

# China in the Indian Ocean: Part of a Larger PLAN

Recently, China has increased its military activities in the Indian Ocean Region, expanding the range of its navy westward. It has invested in port facilities in Pakistan, Sri Lanka, Bangladesh, and Burma. Beijing's economic initiatives have raised concern in the West about China's long-term geopolitical strategy.

By Prem Mahadevan

During the past decade, there has been growing Western concern over China's economic ties with Africa, and the concomitant rise in its naval profile across the Indian Ocean Region (IOR). These two distinct issues are linked by a suspicion that China might be subtly restructuring IOR relationships with the aim of gaining long-term advantages over the West. Besides drawing African politics away from democratic models of governance, Beijing also seems poised to exert more military muscle. There is a belief that the Chinese People's Liberation Army Navy (PLAN), in its eagerness to promote narrow organizational interests, is fuelling a virulent strain of "naval nationalism". This has the potential to feed regional security dilemmas as an increasingly assertive China enters new maritime zones to protect its national interests, but inadvertently overshadows those of others. Europe has reason to be concerned, because any conflict scenario in the Indian Ocean would greatly interfere with global trade and severely impact European economies.

The crucial question is whether China is preparing to eventually establish overseas



Like many other major projects in the Indian Ocean Region, the expansion of the port in Sri Lanka's capital Colombo was realized with Chinese resources. *Stringer/Reuters*

naval bases. Officially, Beijing has rejected such a prospect, claiming that China's rise is different from that of the West and does not require buffering by military power. Unofficially however, former PLAN officials articulate a paradigm grounded in the notion of geostrategic parity. They argue

that if the US can maintain overseas bases, then so can China. Furthermore, while the PLAN remains focused on fighting a war in the Western Pacific – most likely over Taiwan or disputed islands in the East and South China Seas – its long-distance training missions are increasingly moving west-

wards towards the IOR, ostensibly for the purpose of counter-piracy. The move is occurring in tandem with a rapidly growing Chinese commercial presence in Africa.

This amorphous nature of Chinese naval discourse portends that a relatively benign engagement in the IOR today might have a hidden significance that would only become evident tomorrow. US analysts have hypothesized that China is already creating a network of quasi-bases along the northern rim of the IOR with the aim of dominating international shipping lanes. Known as the “String of Pearls”, this network provides a platform for power projection that Beijing has hitherto not possessed. Together with a massive Chinese shipbuilding program (both naval and mercantile) that might see the PLAN larger than the US Navy by the end of the decade, and the possible creation of a fourth fleet exclusively for the IOR, the pattern seems to indicate that China will indeed venture westwards with its navy.

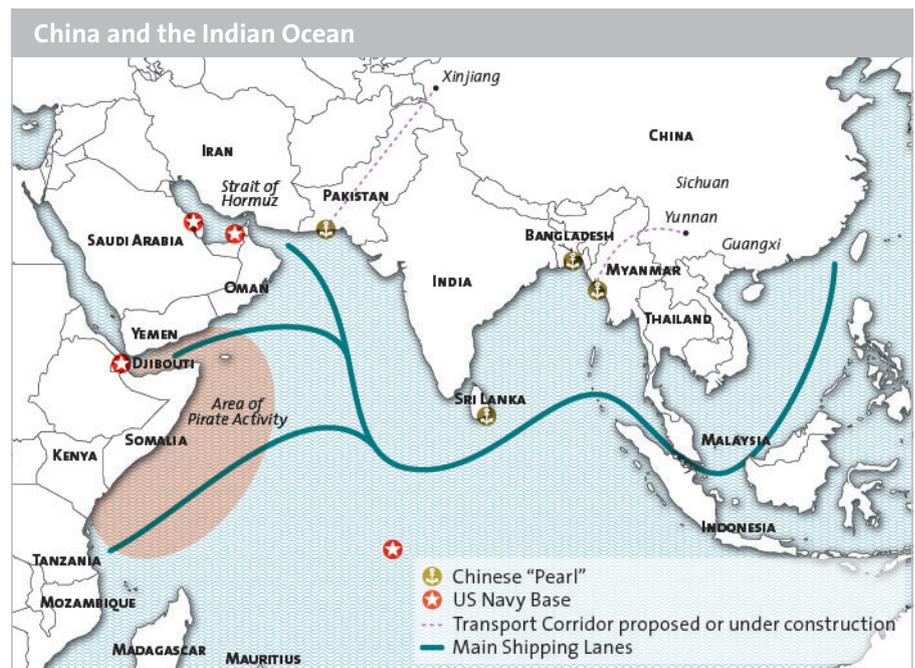
Three salient features about the Chinese presence in the Indian Ocean need to be noted. First, unlike in the Western Pacific, where the most important developments are occurring over water, in the IOR the biggest changes are occurring on land, as China strengthens its maritime ties with

