



**Revisiting China's 'String of Pearls' Strategy:
Places 'with Chinese Characteristics' and their Security Implications**

by
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Executive Summary

Proposed in the early 2000s by US researchers in response to Chinese investment in ports along the Indian Ocean littoral, the ‘string of pearls’ theory argued that China may be planning to develop overseas naval bases in South Asia to support extended naval deployments. To date, little evidence supports Chinese naval bases along the Indian Ocean littoral, particularly as that specific arrangement may not be beneficial to China. However, these same locations could serve as useful logistics support for the Chinese Navy, meeting its need to support a blue-water navy with less political cost. ‘Places with Chinese characteristics’ would affect the security calculus of India and the US in the region, as well as set a precedent, potentially for application in Europe.

A report produced for the United States Defense Department in 2004 looked at Chinese investment in ports in South Asia, noting that these investments could be a precursor to overseas Chinese naval bases, in line with the classic naval strategy of Alfred Thayer Mahan. This concept appeared to be further supported by calls by Chinese naval leaders in 2008 for naval bases after China began counter-piracy operations off Africa. These extended Chinese naval operations exposed the need for the navy to develop replenishment and support capabilities. Chinese involvement in the global economy will increase the need for naval capabilities to protect sea lanes and support Chinese populations overseas.

Despite the need for replenishment, to date there is no visible evidence of naval bases being established. While the ports have position in the Mahanian sense, they lack strength or resources to logically support their establishment as traditional naval bases. Similarly, traditional naval bases do not necessarily fall within the intentions of Chinese naval strategy – namely China’s non-interference principle, and the current Chinese naval focus on operations in its near seas.

Even if not for the development of traditional naval bases, Chinese investment in overseas ports, initially undertaken to support energy security, could be used to establish logistics support places connected to Chinese private firms – ‘places with Chinese characteristics.’ These places could provide replenishment support needed for extended naval deployments. The ports receiving Chinese assistance also have characteristics that would make them suitable places.

Similar Chinese investment in ports can be seen along the Mediterranean littoral in places such as Greece and North Africa. Following evacuation of its citizens from Libya in 2011, China could see a need to use these ports as logistics support places.

The establishment of places to support extended Chinese naval activities in the Indian Ocean creates a security dilemma in the region, particularly for India. Unless China’s intentions become clear, India may view a Chinese presence as part of a zero-sum game, resulting in Indian efforts to improve its naval capability or pre-empt Chinese activity in the area.

For the United States, the possibility of increased Chinese presence in the Indian Ocean could affect operations in the region. To hedge against this possibility, the US should focus on maintaining naval activities in the region to assure regional powers and dissuade China of the need of places. The US should also use other means of influence such as development aid, as well as foster better relations between China and India. Chinese investments in the region could have security implications, and the US should use its capabilities in the area to pre-empt or limit their effects.

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In 2004, defense contractor Booz Allen Hamilton published “Energy Futures in Asia,” which stirred the waters of the Indian Ocean. According to the report, China’s investments in seaports across the littoral areas of the Indian Ocean could be used to create a network of naval bases stretching from southern China to Pakistan. This became known as the ‘string of pearls’ strategy. In the following years, the concept assumed its own shape in a plethora of publications and news reports. Ten years later, however, there is no substantial evidence of the construction of such military bases.

In 2008, the People’s Liberation Army Navy’s (PLAN) first out-of-area operation under the banner of an anti-piracy mission in the Gulf of Aden spurred a vivid debate, especially amongst Chinese scholars and officials, over the need to establish overseas military bases or other shore-based logistics support for this kind of distant operation. This debate resulted from the argument that the operations (and subsequent logistical concerns) were too far-reaching in scale and scope— for example, delivering fuel and food to forces and civilians thousands of miles away from its coastal waters. These new missions, which have been referred to as ‘military operations other than war’ (MOOTW), could also involve a diverse set of tasks like peacekeeping activities, humanitarian assistance and disaster relief operations, as well as the preservation of internal stability operations.¹

Col. Dai Xu is the most cited Chinese military officer who has publicly advocated the creation of a network of naval bases in the aftermath of the first anti-piracy operation. Writing in *Global Times*, a nationalist publication that echoes hardline Chinese views, he highlighted the need to develop overseas bases as a logistical extension of the PLAN mission to the Gulf of Aden and as a necessity to “safeguard [China’s] commercial interests and world peace.”² Col. Dai, however, stated that those would, “not require long-term stationing of large military equipment or large-scale military units...but they should be suitable for comprehensive replenishment.”³ Before Col. Dai’s statements in the press and even before the deployment of Chinese vessels to the Gulf of Aden, another military figure, Maj. Gen. Jin Yinan, recognized the problem posed by the lack of bases in the Indian Ocean for the PLAN’s operations in the region.⁴ In the same vein, Sr. Capt. Li Jie in May 2009 stated that for the long-term China should consider a land-based

¹Denmark A.D., 2012. “PLA Logistics 2004-2011”, ch. 8 in Kamphausen, R. et al. *Learning by Doing: The PLA Trains at Home and Abroad*, National Bureau of Asia Research, November 2012, p. 300.

²Kostecka, D., 2011. Places and Bases: The Chinese Navy’s Emerging Support Network in the Indian Ocean. *Naval War College Review*, Winter 2011, Vol. 64, No. 1, p.63; Chase, M.S & Erickson, A.S, 2009.“Changes in Beijing’s Approach to Overseas Basing”, *China Brief*, Vol.9, Issue19

³ Ibid, Chase ,M.S & Erickson A.S

⁴Kostecka, D., 2011. Places and Bases: The Chinese Navy’s Emerging Support Network in the Indian Ocean.p.63

support center in East Africa because of its good diplomatic relations with the countries there.⁵ In an interview on China Radio, Rear Adm. Yin Zhuo stated that a stable and permanent naval base would be appropriate for supplies and repairs.⁶ Similar comments and statements have been found within the Chinese academic community. Jin Canrong, an international relations professor at Renmin University, stated that China should not rule out an overseas supply base since its interests lie beyond its borders and the ability to protect them has become an imminent necessity.⁷ The new ventures of the PLAN, and the debate that has sparked over the logistical deficits and the need for some sort of overseas bases, seem to give a new legitimacy to the ‘string of pearls’ strategy.

In light of these developments, this paper seeks to examine the military-strategic value of the seaports that form the ‘string of pearls’ concept. It will argue that the ports that benefit from Chinese investment could facilitate PLAN operations far from its periphery, but hardly in the way that proponents of the ‘string of pearls’ strategy initially suggested—specifically as a series of naval bases stretching along the Indian Ocean. This paper will show that although such assumptions were premature and establishing military bases was not China’s initial objective, these seaports could be used as logistics support places and investments that could pay dividends on a strategic level while causing broader security implications. The analysis begins by providing the context necessary for China’s presence farther from its periphery. Then it looks into the ‘string of pearls’ concept through the seaports that have not only attracted Chinese investments, but also the most attention as ‘pearls.’ Next, it will explore if and how they could be used by the PLAN. Lastly, it will examine the wider security ramifications and challenges for the US followed by an overall assessment with policy recommendations.

Contextualizing China’s Presence Farther from its Periphery

China’s export-led economy is dependent on international trade, conducted mainly by sea. A critical part of this trade is China’s seaborne energy imports. Despite its heavy reliance on coal, which accounts for almost 70 percent of its total energy supply,⁸ oil remains an indispensable source of energy for China, one that is almost entirely delivered by sea. In September 2013, China surpassed the US as the world’s largest US net oil importer.⁹ It has been estimated that more than 80 percent of Chinese oil imports traverse the Indian Ocean through the Malacca Strait into the South China Sea and to the mainland. China’s access to raw materials from the Middle East and Africa as well as its access to the European market also depend heavily on sea lines of communication

⁵Ibid

⁶Chan, M. & Torode, G. “Call for China to set up naval bases abroad”, *South China Morning Post*, Dec. 30, 2009 [online]. Available at: <http://www.scmp.com/article/702338/call-china-set-naval-bases-abroad>; Weitz, R. “China Tests Waters on First Overseas Naval Base,” *World Politics Review*, Global Insights Column, Jan. 5, 2010 [online]. Available at: <http://www.worldpoliticsreview.com/articles/4882/global-insights-china-tests-waters-on-first-overseas-naval-base>

⁷Ibid, “China Tests Waters on First Overseas Naval Base”

⁸Erickson, A. & Goldstein, L., 2009. Gunboats for China’s New “Grand Canals”? Probing the Intersection of Beijing’s Naval and Oil Security Policies. *Naval War College Review*, Spring 2009, Vol. 62, No. 2, p.45

⁹US Energy Information Administration, *Country: China*, Feb. 4, 2014 [online]. Available at: <http://www.eia.gov/countries/country-data.cfm?fips=ch>

(SLOCs) in the Indian Ocean. The importance of uninterrupted oil supply is magnified since China possesses no large-scale substitutes for transport fuel, which could paralyze the country and its economy since fuel shortages would shut down vital means of transportation—including trucks, ships, aircraft, and even its rail system.¹⁰ Similarly, with the accession of China to the World Trade Organization (WTO) in 2001, and the car imports that followed, oil has become a necessity for the rising middle class, which has acquiesced to Communist Party of China's (CCP) rule with the promise of economic prosperity.¹¹

All of those factors, plus traditional and nontraditional security threats to China's supply lines in the Indian Ocean region, cause anxiety to Beijing. On one hand, in case of a contingency such as one that could involve Taiwan, disruption of these supply routes through a US or Indian blockade of the main choke points such as the Malacca Strait would work both as a deterrent against China and as a means to its defeat. This has been termed the 'Malacca dilemma.'¹² Additionally, nontraditional security threats like piracy could harm transit and, in a wider context, the CCP's image as a leadership that protects the country's economic interests and its people abroad.

