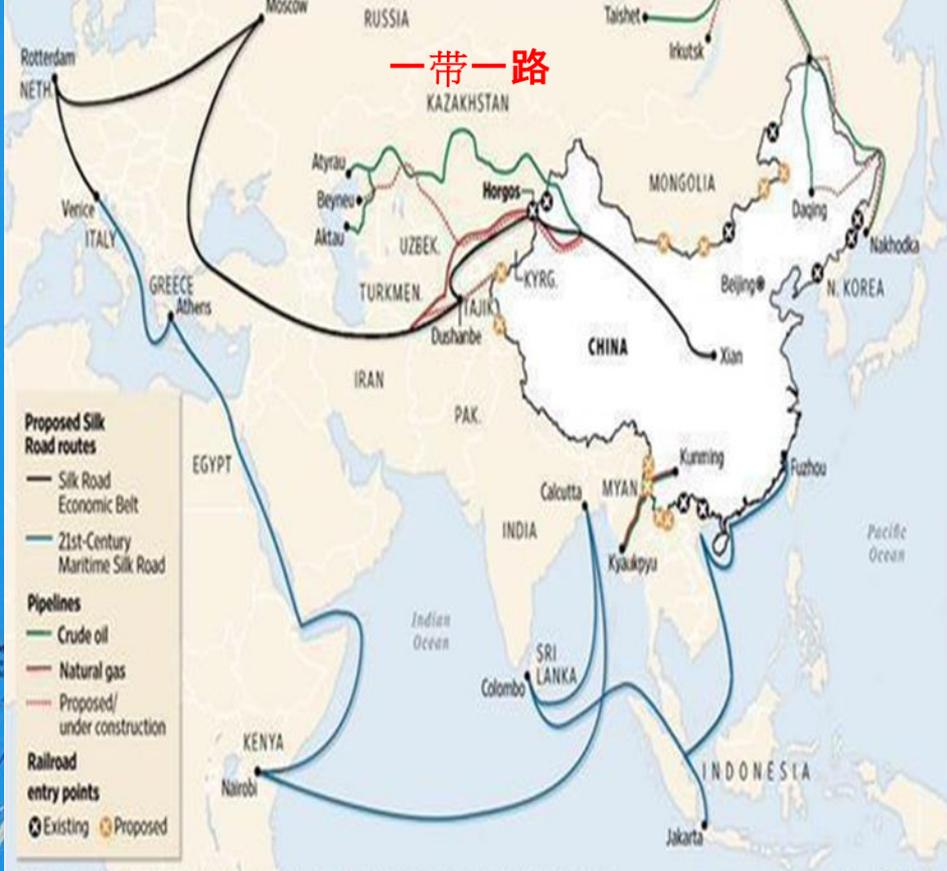


The Silk and Spice Routes

- Silk Routes
- Spice Routes (Maritime Silk Roads)
- Eurasian Steppe Route
- Incense Road
- Other trade and connecting routes
- Great Wall of China

New Silk Roads | China is assembling new trade routes, binding other regions closer to it

PRC's View of the Past & Future



Sources: Xinhua (Silk Road routes); U.S. Department of Defense, Gazprom, Transneft (pipelines); United Nations (rail entry points)