### Unlike in the Western Pacific, in the Indian Ocean Region the biggest changes are occurring on land.

littoral states. Second, there is no clarity on Beijing’s short- and long-term intentions. This leaves Western military experts worrying that Chinese activities in the IOR would leave the country well positioned in terms of naval logistics if severe tensions were to erupt between Beijing and Washington. Third, China itself is using the ambiguity about its intentions to push forward a relatively discrete agenda under an economic rationale, but is allowing its sea power (both civil and military) to reinforce this agenda.

#### Economic Means for Military Ends

The “String of Pearls” hypothesis was put forward by the US consulting firm Booz Allen Hamilton in 2005. It hinges on an assumption that Beijing will fuse its economic and military strength in the IOR. Such a fusion could expand China’s strategic footprint to the detriment of other large



powers. This is because China is prepared to strike deals with ruling elites based on pragmatism rather than principle: A luxury that Western states do not have. The “String of Pearls” theory posits that under the guise of building maritime infrastructure along the IOR periphery, China might reach secret agreements with local governments to create dual-use facilities that would provide a framework for establishing naval bases later. Although the theory is grounded in a suspicion of Chinese

motives that may or may not be justified, there is still objective cause for tracking how China uses its economic heft for re-drawing the norms of international politics.

For instance, Chinese engagement in Africa is overwhelmingly of an economic nature. Nevertheless, since 1990, Beijing has leveraged this to defeat US-sponsored resolutions on human rights in the United Nations General Assembly by rallying African governments behind its own opposing stance. Similarly, China has offered greater commercial ties as an incentive for African states to break off diplomatic relations with Taiwan and instead re-affirm the “One China” policy. In the process, it has created an international consensus that tilts against endorsing Taiwanese independence.

A parallel process might be underway in the northern and central IOR. China has

invested in port facilities in Pakistan, Sri Lanka, Bangladesh, and Burma, while also increasing its maritime ties with the Maldives, the Seychelles, and Mauritius. Taken by themselves, these initiatives might be ascribed solely to China’s growing economic profile. However, the nature of Chinese investment in Pakistan, and specifically in the port of Gwadar, has aroused concern in the West. Gwadar lies close to the Straits of Hormuz, through which one-third of the world’s oil supply transits. Pakistan has expressed hopes that it can form one end of an energy corridor that would extend into China’s Xinjiang province. Beijing remains officially ambivalent about such a prospect, which would enhance its strategic reach considerably (particularly if Gwadar later became a PLAN base) but would also bring Chinese ships within striking distance of the US Navy in waters far from land-based airpower and missile cover.

What is indubitable is that China is eager to develop both Xinjiang and its provinces adjoining Burma – Yunnan, Sichuan, and Guangxi – by building pipelines from the nearest ports. These are Gwadar and Kyaukphyu in Burma. Both would bypass the Straits of Malacca, often touted as a possible chokepoint of Chinese oil imports from the Middle East and Africa. However, neither would address Beijing’s underlying vulnerability to an energy embargo imposed from the Straits of Hormuz. This

raises the question of how China really intends to protect its oil imports from interdiction, and whether it is preparing for a larger naval push into the Indian Ocean. In such a scenario, the Chinese argument about protecting oil supplies might be a balancer against Beijing's oft-quoted commitment to a peaceful rise devoid of any shows of military power.

### Naval Nationalism and the IOR

The PLAN's three fleets – the North Sea Fleet, East Sea Fleet, and South Sea Fleet – are respectively concerned with protecting the country's political and economic heartland, preventing Taiwanese secession, and asserting Chinese claims over disputed waters. At present, the navy is thought capable of deploying only ten warships plus one attack submarine and one replenishment ship in the Indian Ocean on a continuous basis. It lacks the capability to pro-

## This raises the question of how China really intends to protect its oil imports from interdiction.

ject a greater force beyond China's near-seas, and also seems more focused on preparing for conflict in the Western Pacific.