These are major challenges, which range from regime survival to domestic stability, that governing elites in Beijing face. All are inexorably linked to economic prosperity. Economic growth is linked to easy and uninterrupted use of the SLOCs. So far China has been characterized as a 'free-rider' since it has enjoyed the freedom and safety of the major SLOCs that the US global naval presence guarantees.¹³

In 2008, for the first time in its modern history, China dispatched warships to participate in counter-piracy operations in the Gulf of Aden, far from its coastal waters. PLAN's MOOTW (the Chinese term is 'non war military operations') seem to be indicative of China's effort to address the aforementioned challenges.¹⁴ As Chinese news media commented, "the PLA must go beyond its previous missions of safeguarding national 'survival interest' to protecting national 'development interests'."¹⁵ This term, 'development interests', is predominant for the first time in China's 2013 defense white paper.¹⁶

¹⁰Erickson, A. & Goldstein, L., 2009. Gunboats for China's New "Grand Canals"? Probing the Intersection of Beijing's Naval and Oil Security Policies, p.45

¹¹Recent discussions at the National People's Congress and the Chinese People's Political Consultative Conference, *China Central Television (CCTV)*, Beijing, March 2014

¹²Chen, S., 2010, China's self-extrication from the 'Malacca Dilemma' and Implications. *International Journal of China Studies*, Vol. 1, No. 1, January 2010

¹³Feigenbaum, E.A., 2004. China and Long-range Asia Energy Security: An Analysis of the Political, Economic and Technological Factors Shaping Asian Energy Markets. *Baker Institute*, Working Paper

¹⁴Ibid

¹⁵Erickson, A. 2012. Chinese Sea Power in Action: The Counterpiracy Mission in the Gulf of Aden and Beyond, ch.7, in Kamphausen, R. et al, *Learning by Doing: The PLA trains at home and abroad*, National Bureau of Asia Research, November 2012, p.305

¹⁶Xinhuanet, "The Diversified Employment of China's Armed Forces", April 16, 2013 [online]. Available at: http://news.xinhuanet.com/english/china/2013-04/16/c_132312681_2.htm

The ‘String of Pearls’ Strategy

The Chinese have long been trying to address energy security challenges through investing in infrastructure projects along the Indian Ocean littoral.

In 2001, the Chinese government signed a contract with Pakistan for the development of its deep-sea port at Gwadar, Baluchistan province under which Beijing provides most of the total cost, amounting to \$1.2 billion.¹⁷ The project involves the construction of multi-purpose berths and associated facilities with aspirations to turn Gwadar into a regional hub for major trade and commercial activities.¹⁸ Plans also involve building a railway that would connect Gwadar to Xinjiang province in China and thus create an alternative energy supply route.

Similarly, the Chinese Export-Import Bank has funded the first phase of the Hambantota port’s construction, in Sri Lanka, which began in 2008 with major technical assistance by the state-owned China Harbour Engineering Company and Sino Hydro Corporation. The amount provided is roughly \$400 million (85 percent of the total project).¹⁹ The second phase will add another \$1 billion.²⁰ The project aims to construct a harbor, two cargo terminals, a repair yard, and an oil tank farm/bunkering system.

In Bangladesh, China has focused on the modernization of the deep-sea port in Chittagong. Plans included connecting the port with China’s western regions via rail and road links, providing an outlet to its landlocked western province of Yunnan. The overall assistance package has been estimated to be \$8.7 billion.²¹

Lastly, in the ‘string of pearls’ strategy context, there has been much discussion of China’s investment in ports in Myanmar. Kyaukphyu port in Rakhine State seems to have assumed a prominent position in China’s investment plans, although Sittwe had figured prominently in the ‘string of pearls’ discourse, despite the development by India. The state-owned China National Petrochemical Corporation (CNPC) is involved in a joint venture with the Myanmar government, which aims at developing the port and linking it with the city of Kunming in Yunnan via oil and gas pipelines.

¹⁷Niazi, T., 2005. “Gwadar: China’s Naval Outpost on the Indian Ocean,” *China Brief*, The Jamestown Foundation, February 28, 2005, [online]. Available at: <http://www.asianresearch.org/articles/2528.html>; Khurana, G. 2008. China’s String of Pearls in the Indian Ocean and its Security Implications. *Strategic Analysis*, 32:1, p.11

¹⁸Gwadar News, Gwadar Port, [online]. Available at: <http://www.gwadarnews.com/gwadar-port.asp>

¹⁹Sri Lanka Port Authority, Development of Port in Hambantota, [online]. Available at: http://www.slpa.lk/port_hambantota.asp?chk=4

²⁰Devonshire, E. & Solstad, S.U, “China -The Great Infrastructure Developer,” *China Briefing*, March 17, 2013 [online]. Available at: <http://www.china-briefing.com/news/2013/03/27/china-the-great-infrastructure-developer.html>

²¹Certified Transportation Network, “China to invest US\$ 8.7 billion in Bangladesh ports,” 2009, [online]. Available at: <http://ctngroup.com/china-invest-us87-billion-bangladesh-ports>

The construction of these ports is the tip of the iceberg in China's relations with these South Asian countries. China appears to be a crucial and longtime benefactor, providing them with extensive economic, technical, and military assistance.

Accordingly, China and Pakistan have an "all weather relationship."²² It begins from the strategic mistrust that both countries have toward India. The two countries have a free trade agreement and, although China's economic assistance remains lower than that of the US, it is offered without any moral or political preconditions such as human rights policies or political transparency.²³ During Pakistan's economic crisis in 2008, Beijing offered a soft loan of \$500 million.²⁴ China has assisted Pakistan with the development of its nuclear program and the two countries enjoy a strong strategic relationship. China has been a long-time exporter of weapons to Pakistan, even when the West imposed an embargo.²⁵ In the past decade, defense cooperation has been extended to the maritime realm with Beijing providing to Islamabad warships at low prices and transfers of relevant expertise.²⁶ Joint military exercises are a key element of this defense cooperation.

Hambantota port seems to be at the epicenter of an evolving and deepening partnership between China and Sri Lanka. China's assistance to Sri Lanka comes in the form of large concessional loans and technical expertise. Assistance has been poured into major infrastructure projects including: the construction of the Norochcholai Coal Power Plant Project (\$855 million), the Colombo-Katunayake Expressway (\$248.2 million) and the Rural Electrification Expansion and Development Project (\$45 million).²⁷ From 1995-2005, the two countries' economic relations flourished, resulting in an abundance of trade agreements and diplomatic initiatives.²⁸ China has emerged as Sri Lanka's major trading partner and has displaced Japan as the major aid donor.²⁹ A significant component of their economic relations is Sri Lanka's decision to grant China the right of exploitation in its exclusive economic zone (EEZ). Only China has been given this right.³⁰ During Sri Lanka's civil war, China provided economic and military assistance to the government in its fight against the separatist Liberation Tigers of Tamil Eelam (LTTE).

Sino-Bangladeshi economic ties are deepening. China has agreed to make the second-biggest investment by any nation in Bangladesh by contributing two-thirds of the

²²Pant, H.V., 2012. Pakistan Thorn in China- India-U.S. Relations, *The Washington Quarterly*, 35:1, p.84

²³Kurlantzick, J. *Charm Offensive: How China's Soft Power is Transforming the World*, New Haven, CT: Yale University Press, 2007, xi.

²⁴Rehman, I., 2012. Drowning Stability: The Perils of Naval Nuclearization and Brinkmanship in the Indian Ocean. *Naval War College Review*, Autumn 2012, Vol.65, No.4, p.86

²⁵ Ibid, Pant, H.V, 2012. Pakistan Thorn in China-India-U.S. Relations. p.85

²⁶Ibid Rehman, I. 2012.Drowning Stability: The Perils of Naval Nuclearization and Brinkmanship in the Indian Ocean. p.73

²⁷DeSilva-Ranashinghe, S. 2011. Another Bead in the "String of Pearls": Interpreting Sri Lanka's Foreign Policy Realignment. *China Security*, Issue 19, p.19.