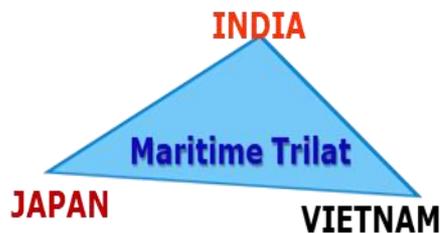
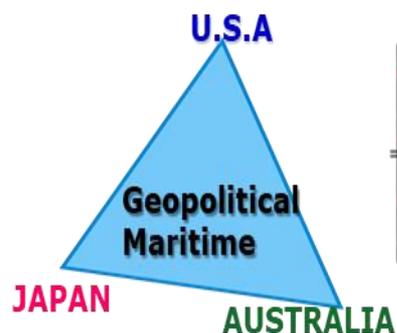
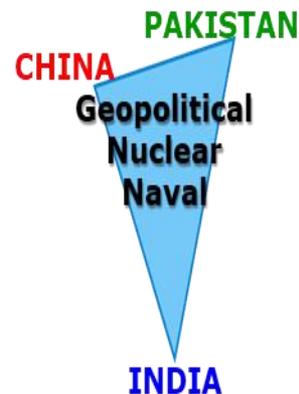
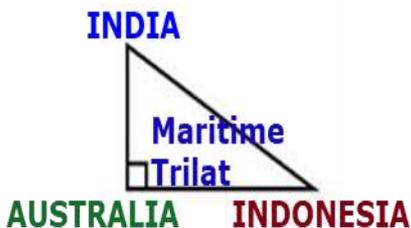
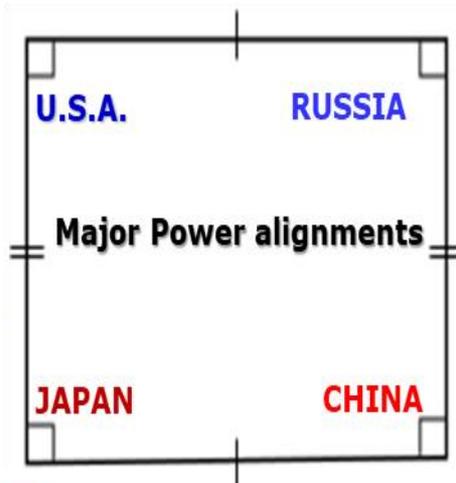
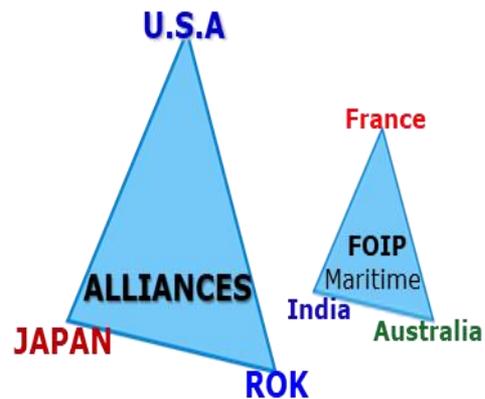
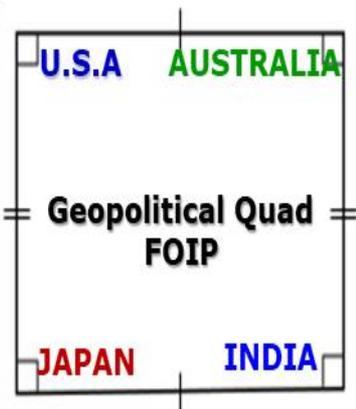
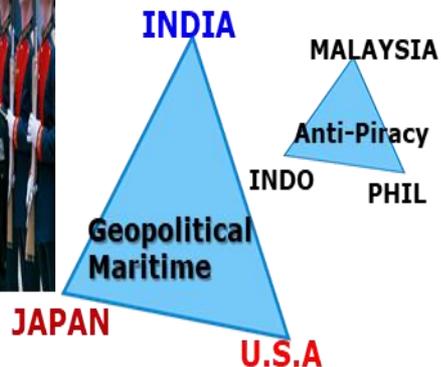
Q&A

Back-up Slides



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



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"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-1.698231>