Since at least 2008, however, China has been expanding its South Sea Fleet by allocating the latest warships to it and shifting nuclear submarines from the North Sea Fleet. This would make sense, given that the disintegration of the Soviet Union greatly reduced any threat that China faces from its northern borders. The East Sea Fleet, lying in between, would be too vulnerable to a concentrated strike if it were strengthened to deal with a Taiwan-related contingency. By focusing on the South Sea Fleet, China keeps all its options open – in the event of a war with Japan or Taiwan (either scenario would probably feature US intervention), the PLAN could use the East and South Sea Fleets to impose an economic blockade of the targeted territory while not being cornered in a confined space by the stronger US Navy. Should no such war occur in the Western Pacific, vessels from the South Sea Fleet could be sent further afield into the IOR in a force projection role. There is a general consensus among both Chinese and US experts that this is likely to happen anyway, once Beijing has settled its immediate maritime disputes.

There have been reports that China is already creating a fourth fleet that would eventually consist of two Carrier Battle Groups based at Hainan Island. This fleet might be placed directly under the Central Military Commission, the highest military decision-making body, making it a powerful instrument of geopolitical signaling. The aircraft carriers that would form the core of the fleet would have little role in the event of a war in the Western Pacific. This is because they would be vulnerable to attack by air and subsurface components of US and allied naval forces. Instead, it appears that the carriers' primary value would be in waters where open combat is unlikely and their psychological impact outweighs their military contribution. The IOR is a logical theater for their deployment.

The PLAN has long chafed at the effectiveness with which it can be contained in East Asia, locked within the confines of the "first island chain" that extends from Japan through Taiwan to Malaysia. Exit points in this chain are controlled by potentially hostile navies, forcing the PLAN to develop an operational focus on controlling near seas during wartime. Since the Western Pacific is dominated by the US Navy, the PLAN has found an outlet in the IOR, where it has both short-term reasons for deployment (counter-piracy) and long-term ones (guarding Sea Lines of Communications).

Nationalistic passion among netizens advocating a more assertive Chinese foreign-policy stance is providing the service with a case for engaging in far-seas operations, however limited their contribution to war-

readiness in the Western Pacific might be. Support for a greater Chinese naval profile is widespread across most sections of educated society, with some citizens feeling strongly enough to offer their own savings towards the cost of an aircraft carrier.

### Securing the Peaceful Rise

The IOR plays an integral role in China's narrative of a "peaceful rise". Indeed, Beijing's interest in the IOR surged concurrently with the narrative's own appearance in the early 2000s. This might be due to Chinese recognition of the need to win allies against strategic containment by the US by courting Middle Eastern and Arab states. Beijing might have used the argument about protecting its commodity shipping lanes to cloak its entry into the IOR as an economic imperative, thereby circumventing the military passivity that was integral to its "peaceful rise" commitment. The Taiwan Straits crisis of 1995-6 demonstrated that the US would stand by its security guarantees in East Asia – a posture that blocked the PLAN's vision of gaining maritime supremacy in China's immediate neighborhood.

Present indications are that the PLAN is aiming to gain advanced competence in carrier operations after 2020, with an eventual strength of up to four Carrier Battle Groups. Its large submarine fleet – the striking arm of its Anti-Access/Area Denial doctrine (together with anti-ship ballistic missiles) – is projected to become even more sophisticated. This has led to worries that China might move some of its subsurface assets to the IOR, where it would be in a position to threaten other countries' merchant shipping in the event of war. Despite having articulated a need to

### The PLAN and the Communist Party's Geoeconomic Agenda

The ruling Chinese Communist Party is concerned with maintaining domestic stability. To this end, it aims to ensure economic progress by securing a steady supply of raw materials and fuel for industry. As a self-marketing strategy, the PLAN has portrayed its own **budgetary expansion as vital** to ensuring a continuous flow of these supplies, since most arrive by sea. By doing so, it aspires to gain competence in long-distance operations. Since late 2008, it has been dispatching vessels to the Gulf of Aden on counter-piracy missions. In the process, it is estimated to have trained more than 10,000 officers and sailors in the intricacies of far-seas deployment and in coping with the psychological effects of prolonged operations.