²⁸Ibid, p.58

²⁹Pant, H.V. 2010. The New Battle for Sri Lanka. *International Relations and Security Network*, July 2010

³⁰Ibid

\$659 million construction cost of a fertilizer factory in Sylhet.³¹ Other projects include the Kuming-Chittagong road and loan agreement to upgrade the country's telecommunication network. China is already Bangladesh's largest trading partner.³² Defense procurement is a core element of their partnership and China remains a major supplier of military hardware for Bangladesh's ground forces, air force, and navy.³³

China-Myanmar relations share similar characteristics with these other countries. China remains Myanmar's traditional partner, providing broad military, economic, and diplomatic support to Myanmar's military government. China has proven itself a stable ally in times of severe sanctions by the US and Europe against the Burmese regime. Economically, China has been heavily investing in the mining, oil, gas, and hydropower sectors while Myanmar has been a major recipient of Chinese economic assistance, provided in the form of grants, interest-free loans, concessional loans, and debt relief.³⁴ China is not only the largest supplier of weapons to Myanmar, but it also provides training in the use of weapons and weapons' systems.³⁵

Wary observers believe that the rationale for militarization of these ports is apparent, a rationale founded on Alfred Thayer Mahan's writings. Almost two centuries ago, Mahan, a US naval officer and one of the most influential strategists and authors on sea power, drew connections between maritime commerce, a country's wealth, and sea power. What Mahan said was very simple: foreign commerce was necessary for a nation to assure its economic prosperity. To assure overseas trade and economic prosperity, protecting the sea lines of communication (SLOCs) from any threat is paramount. This protection can only be provided by a powerful navy. Forward bases, which enjoy a good geographical position, are fortified and enjoy the advantage of resources, are invaluable to the operation of warships. Accordingly, these bases should be strategically placed along the sea lines of communication to give control of the high seas against an enemy or other potential threat.³⁶

Historical parallels have been drawn between Mahan's writings and China's naval strategic trajectory. China's overseas commercial and energy security interests drive it farther from its coasts into the Indian Ocean and Arabian Sea where the majority of its trade and energy flows pass. According to Mahan's argument, the Chinese will build a blue-water navy and establish naval bases which will give them the opportunity to project power and protect China's economic and national interests.

Subsequently, these seaports' locations along vital SLOCs and chokepoints, China's awareness of its 'Malacca dilemma,' and China's deepening ties with South Asian countries, have synthesized China's strategic intent and efforts to establish military

³¹Devonshire, E. & Solstad, S.U, "China -The Great Infrastructure Developer," *China Briefing*, March 17, 2013

³²Chowdhury, K.I., 2013. China-South Asia Relations: A Dynamic Contour. *BIPSS Focus*, Policy Brief

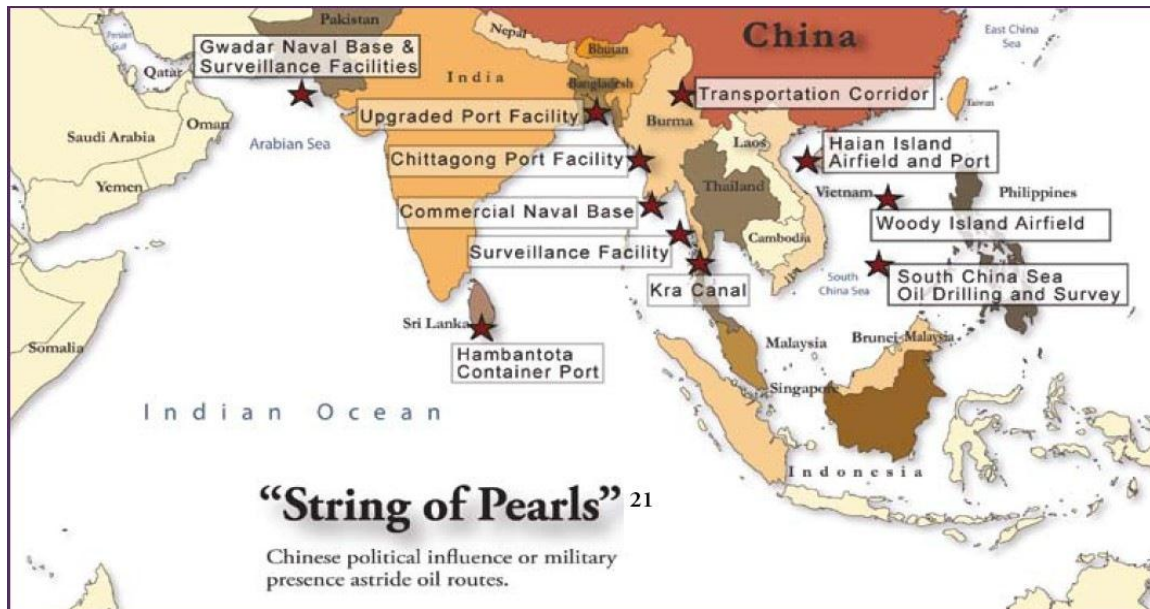
³³Ibid, p.5

³⁴International Crisis Group, 2009. China's Myanmar Dilemma, *Asia Report No 177*, p.17

³⁵Ibid, p.21

³⁶Mahan, A.T.1890. *Influence of Sea Power Upon History, 1660-1783*, Little, Brown and Company, Boston, p.71

bases along the Indian Ocean littorals.³⁷ Each alleged ‘pearl,’ therefore, has been characterized as a nexus of Chinese economic and geopolitical influence which could be transformed into a military presence in the littoral of the Indian Ocean.³⁸ Given the strategic mistrust between China and India, as well as China and the US, observers, especially from India and the US, saw these investments as an effort by China to flex its muscles along the Indian Ocean and, in case of a contingency, to use these ports to deprive any major rival of the opportunity to maneuver. Indian experts are mostly afraid that China’s burgeoning diplomatic ties with its neighbors aim to create a noose that will choke India within its own periphery.



Source: Leader, S. “Is Sri Lanka Becoming a Key Player in China’s String of Pearls?” *StratRisks*, June 13, 2013. Available at: <http://stratrisks.com/geostrat/13282>

Potential of Traditional Military Bases

Proponents of the ‘string of pearls’ strategy seem to have misinterpreted the Mahanian concept of a naval base. Although position is an important attribute of the strategic value of a seaport, that value is significantly diminished by deficits in strength

³⁷Indicatively, Kim S.P. 2011. An Anatomy of China’s String of Pearls Strategy. *The Hikone Ronso*. No.387; Chatterji S.K., “Chinese String of Pearls could choke India”, Rediff News, Sept. 8, 2010. [online]. Available at: <http://news.rediff.com/column/2010/sep/08/chinese-string-of-pearls-could-choke-india.htm>; Chee Kong S., “China’s String of Pearls Strategy: Why is the U.S. AFRAID and how does it affect us?” Malaysia Chronicle, December 2013, [online]. Available at: http://www.malaysia-chronicle.com/index.php/index.php?option=com_k2&view=item&id=201131:chinese-string-of-pearls-strategy-complement-its-global-economic-domination&Itemid=2&tmpl=component&print=1#UxgQKPI_ucQ; Chattopadhyay, J., “When China is the Enemy Look East– Taking Control of Oil Route, China Surrounds India by Establishing its Bases all Around,” *Bartaman HardCopy*, October 15, 2010; Sharada Prasad, R.V., “The String of Pearls”, *The Indian Express*, April 22, 2009, [online], Available at: <http://archive.indianexpress.com/news/the-string-of-pearls/451520/>

³⁸Pearhson C.J. 2006. String of Pearls: Meeting the challenge of China’s Rising Power across the Asian Littoral, *Strategic Studies Institute*

or resources.³⁹ The seaports selected for investment along the Indian Ocean periphery enjoy the first characteristic but lack the other two. Their proximity to India exposes them and makes them vulnerable targets to a missile barrage or naval air strikes. To turn these seaports into viable and defensible distant bases, fortification is critical. Fortification involves the construction of air defenses and hardened infrastructure, which is not a simple task for a navy that lacks sophisticated technical, logistical, and strategic expertise.⁴⁰

Additionally, these are long-term projects that will be closely scrutinized, giving any rival time to prepare. Similarly, a robust naval presence through the deployment of troops and assets would be equally important to transform these places. However, China lacks a blue-water navy to support such bases. Nothing in the press indicates such action is taking place. There are rumors that China had taken the first steps toward militarization of these ports with the establishment of large signals intelligence (SIGINT) stations in the Great Coco Islands in Myanmar and Gwadar to monitor Indian and US naval activity in the region. On-site inspections by US and Indian officials proved these assertions wrong.⁴¹

Similarly, the wider context of China's intentions is largely overlooked. First, China's traditional approach to overseas basing is restrained by the self-imposed non-interference principle, by which China respects the sovereignty and territorial integrity of other countries and does not intervene in others' internal affairs. Therefore, China abstains from stationing troops or establishing military bases in any foreign country.⁴² China's 2013 White Defense Paper reiterates this principle, stating, "China opposes any form of hegemonism or power politics, and does not interfere in the internal affairs of other countries. China will never seek hegemony or behave in a hegemonic manner, nor will it engage in military expansion."⁴³ However, Chinese official defense documents disclose information and function more as a way to shape international perceptions rather than as real policy indicators. Therefore, the official manifestation of this principle does not necessarily show China's lack of interest in traditional military bases.

However, China will not depart from this approach in the near future. China's principle of non-interference remains the cornerstone of its relations with many authoritarian regimes, especially its main oil exporters.⁴⁴ By departing from its non-interference principle, China could alienate those partners and destroy the image that it has been cultivating. This image establishes China as a different power from the US—one that does not seek hegemony by using its global presence to militarily intervene in others' internal affairs under the banner of humanitarian intervention, minted in concepts

³⁹Holmes, J. & Yoshihara, T. 2008. China's Naval ambitions in the Indian Ocean. *Journal of Strategic Studies*, 31:3 p.379

⁴⁰Townsend, A. 2011. Unravelling China's "String of Pearls Strategy," *Yale Global Online*, [online], Available at: <http://yaleglobal.yale.edu/content/unraveling-chinas-string-pearls>

⁴¹International Crisis Group, 2009. China's Myanmar Dilemma, *Asia Report No 177*, p. 20.