One Debt, One Road? ODOR, not ~~OBOR~~



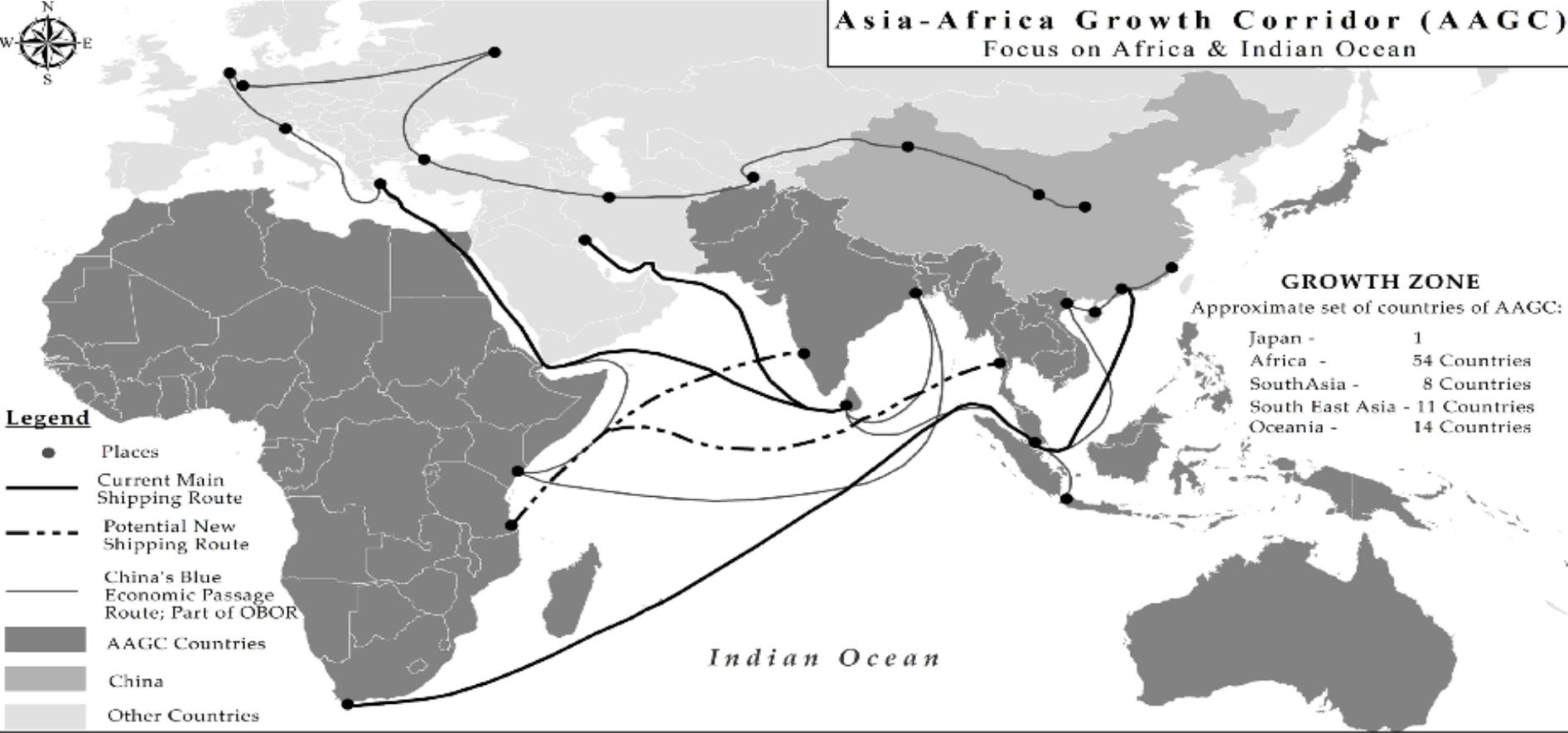
Countries vulnerable to China's debt diplomacy



Revolution, which has been carried out in China in recent years, and the campaign of criticizing Lin Piao and Confucius now under 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.

Deng 1974

Asia-Africa Growth Corridor (AAGC) Focus on Africa & Indian Ocean



Main Proponents of AAGC: India and Japan

Main Policy Convergence: India's Africa Policy + India's "Act East" policy + Japan's EPQI + Japan's Africa Policy

Main Constituent of AAGC: Africa, India, South Asia, South East Asia & Japan, Oceania

Main Target Areas in Asia-Africa Cooperation:

1. Development & Cooperation
2. Quality Infrastructure & Institutional Connectivity
3. Enhancing Capabilities & Skills
4. People-to-People Partnership

China's "Blue Economic Passage" Routes; Part of OBOR:

- China-Indian Ocean, Africa, Mediterranean Sea Blue Economic Passage
- China-Oceania-South Pacific Blue Economic Passage
- China-Arctic Ocean-Europe

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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.