What the PLAN is not doing is equally telling: it is **not investing in replenishment ships** on a large scale. Since such a step would have been essential for developing a true blue-water capability, the question must be asked if the PLAN's primary objectives are at sea, or on the shores of countries that ring the Indian Ocean. Naval logistics can be of an onshore or offshore nature, and China appears to be more inclined towards the former, since this allows it to find willing partners for its push into the IOR. **Maritime diplomacy** driven by both economic and military agendas seems to be **at the core of Chinese engagement** in the region.

protect its own maritime trade routes, China might gain an offensive advantage in the relatively uncharted waters of the Indian Ocean, where the US Navy's geographical and logistical advantage is smaller than in the Western Pacific.

Most interestingly of all, the PLAN is implementing an impressive program of expansion that might make it one-third larger than the US Navy by 2020. At the end of this decade therefore, the service is expected to have many vessels to spare for operations other than war. Such operations could include counter-piracy and disaster relief, as well as intelligence-gathering close to other countries' territorial waters and commercial exploitation of their exclusive economic zones.

The recent tensions between China and Vietnam, although occurring in the South China Sea, are illustrative in this regard and of potential relevance to the IOR as well. They demonstrate that points of maritime friction are increasing as a resource-hungry and increasingly nationalistic China bumps up against smaller powers in waters closer to their homeland than to its own. As impressive as China's naval build-up is, it is being matched by an expansion in the Chinese commercial fleet. In terms of vessel numbers, China already has the world's largest such fleet, demonstrating the scale of its maritime ambitions. The government-owned China Overseas Shipping Company has been described by some experts as being merely a civilian arm of the PLAN. Its growing investment portfolio

across the world has been met by concerns that the Chinese navy is entering Western harbors under the guise of trade and infrastructure development.

#### Uncertain Future

By investing in sea power, China has found a sustainable means for combining eco-

### The PLAN is implementing an impressive program of expansion that might make it one-third larger than the US Navy by 2020.

conomic and military power to reshape the international system. The fact that the Indian Ocean is a vital transit corridor for the country provides it with strong grounds to establish a permanent presence there. Many IOR states see Chinese investment in infrastructure as a matter of pride, showcasing domestically bright economic prospects. They also see it as an opportunity to make a point to the West that deficiencies in governance need not be hyped to a degree where they become a hindrance to business. This weakens the prospect of an international consensus forming against Beijing, if and when a requirement arises to use military force. To sidestep Western concerns about a "String of Pearls" threatening shipping lanes, China has recently floated the idea of a "Maritime Silk Road" connecting the Western Pacific and Indian Oceans. US analysts perceive this as merely an exercise in rebranding – effectively pre-

serving the strategic ambiguity of China's earlier approach to the IOR, but couching it in more commerce-minded terms.

In the medium-term, it is unlikely that many IOR states would acquiesce to a creeping militarization of their territorial waters by permitting a permanent Chinese naval presence. This is because they would prefer to play off China against the West rather than leaning towards Beijing and risk losing Western interest, thereby becoming wholly dependent on Chinese goodwill. The most obvious exception here is Pakistan, which is

keen to go well beyond economic engagement and get China militarily involved in its tensions with India by enticing the PLAN to build a base at Gwadar. Although this is an outlier, in the long term, it might only be an exaggeration of the privileged position China could come to enjoy in the IOR. Host governments tied to Beijing by trade deals would be hard pressed to withstand its requests for increased naval access to their ports, particularly if the West and India remain aloof from their economic development. The decades after 2020 might thus see a sharp change in the power balance in the Asia-Pacific in China's favor.

Dr. Prem Mahadevan is a Senior Researcher with the "Global Security" team at the Center for Security Studies (CSS) at ETH Zurich. He is the author of *Maritime Insecurity in East Asia* (2013).

CSS Analyses is edited by the Center for Security Studies (CSS) at ETH Zurich. Each month, two analyses are published in German, French, and English. The CSS is a center of competence for Swiss and international security policy.

Editors: Christian Nünlist and Matthias Bieri  
Lectorship: Christopher Findlay  
Layout and graphics: Miriam Dahinden  
ISSN: 2296-0244

Feedback and comments: [analysen@sipo.gess.ethz.ch](mailto:analysen@sipo.gess.ethz.ch)  
More issues and free online subscription:  
<http://www.css.ethz.ch/cssanalysen>

Most recent issues:

**Japan's Military Rebirth** No. 155  
**The Bundeswehr in 2014: Between Kabul and Crimea** No. 154  
**Testing Times for Saudi Arabia** No. 153  
**Russia's Military Reform: Progress and Hurdles** No. 152  
**Dual Use: Dealing with Uranium Enrichment** No. 151  
**Kosovo between Stagnation and Transformation** No. 150