⁴²Kostecka, D., 2011. Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean. p.61

⁴³Ibid, Xinhuanet, "The Diversified Employment of China's Armed Forces"

⁴⁴Godement, F., 2013. The End of Non-Interference? *China Analysis*, ECFR, October 2013

such as the Responsibility to Protect (R2P).⁴⁵ From Beijing's perspective, violating this principle could also provide legitimacy to other powers to intervene in its internal affairs, i.e., Tibet or Xinjiang. Such ideas revive China's memories of Western colonization, memories well-embedded in its culture and that are influential in its foreign policy thinking. Moreover, building large bases is not in Beijing's interest as it will raise concerns and will give momentum to the 'China threat' theory as well as a legitimate reason for others to coalesce against it.

Second, China's national strategic defense policy is, and always has been, based on a structure of 'Chinese area defense.'⁴⁶ US Naval War College Professors James Holmes and Toshi Yoshihara contend that its weapons procurement is mainly for cross-strait confrontation, noting that China "remains inadequately equipped to project credible power into the Indian Ocean."⁴⁷ The creation of forward naval bases is ill-suited to China's strategic defense policy, which focuses on Taiwan and its adjacent seas, not SLOC-defense missions.

In a four-day official visit to the People's Republic of China (PRC), right after the killing of Osama Bin Laden by US forces, Pakistani Prime Minister Yousuf Raza Gilani invited China to turn Gwadar into a naval base.⁴⁸ The US operation that resulted in Bin Laden's death took place without any prior notification, explanation, or cooperation with the Pakistani authorities. This incident closely followed a CIA drone attack on Pakistani soil in March 2011, which was considered one of the deadliest ever; in addition to the Raymond Davis case, in which a US citizen, later revealed to be a CIA contractor, shot and killed two Pakistanis in Lahore.⁴⁹ These incidents strained US-Pakistan relations. The CIA was accused of operating without control or consultation with the Pakistani government while Pakistan was accused of hiding terrorists on its soil. These incidents had a devastating impact on Pakistan's international standing. PM Gilani's move to visit China and invite it to use Gwadar's facilities as a naval base appears to be an effort to repair its battered international standing by demonstrating external balancing/strength,

⁴⁵ Ayoob, M. 2004. Third World Perspectives on Humanitarian Intervention and International Administration. *Global Governance: A Review of Multilateralism and International Organizations*: Jan.–Mar. 2004, Vol. 10, No. 1., The Responsibility to Protect (R2P) concept refers to the violation of a state's sovereignty in order to protect human lives from a government's repression, internal violence or famine, Knight W. A. & Egerton F. (eds.). 2012. *The Routledge Handbook of the Responsibility to Protect*, London and New York: Routledge

⁴⁶ Liu Qing, 2010. "An Analysis of the Said 'String of Pearls Strategy'" (*"ZhenzhuLianZhanlue" ZhishuoBianxi*; "珍珠链战略"之说辨析), *Contemporary International Relations (XiandaiGuojiGuanxi*; 现代国际关系), no. 39 cited in Tanner et al., 2011 Distracted Antagonists, Wary Partners: China and India Assess their Security Relations. *CNA China Studies*, Report, p.45

⁴⁷ Holmes, J. & Yoshihara, T. 2008. China's Naval ambitions in the Indian Ocean, p.389

⁴⁸ Beckley, M. 2012. China and Pakistan: Fair-Weather Friends. *Yale Journal of International Affairs*, March <http://yalejournal.org/wp-content/uploads/2012/04/Article-Michael-Beckley.pdf>; <http://www.worldpoliticsreview.com/articles/8944/global-insights-china-ponders-pakistans-naval-base-offer>

⁴⁹ Maqbool, Al "2011: New low for the US-Pakistan relations", *BBC News*, Dec 31, 2011, <http://www.bbc.co.uk/news/world-asia-india-16369301>

both to its domestic audience and to Washington.⁵⁰ China, for its part, was quick to deny it had any plans to build a naval base at Gwadar.⁵¹ While denying such plans is not evidence of the absence of such plans, it seems irrational on China's part to build impotent naval bases far from home since its limited power-projection capabilities cannot fully support such expansion.

'Places with Chinese Characteristics': South Asian Shore-Based Logistics Points

While Chinese priorities remain area-defense oriented, security concerns and domestic anxieties have prompted the PLAN to participate in MOOTW. These have taken the form of counter-piracy deployments in the Gulf of Aden and a noncombatant evacuation operation (NEO) during the Libyan crisis in 2011, both of which exposed the logistical challenges that Chinese expeditionary activities face. The most prominent amongst them appears to be the lack of overseas shore-based supply points that severely limits PLAN's ability to sustain forces far from its shores during such operations. Without fuel, food, fresh water, and substantial repairs, the PLAN cannot maintain its forces and fulfill its tasks for the amount of time that these operations last.⁵²

There is no official definition for the term 'places,' but empirically the term denotes the access by a country's military forces to another country's ports, airports, and other logistics facilities on an *ad-hoc* basis, without the need for a permanent positioning of forces. Although establishing forward naval bases does not make sense for China in the near future, 'places' as logistics support hubs might be a solution to the challenges that the PLAN has faced during deployments farther from its coastal waters. This policy is derived from the US experience in Asia. Budget pressures as well as domestic reactions in host countries prompted the US to use an alternative basing strategy, one that adopts 'places' and not bases, and that relies on the working relationship between the host and hosted country. One such 'place' for US forces is Singapore. The US, based on a Memorandum of Understanding, has been using Singapore's facilities to serve its navy's needs.

During its deployments, the PLAN responded to its logistical needs through at-sea replenishment and calls at friendly ports in the region. During the anti-piracy missions, it used the Port of Aden in Yemen, the Port of Salalah in Oman, the Port of Karachi in Pakistan, and the Port of Djibouti. These friendly calls reveal a few things about how China will address PLAN logistical challenges.

⁵⁰Curtis L & Scissors, 2012. The Limits of the Pakistan China-China Alliance, *The Heritage Foundation* Backgrounder #2641 on Asia and the Pacific <http://www.heritage.org/research/reports/2012/01/the-limits-of-the-pakistan-china-alliance>

⁵¹DeSilva-Ranasinghe, S. "China Refutes Gwadar Naval Base Conjecture," *The Jakarta Post*, June 13, 2011 <http://www.thejakartapost.com/news/2011/06/13/china-refutes-gwadar-naval-base-conjecture.html>

⁵²"Chinese deployments average 3 months in duration, half the US length. This may be attributed to their lack of basing access" Huang Li, (Huang Li), 剑指亚丁湾: 中国海军远洋亮剑(Sword Pointed at the Gulf of Aden: The Chinese Navy's Bright Far Seas Sword), Guangzhou, China: 中山大学出版社出 (Zhongshan University Press), 2009, p. 213 cited in Kamphausen, R. et al, *Learning by Doing: The PLA Trains at Home and Abroad*, National Bureau of Asia Research, November 2012, p.368

First, the choice of these ports is not random. China holds close commercial and diplomatic relations with most of these countries, which enables it to use their facilities for its navy's logistical needs. Second, the way the PLAN did its replenishment and repairs at these ports is noteworthy. An important source of shore-based logistics supplies was played by Chinese shipping companies such as the China Shipping Development and China Ocean Shipping Group Company (COSCO). As German Institute of Global and Area Studies analysts Kamerling and van der Putten note, "the PLAN has been experimenting with outsourcing logistics to the private sector."⁵³ However, civil-military cooperation in China goes beyond the contracting of logistics firms by the military, as happens in the West, because mainstream logistics companies can also function as reliable partners for the PLAN.⁵⁴ US Naval War College Professor Andrew Erickson states that, "replenishment progress builds on China's developing combined civilian-military logistics systems. China's top shipping companies have already established several logistics-based joint operations with power and mining companies in China."⁵⁵

The majority of these top shipping, power generation, and distribution enterprises are state-owned (SOE) and the authoritarian nature of the Chinese regime suggests greater government control and influence over its civilian assets, compared to Western countries.⁵⁶ Often SOE executives serve as members of the official government decision-making circle, hold ministerial or vice-ministerial rank, and have connections to the PLA.⁵⁷ Additionally, the Chinese civil-military complex's depth should not be underestimated. In many instances, connections between Chinese state-owned companies and the Chinese military apparatus have been apparent. For instance, the Chinese shipping company COSCO, which has also been investing in overseas ports, was originally established as a branch of the PLAN.⁵⁸ There have been allegations that the Chinese Navy has, at times, used civilian ships for covert activities and that these ships are actually called 'zhanjian' (战舰), which translates as 'warships.'⁵⁹ Although this author could not confirm whether these allegations are true, these factors, including the allegations, demonstrate the ease with which these companies could be used by the government and PLA to serve China's military needs. While commercial, these state-owned companies' engagement abroad could subsidize PLAN expeditionary activities with relative ease. For example, China would not need to preposition military personnel

⁵³ Andrew S. Erickson, "Can China Become a Maritime Power?" *Asia Looks Seaward: Power and Maritime Strategy* (Westport, CT and London: Praeger Security International) p.94, cited in Kamerling S. & van der Putten F.P, 2011. An Overseas Naval Presence without Overseas Bases: China's Counter-piracy Operation in the Gulf of Aden. *Journal of Current Chinese Affairs*, 40:4, p.132

⁵⁴Kamerling S. & van der Putten F.P, 2011. An Overseas Naval Presence without Overseas Bases: China's Counter-piracy Operation in the Gulf of Aden. *Journal of Current Chinese Affairs*, 40:4, p.132

⁵⁵Erickson A. 2012. Chinese Sea Power in Action: The Counterpiracy Mission in the Gulf of Aden and Beyond, ch.7, p.327

⁵⁶Klinck

⁵⁷Klinck, H. 2009. The Strategic Implications of Chinese Companies Going Global. *Open Source Foreign Perspective*, The Foreign Military Studies Office, p.11; Bush, G. K. "The Chinese Military-Commercial Complex", *Ocnus.net, Editorial*, Dec, 3, 2018, [online]. Available at:

http://www.ocnus.net/artman2/publish/Editorial_10/The_Chinese_Military-Commercial_Complex.shtml

⁵⁸Lin, Ch., 2011. China's New Silk Road to the Mediterranean: The Eurasian Bridge and Return of Admiral Zheng He, *ISPSW Strategy Series*, Issue no. 165, p.21

⁵⁹Khurana, G. 2008. China's String of Pearls in the Indian Ocean and its Security Implications, p.27

in ports since civilian engineers or technicians could help with repairs and maintenance of warships. This would be a convenient way for the PLAN to respond to its logistical deficiencies without violating its non-interference principle, protecting its image and appeasing other countries' concerns about its intentions. In other words, China's logistical problems can be addressed through an alternative civil-military model of basing instead of establishing traditional overseas naval bases – one that could be called 'places with Chinese characteristics.'

Despite China's strong relations with Pakistan, Bangladesh, Myanmar, and Sri Lanka, some analysts believe that the ports in these South Asian littorals where China has been investing are unsuitable for shore-based logistics support points for PLAN forces.⁶⁰ Senior analyst of the US Navy Daniel J. Kostecka deems Gwadar port as inadequate to provide logistics support to the PLAN during out of area deployments, mainly because Gwadar remains underdeveloped and unequipped to provide maintenance services. Karachi Port, Pakistan's main naval base, offers better facilities.⁶¹ However, this argument ignores crucial details.

Both Karachi and Gwadar offer advantages for the PLAN. They are located on an ally's soil and so leveraging ties to gain access will not be a problem. Second, the defense cooperation that the two countries enjoy extends to the maritime realm, which means that Chinese warships' maintenance can be facilitated by a potential parts commonality with Pakistani warships. This means repairs could be done both easier and cheaper, making equipment repositioning unnecessary. Both facts are true for other South Asian countries. However, the presence of Chinese state-owned firms at ports like Gwadar could facilitate logistics support at these 'places,' hence the 'Chinese characteristics.' Since development projects in the South Asian littorals have been undertaken by Chinese state-owned companies, which require manpower such as Chinese engineers, technicians, and skilled workers as well as of technical equipment or even storage facilities,⁶² the likelihood that these ports will serve as logistics support points remains high. The table below compiles information on potential access points for the PLAN.

⁶⁰Kostecka, D., 2011. Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean; Holslag, J. 2012. "The Reluctant Pretender: China's Evolving Presence in the Indian Ocean. *BICCS, Asia Paper*, Vol.7, Issue1, p.9

⁶¹Ibid Kostecka, p.71

⁶²Interview with a Ret. Commodore from the Hellenic Navy

Port	Country	Relations with China	Chinese Investment in Facility	Type	Development Status	Draft Limits (m)	Quality of Repair Facilities
Salalah	Oman	Long-term stable and significant; China imports 250-300,000 BPD of oil from Oman and is purchasing LNG	None yet; 10 PLAN counter-piracy task force visits through January 2010; Chinese unofficial media reports bilateral negotiations to establish facility	Deep water; major container transshipment port for Persian Gulf	Already well-established; construction of new port-side fuel bunkering facility under way; massive container terminal expansion plan contracted out	15.5	Only small craft facilities currently available
Aden	Yemen	Short-term but developing steadily; recent energy, trade, and commercial agreements	None yet; visited by PLAN counter-piracy task forces; reportedly considered for Chinese supply access; some security concerns	Container and bulk cargo	Modest port; berth extension planned	16 outer channel; 6-20 outer harbor anchorage	National Dockyard Company offers range of limited facilities and services
Djibouti	Djibouti	Long-term stable and positive	None; home to French and US defense facilities, Japan permitted to base P-3C aircraft for counter-piracy patrols; visited by PLAN counter-piracy task force	Principal port for Ethiopian cargo transshipment; containers and bulk cargo	Container terminal under construction	12	Small repairs possible
Gwadar	Pakistan	Long-term strategic	\$198 million, technicians and skilled workers	Large commercial port with conventional and container cargos (operated by Port of Singapore on 40 year contract) + Pakistan navy	Already well-established, but potential for further development	12.5	500 acre shipyard. 2 600kdwt dry docks planned. VLCC + ULCC construction planned

Karachi	Pakistan	Long-term strategic	N/A	Pakistan's largest port	Already well-established; Bulk Cargo Terminal and other expansion underway	9.75 upper harbor; 12.2 approach channel; being increased to 13.5; developing 16 m container terminal	PLAN's Indian Ocean port of choice for repairs. Two dry docks available; one for up to 25,000DWT
Hambantota	Sri Lanka	Short-term strategic	\$360 million export buyer's credit from China's EXIM Bank "built by Chinese enterprises"	Commercial; export of essential goods, vehicle re-exports	To be constructed in 3 stages over 15 years	16-17 (future)	Ship serving capabilities planned
Chittagong	Bangladesh	Long-term friendly	N/A	Bangladesh's main seaport: 6 general cargo berths, 11 container berths (3 dedicated with gantry crane)	Completed	7.5-9.15	Private repair yards available. Dry dock for vessels up to LOA 170m and 16,500DWT
Sittwe	Burma	Long-term strategic	Assisting (India helping too)	Large rice exporting port	Under development over 3 years	7.6	N/A
Singapore	Singapore	Long-term friendly, emerging strategic	N/A	Large, sophisticated, commercial port, busiest in world: 1 terminal, 9 sub-ports. Military ports.	Already well-established, but potential for further development	22	Excellent

Source: Erickson, A. "Chinese Sea Power in Action: The Counterpiracy Mission in the Gulf of Aden and beyond", ch.7 in in Kamphausen, R. et al, *Learning by Doing: The PLA Trains at Home and Abroad*, National Bureau of Asia Research, November 2012, p.342

Currently these ports are not fully developed to assist the PLAN but, as the table displays, their development plans include the construction of shipyards and dry docks (Gwadar and Chittagong) and ship-serving capabilities (Hambantota). Some of these facilities (Gwadar) have been planned to accommodate ultra-large crude carriers (ULCCs), a category that includes naval replenishment oilers. All the above indicate that in a few years, and especially if PLAN participation in MOOTW increases, South Asian ports will become strong candidates to accommodate PLAN vessels.

China's military use of these seaports as 'places' in the near future could be a Pandora's Box, with broader security implications within the Indian Ocean region and beyond. The next section explores possible scenarios and their security ramifications

Broader Security Implications

The Underwater Potential

By using these seaports as 'places,' China will strengthen its navy's forward presence. Nevertheless, even if deployed, China's conventional naval assets do not pose a threat to US naval superiority. China still lacks the military capabilities to compete with the United States and to directly counter US naval forces in the region.

In 2012, the US Pentagon issued a report on the new Joint Operational Access Concept which anticipates the idea of widening the geographical scope of operations into the Indian Ocean should a contingency with China evolve into a protracted conflict.⁶³ Therefore, the insecurity caused by this report could result in Chinese submarine deployment in the Indian Ocean in Beijing. There are indications that such deployments may already take place.

Since the mid-1990s, China has built an advanced submarine fleet that includes diesel-powered vessels (*Song*, *Yuan* and *Kilo*-class), new-generation nuclear attack submarines (SSN) called *Shang* class or Type093, and the new *Jin* class or Type 094 nuclear-powered ballistic-missile submarines (SSBN).⁶⁴ These underwater assets are the mainstay of its deterrent strategy. A classified study cited by Indian naval analyst Gurpreet Khurana in 2008 foresaw that China would possess at least the capability (if not the intent) to deploy its naval forces in the Indian Ocean before 2020–2025, beginning with its undersea assets.⁶⁵ According to a 2013 report by the Indian Defense Ministry, "Indian Navy: Perceived Threats to Subsurface Deterrent Capability and Preparedness," Chinese attack submarines are becoming particularly active in the Indian Ocean. At least 22 encounters with such submarines were reported in 2012.⁶⁶

China's 'places' in the Indian Ocean could facilitate submarine deployments and bring strategic gains. These 'places' could be used by submarine-support vessels which could replenish submarines at sea. While nuclear-powered submarines do not need refueling, these ports could be used for repairs and technical support. And, as the deal to

⁶³Rehman, I., 2012. Drowning Stability: The Perils of Naval Nuclearization and Brinkmanship in the Indian Ocean, p.76

⁶⁴O'Rourke, R., 2014. China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress, *CRS Report*, p. 7

⁶⁵Khurana, G. 2008. China's String of Pearls in the Indian Ocean and its Security Implications. p.3

⁶⁶Cole, M. "Red Star over the Indian Ocean?" *The Diplomat*, April 09, 2013, [online]. Available at: <http://thediplomat.com/2013/04/red-star-over-the-indian-ocean/>; Singh, R. "China's submarines in the Indian Ocean worry Indian Navy", *Hindustan Times*, April 07, 2013, [online]. Available at: <http://www.hindustantimes.com/India-news/NewDelhi/China-s-submarines-in-Indian-Ocean-worry-Indian-Navy/Article1-1038689.aspx>

procure submarines from China by Pakistan and Bangladesh is at the final stage,⁶⁷ the deployment of a Chinese submarine flotilla in the India Ocean could greatly benefit from a parts commonality with these regional states' assets.

The Indian Ocean renders submarines particularly stealthy since it has peculiar underwater topography and hydrographic conditions, while the clustered and bustling littorals in the region could help conceal submarines.⁶⁸ Therefore, the utility of deep-sea ports might be underwater. For instance, Gwadar is a natural deep-sea port, with its depth artificially increased to accommodate various projects and so could offer an excellent location for the stationing of SSNs and SSBNs that could provide a robust deterrent against India and the US.⁶⁹

Iskander Rehman, in a comprehensive analysis of the perils of naval nuclearization in the Indian Ocean, contends that having a submarine flotilla patrol these waters means that China will not only be able to “provide a more credible and less vulnerable military presence at the mouth of the Persian Gulf to safeguard its energy routes, but it will also provide Beijing with the option of pre-empting or disrupting any form of hostile economic warfare, whether a large-scale maritime blockade or a more limited form of modern *guerre de course*.”⁷⁰

In a conflict involving China and the US in East Asia, a Chinese submarine presence in the Indian Ocean could significantly complicate US operations. A 2010 report from the Center for Strategic and Budgetary Assessments (CSBA) envisions, in the event of a conflict with China, a flight path for the next generation bombers or the existing B-2 bombers that begins at the US naval base in Diego Garcia, over Sri Lanka and Bangladesh, and strikes targets within China at Delinghua. On such a path, the next generation bomber will need to refuel at least once and the report identifies a suitable place for refueling tankers close to Bangladesh's Chittagong.⁷¹ However, refueling would need air cover, which could be provided by a carrier battle group stationed there. In such a contingency, stationing a carrier battle group at the Bay of Bengal also makes sense since it will be at the limits of the ranged Chinese DF-21D anti-ship ballistic missile

⁶⁷Bokhari, F. “China, Pakistan set for submarine deal by the end of year, say officials,” *IHS Jane's Defense Weekly*, Feb. 2, 2014, [online]. Available at: <http://www.janes.com/article/33315/china-pakistan-set-for-submarine-deal-by-end-of-year-say-officials>; Keck, Z. “China to sell Bangladesh 2 Submarines,” *The Diplomat*, Dec. 22, 2013, [online]. Available at: <http://thediplomat.com/2013/12/china-to-sell-bangladesh-2-submarines/>

⁶⁸Rehman, I., *Drowning Stability: The Perils of Naval Nuclearization and Brinkmanship in the Indian Ocean*, p.76

⁶⁹In an interview, a Greek expert and naval officer, contended that for a port to host submarines its docks are usually different in terms of infrastructure rather than services. He added, that the differences are usually small and have mostly to do with the depth of the relevant port which does not need major changes to be suitable for submarines

⁷⁰Ibid, Rehman, p.76

⁷¹Gunzinger, M. 2010, *Sustaining America's Strategic Advantage in Long-Range Strike*, CSBA, Report; Jha, S., Blog: “Why does America want a base in Bangladesh? (And why India isn't amused)” IBNLive, 2013 [online]. Available at: <http://m.ibnlive.com/blogs/sauravjha/2976/63605/blog-why-does-america-want-a-base-in-bangladesh.html>

land-based sensors.⁷² During such operations Chinese (nuclear) submarines in the region could track, pursue, and attack aircraft-carrier formations, as well as interdict other auxiliary ships, posing a formidable threat to such operations.

Nevertheless, contingency scenarios remain largely speculative. For China to effectively use such ports in a conflict, a deeper *entente* with the relevant countries would be necessary. Apart from Pakistan, whose stance in such situations remains unclear, a relationship that close seems far-fetched, if only because they lack a common threat. Despite deepening ties with Beijing, these regional countries are pragmatic in their foreign policy. They know they cannot afford to alienate any major power in the region, but they also seek to benefit—economically and diplomatically—from the rivalry between major powers. Nevertheless, in peacetime, it seems pragmatic on China’s part to enhance its submarine presence in the Indian Ocean, while the subtle use of these seaports as ‘places’ could accommodate small regional states’ big power game.

Places ‘with Chinese Characteristics’ Elsewhere: The Mediterranean Dimension

Just as economic interests and energy resources drive the Chinese Navy into the Indian Ocean, China’s expansion of economic relations with the Middle East and North African region (MENA) and Europe could drive the Chinese Navy into the Mediterranean Sea. China’s presence in the Mediterranean seems to follow a similar pattern to its presence in the Indian Ocean, although, unlike the ‘string of pearls’ in the Indian Ocean, it has not attracted much publicity.

Europe is China’s second largest trading partner. Inevitably, Chinese exports traverse the Mediterranean Sea to end up in European markets. China’s investments in Europe saw a sharp increase in 2012, reaching almost \$13 billion.⁷³ Similarly, China’s interest in natural resources has strengthened relations and investments in relevant sectors in the resource-abundant countries around the Mediterranean littoral ranging from Algeria and Egypt to Libya and Syria.⁷⁴ Also, new hydrocarbon reserve discoveries in the Eastern Mediterranean, in Israel and off Cyprus, have attracted China’s interest. Chinese state-owned companies such as the China National Offshore Oil Corporation (CNOOC) are discussing with both Cyprus and Israel the possibility of joint exploration in the area.⁷⁵

The high stakes that China has in the region and the volatility that characterizes it in the aftermath of the Arab Spring provide a strong motivation for a more robust naval presence. The Libyan crisis in 2011 exposed China’s lack of preparedness to safeguard its interests abroad. China lost more than \$20 billion and had to instigate a Noncombatant

⁷² Ibid. “Why does America want a base in Bangladesh? (And why India isn’t amused)”

⁷³Hecking, C. “Capital Study: Chinese Investment in Europe Hits Record High”, Spiegel Online International,[online]. Available at: <http://www.spiegel.de/international/business/study-finds-massive-investment-in-europe-by-chinese-state-companies-a-894570.html>

⁷⁴Zallio, F. 2011. China in the Mediterranean: Recent Developments and New Challenges. *GMF, Mediterranean Policy Program—Series on the Region and the Economic Crisis Policy Brief*

⁷⁵Lin, C. 2012, Dragon in the Great Sea: China’s Arrival in the “NATO Lake” of the Mediterranean. *ISPSW Strategy Series: Focus on Defense and International Security*, Issue No.213, p.8

Evacuation Operation (NEO) to rescue more than 30,000 Chinese citizens.⁷⁶ This NEO, the first in China's history, took place in Mediterranean waters and taught many lessons to the Chinese leadership. A military presence in regions where vital Chinese economic interests rest and Chinese citizens live and work has become of paramount importance. This provides incentive to China to consider Mediterranean 'places' to sustain its navy. Second, the Libya mission built on PLAN's Gulf of Aden experiences. The Chinese government's assets, as well as China's maintenance of strong diplomatic relations with neighboring countries, played a very important role in the success of this mission. The existence of Chinese state-owned companies such as COSCO and China National Petroleum Corporation (CNPC), as well as China Rail Construction, provided help in the evacuation process. Logistical support was also offered by friendly countries such as Sudan, which allowed Chinese military aircraft to land and refuel.⁷⁷

As an outgrowth of Chinese economic activities in the Mediterranean, Chinese state-owned companies are expanding ports in the region, in Pireaus, Greece; Marseille, France; Barcelona, Spain; and Tripoli, Lebanon; in Egypt, COSCO has acquired a 20 percent share in the Danish Maersk container port in Port Said.⁷⁸ To enhance its naval presence, China might be tempted to use these seaports as 'places,' especially if 'experiments' with such 'places' in the Indian Ocean bear fruit. China's seaport investments in the Mediterranean littorals bear similarities to future 'places with Chinese characteristics' in the Indian Ocean and thus need close examination.

As noted earlier, the sustainability of 'places' depends on friendly relations between China and the relevant country. Although, for instance, China does not share the deep strategic ties with southern European states that it has with Indian Ocean regional countries, its trading ties and seaport investments, especially in economic crisis-ridden southern European countries, have significantly improved its image among south European audiences. For instance, in Greece, discussions about the takeover by COSCO of the container terminal in Pireaus port initially raised protests by leftist parties and unions. However, as the recession deepened and euro-skepticism overwhelmed the country, perceptions seem to be changing and China has acquired the aura of a savior that offers a bailout in the form of investments.⁷⁹ It appears that the current Greek government is keen to play the China card for domestic political gains. The Samaras government has connected 'the Greek success story' as it terms Greece's economic

⁷⁶Yun, S. 2012. Syria: What China Has Learned From its Libya Experience, *Asia Pacific Bulletin*, No.152

⁷⁷Collins, G. & Erickson A., 2011. Implications of China's Military Evacuation of Citizens from Libya. *China Brief*, Vol.11, Issue 4 [online]. Available at: http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=37633&tx_ttnews%5BbackPid%5D=25&cHash=c1302a9ecaddfc23450fb6ec13a98136#.Uy5ELvI_ucQ

⁷⁸Lin, C. 2013. China's strategic shift toward the region of the four seas: The Middle Kingdom arrives in the Middle East. *Middle East Review of International Affairs*, Vol. 17, No. 1, p. 41

⁷⁹Apps, P. "China, Russia, U.S. raise Mediterranean naval focus" *REUTERS*, January 24, 2013 [online], Available at: <http://www.reuters.com/article/2013/01/24/us-mediterranean-powers-idUSBRE90NOF920130124>; Dama, G. "China as an anchor for Greece," *Enet.gr* (translated from Greek: Δάμα, Γ. «Στήριγμα της Κίνας για την Ελλάδα»), Feb.9, 2014, [online]. Available at: <http://www.enet.gr/?i=news.el.article&id=414414>

recovery and return to the markets with Chinese investment and trade relations.⁸⁰ This, coupled with the improved image that China enjoys among the Greek domestic audience, could give both motivation and legitimate reasons for the Athens government to reciprocate China's largesse by allowing access to 'places' for the PLAN. Either way, it is highly unlikely that this access will conflict with Greece's obligations to its Western allies, especially if the use of these ports takes place under the banner of facilitating collective maritime security activities such as anti-piracy operations. In general, should China's trade partnerships with south European countries deepen and investments pour more money into distressed economies, European governments might become more eager to honor Chinese requests.⁸¹ Second, the existence of Chinese state-owned companies that can facilitate the needs of the PLAN is a common 'Chinese characteristic' that seaports in the Mediterranean and South Asian littoral share.

A Chinese naval presence in the Mediterranean waters would have wider security ramifications. An indication of how this presence can complicate US foreign policy in the region was evident during the Syrian crisis. China is afraid that Syria could evolve into a second Libya.⁸² Therefore, it seems determined to shape events rather than follow them. Beijing opposed military intervention in Syria and exercised its veto in the United Nations Security Council to prevent it. However, China went one step further and 'showed the flag', using transits, calls at friendly ports, and joint naval exercises in Mediterranean waters, as a diplomatic backup to Russia and a warning that it is unwilling to tolerate any decision that does not take into account its interests.⁸³ In January 2014, the PLAN engaged in joint exercises with the Russian navy in an effort to "enhance the interoperability of Russian and Chinese combat ships for joint operation in the Eastern Mediterranean."⁸⁴ This activity suggests that if the situation in Syria were to seriously deteriorate and a Western military intervention decided upon, the PLAN might join the

⁸⁰Ethnos online, "Samaras: China can be a part of the Greek success story," May 16, 2013, (translated from Greek: « Σαμαράς: Η Κίνα μπορεί να γίνει μέρους του Ελληνικού success story," [online]. Available at: <http://www.ethnos.gr/article.asp?catid=22767&subid=2&pubid=63828589>

⁸¹ Director General of the Hellenic Foundation for European and Foreign Policy (ELIAMEP) Thanos Dokos, "Who Lost Greece? The Geopolitical Consequences of the Greek Crisis," presents three scenarios for the trajectory of the economic crisis in Greece and its impact on Greece's geopolitical decisions. In "stormy," as a worst-case scenario where recession massively deepens and "cloudy," according to which the crisis is deep albeit still manageable, Greece comes closer to extra-regional powers such as China and Russia. In the "stormy" scenario he foresees deeper economic and political ties with China which will have as a consequence increased Chinese political influence and presence in the region. Dokos, T., 2012. Who Lost Greece? The Geopolitical Consequences of the Greek Crisis. *Hellenic Foundation for European & Foreign Policy (ELIAMEP)*, Policy Paper, No.18

⁸²Lin, C. 2013. China's strategic shift toward the region of the four seas: The Middle Kingdom arrives in the Middle East. p.39

⁸³Cole, M. "China's Navy in the Mediterranean?" *The Diplomat*, July 30, 2012, [online]. Available at: <http://thediplomat.com/2012/07/whys-chinas-navy-in-the-mediterranean/>; Ibid. Apps, P. "China, Russia, U.S. raise Mediterranean naval focus" *REUTERS*

⁸⁴Radyuhin, V. "Russia, China launch war games in the Mediterranean," *The Hindu*, Jan. 26, 2014, [online]. Available at: <http://www.thehindu.com/news/international/world/russia-china-launch-war-games-in-the-mediterranean/article5617893.ece>; Holslag, J. "Naval visits accustom Mediterranean to a new role," *Global Times*, Aug. 8, 2012, [online]. Available at: <http://www.globaltimes.cn/content/724645.shtml>

Russian Navy and create a line at sea to prevent Western ships from approaching Syria to launch military operations.⁸⁵

The Chinese Navy could complicate Western attempts to deal with security issues in a more subtle way. For instance, during the Syrian crisis in 2012, Chinese vessels in transit in the Mediterranean raised concerns by holding military exercises with the Russian Navy off the coast of Syria. Instead the ships moved to the Dardanelles and to Ukraine. Nevertheless, according to reports from the Turkish Navy, the supply ship that escorted the small flotilla disappeared for a couple of days, raising speculation that it might have been replenishing Russian warships that transported supplies to the Assad regime in Syria.⁸⁶

The Perils of a Deepening Security Dilemma

The most imminent threat stemming from China's presence in the Indian Ocean is the possibility of a security dilemma. China's presence in the India Ocean is stimulating threat perceptions in India, while New Delhi's balancing efforts seem to be causing anxiety within the academic and security community in Beijing.

Some Indian experts and officials regard China's expanding economic relations and strategic ties with South Asian neighbors as an effort by Beijing, not only to contain Indian influence in the region, but also to strategically entangle it.⁸⁷ China and India have a history of border disputes. In 1962, India lost a war against China over the border and this defeat has shaped its strategic mindset toward China. In the 1990's, the two countries established a *modus vivendi* for the border, known as the Line of Actual Control (LoAC). The agreement stipulates that the two countries strictly respect and observe this line, neither will overstep it, and each will keep a minimum military force on their side of the line, while frequent consultations and confidence-building measures would mutually resolve issues arising around the border.⁸⁸ Since then, however, New Delhi has claimed that Beijing has violated this *modus vivendi* by conducting illegal patrols south of the LoAC every year.⁸⁹ They discern that China's infrastructure projects in their vicinity could alter military equations along the border. Should a clash between the two countries erupt, ports and railways under China's control could facilitate the movement of troops in

⁸⁵Cole, M. "China's Navy in the Mediterranean?" cited in Lin, 2013. China's strategic shift toward the region of the four seas: The Middle Kingdom arrives in the Middle East, p.40

⁸⁶Lin, 2013. China's strategic shift towards the region of the four seas: The Middle Kingdom arrives in the Mediterranean, p.39-40

⁸⁷Sitaraman, S. "Is South Asia Moving into the Chinese Orbit and Setting Off Alarm Bells in New Delhi?" *Foreign Policy Journal*, July 19, 2013, [online]. Available at:

<http://www.foreignpolicyjournal.com/2013/07/19/is-south-asia-moving-into-the-chinese-orbit-and-setting-off-alarm-bells-in-new-delhi/>; Bajaj, V. "India Worries as China Builds Ports in South Asia," *The New York Times*, Feb.15, 2010, [online]. Available at: http://www.nytimes.com/2010/02/16/business/global/16port.html?_r=2&

⁸⁸Stimson Center, "Agreement on the Maintenance of Peace along the Line of Actual Control in the India-China Border", Sept. 7, 1993, [online]. Available at:<http://www.stimson.org/research-pages/agreement-on-the-maintenance-of-peace-along-the-line-of-actual-control-in-the-india-china-border/>

⁸⁹Panda, A. "India Caves to China on Border Dispute," *The Diplomat*, October 22, 2013, [online]. Available at: <http://thediplomat.com/2013/10/india-caves-to-china-on-border-dispute/>

a “two front war.”⁹⁰ China’s arming of India’s foes, such as Pakistan, with modern weapons amplifies India’s anxieties.

King’s College professor and expert on Sino-Indian relations Harsh V. Pant argues, “...the state of Sino-Indian relations is quite pathetic. Indian strategic thinkers see an encirclement by China much the same way Chinese strategists consider American alliances an encirclement. Though senior Indian officials themselves have rejected the notion of a 'string of pearls' but they worry that even if such facilities exist their use can turn against India.”⁹¹

Statements by officials of the Indian national security apparatus reveal growing anxieties. Indian Navy Chief Admiral Sureesh Metha asserted that, “the Chinese funded Gwadar port would have serious strategic implications for India. On the military front, our strategy to deal with China must include reducing the military gap and countering the growing Chinese footprint in the Indian Ocean Region.” Former Indian Foreign Secretary and current National Security Advisor Shiv Shankar Menon does not see the Chinese presence in South Asia as part of a plan to militarily isolate India, but acknowledges that Chinese influence *vis-à-vis* India has increased. Major Indian think tanks such as the Center for Policy Research (CPR) and the Institute for Defense Studies and Analyses (IDSA) have written numerous publications on the implications of Chinese presence in South Asia.⁹² The Indian Defense Review published 19 articles about the ‘string of pearls’ strategy since 2005 while between 2007 and 2011, IDSA’s journal *Strategic Analysis* featured almost 90 articles that use this term. In 2012, CPR published a working paper that highlights how India “lagged behind” China in the contest for influence in South Asia.⁹³

China’s out-of-area operations, such as the Gulf of Aden anti-piracy missions, are contributing to rising suspicions of China’s intentions. Some analysts see strategic intent in China’s anti-piracy missions and an effort to legitimize its presence further in the Indian Ocean. Indian analyst Rajasimman argues that Beijing does not have sufficient reasons to dispatch warships to such operations since only two Chinese merchant vessels were held hostage prior to China’s participation in such missions.⁹⁴ Additionally, Chinese vessels could enjoy protection from other navies that already operate in the high seas, making the Chinese naval presence unnecessary.⁹⁵ Therefore, such operations are only a pretext for China to advance operational and tactical familiarity in the region.⁹⁶ Although civilian think tanks have a limited influence on India’s policy making, they are

⁹⁰Ibid, Chatterji, S.K, “Chinese String of Pearls could choke India”

⁹¹Author interview with Harsh V. Pant

⁹²Marshall Jr., R. 2012. The String of Pearls: Chinese Maritime Presence in the Indian Ocean and its effect on Indian Naval Doctrine, Master Thesis, *US Naval Postgraduate School*, p.68

⁹³Ibid

⁹⁴Rajasimman, S. 2009. China’s Naval Force Projection off Somalia, *Institute For Defence Studies & Analyses*, cited in Kamerling S. & van der Putten F.P, 2011. An Overseas Naval Presence without Overseas Bases: China’s Counter-piracy Operation in the Gulf of Aden, pp.124-125

⁹⁵Ibid, Kamerling S. & van der Putten F.P, 2011. An Overseas Naval Presence without Overseas Bases: China’s Counter-piracy Operation in the Gulf of Aden, pp.124-125

⁹⁶Ibid

increasingly influential in shaping the strategic discourse and in nurturing threat perceptions.

The official Indian document “Indian Navy: Perceived Threats to Subsurface Deterrent Capability and Preparedness” depicts India’s rising concerns. It predicts intense Sino-Indian rivalry in the maritime realm in the next three years as the Chinese Navy, through its submarine deployment, appears to be aiming to undermine the Indian Navy’s edge “to control highly sensitive sea lines of communication.”⁹⁷

India’s ‘Look East Policy,’ initiated in 1992 and aims at closer economic and political relations with the Southeast Asian countries, has gained momentum in the face of perceived challenges arising from China’s presence in the region. Although initially an economic engagement strategy with Southeast Asia, with China’s rise it has acquired a strategic orientation that extends to Northeast Asia.⁹⁸

Similarly, Chinese analysts and scholars from authoritative institutes and universities appear to be increasingly wary of India’s stance toward China in the Indian Ocean. They believe that the core objective of India’s great power strategy is to become the regional hegemon and keep extra-regional powers out of the Indian Ocean. Ma Jiali and Shu Jun from the China Institutes of Contemporary International Relations contend that, “the Indian Ocean’s unique geographic environment has determined the inseparability of India’s strategic interests and the Indian Ocean. Thus, controlling the Indian Ocean and becoming a great sea power are India’s long-term strategic objectives.”⁹⁹ Accordingly, they see India’s military posture on the Andaman and Nicobar Islands as evidence of India’s exclusionary intentions. Shi Chunlin of the Dalian Maritime University asserts that, “India’s increased military deployments there play the role of a ‘guardian’ over the Malacca Strait and eastern Indian Ocean to impede any ‘Chinese infiltration of the Indian Ocean.’”¹⁰⁰ Liu Qing, of the National Defense University, examined the 2004 Indian Maritime Doctrine, and concluded that India might bring war to China directly from the seas; it would use the Andaman Nicobar Islands not only to blockade the western side of the Malacca Strait, but also to launch naval offensives against China.

The 2013 Blue Book from the Chinese Academy of Social Sciences (CASS) includes chapters on India and its ‘Look East Policy.’ It acknowledges that China’s

⁹⁷Kaplan, R. “China’s Unfolding Indian Ocean Strategy-Analysis,” *Center for a New American Security*, [online]. Available at: http://www.cnas.org/content/china%E2%80%99s-unfolding-indian-ocean-strategy-%E2%80%93-analysis#.UzKiofl_ucT

⁹⁸Mayilvaganan, M. “Examining India’s Look East Policy 3.0,” *International Policy Digest*, Nov. 21, 2013, [online]. Available at: <http://www.internationalpolicydigest.org/2013/11/21/examining-indias-look-east-policy-3-0/>; Pant, V.H. “India’s ‘Look East Policy is already paying dividends”, *The National*, Dec. 17, 2013, [online]. Available at: <http://www.thenational.ae/thenationalconversation/comment/indias-look-east-policy-is-already-paying-dividends>

⁹⁹Yoshihara, T. 2012. Chinese Views of India in the Indian Ocean: A Geopolitical Perspective. *Strategic Analysis*, p. 492

¹⁰⁰Ibid, p.496

presence in the Indian Ocean has alarmed India, but it argues that if regional powers do not constructively engage China this will turn the Indian Ocean into a sea of “conflict and trouble.”¹⁰¹ Chinese scholars such as Zhong Guangyou of the Navy Submarine Academy and Ren Huaifeng from the National Institute for South China Sea Studies express concerns about India’s eastward look and perceive it as an effort by India to confine China in the South China Sea and obstruct its access to the Indian Ocean.¹⁰²

The opacity of Beijing’s decision making makes it difficult to know the extent to which these views influence policy making. Nevertheless, as most of these institutes have close connections with the central government, their writings could have an impact. For instance, the China Institutes of Contemporary International Relations is institutionally under the Ministry of State Security and it has several direct connections to members of the Standing Committee of the Politburo.¹⁰³ Similarly, the Chinese Academy of Social Sciences submits papers directly to the Central Committee’s Foreign Affairs Office, while in many instances it is tasked directly by the Ministry of Foreign Affairs.¹⁰⁴

In addition to institutes with direct connections to the decision-making apparatus in Beijing, other smaller research centers can have an impact on the decision making process. As the research environment in China becomes more pluralistic and competitive, researchers from smaller institutes try to find ways to attract central government attention. One way is to address topics that affect the public’s nationalistic sentiments. Nationalism is on the rise in China as the Chinese people become increasingly skeptical of the ability of the central government and the PLA to protect Chinese interests and Chinese people abroad.

The response to the disappearance of Malaysia Airlines Flight 370 is indicative of the Chinese public’s concerns. The plane, with a majority of passengers Chinese nationals, lost radar contact off the Strait of Malacca. For weeks China dispatched its navy and air force on humanitarian missions to track the aircraft, but they came back empty-handed. The incident coincided with the 2014 Chinese People’s Political Consultative Conference whose task is to provide advice to the National People’s Congress. The first question that reporters asked during the Q&A section was “What does the government do to protect its people abroad?”¹⁰⁵ This question was vividly discussed amongst Chinese people and netizens. This author engaged in many conversations with ordinary Chinese people who had felt disappointed and let down by their government. This incident is reminiscent of the *De XinHai* incident in 2009, when pirates seized a Chinese commercial vessel off the coast of Somalia, which created pressure on the central government to be more proactive abroad. It also revealed that China’s power projection capabilities and the government’s ability to safeguard interests

¹⁰¹Singh, A. “China’s New Blue Book for the Indian Ocean” *Daily Mirror*, June 27, 2013, [online]. Available at: <http://www.dailymirror.lk/business/features/31520-chinas-new-blue-book-for-the-indian-ocean.html>

¹⁰²Yoshihara, T. 2012. Chinese Views of India in the Indian Ocean: A Geopolitical Perspective, p.496

¹⁰³Glaser, B.& Saunders, 2002., Chinese Civilian Foreign Policy Research Institutes: Evolving Roles and Increasing Influence, *The China Quarterly* p.599

¹⁰⁴ Ibid p.600

¹⁰⁵CCTV, March 2014

abroad remains a hotly debated issue amongst the Chinese people. Writings that touch upon such sensitive issues satisfy an increasingly nationalistic audience and they attract Beijing's attention. Discourse on the Chinese presence in the Indian Ocean could touch on such public concerns, causing unease to the government in Beijing and putting pressure to become politically and militarily more active in the region.

This could create an extremely tense situation in the maritime sphere. Should China proceed with using the alleged 'pearls' as 'places' for its Navy, India would anticipate the materialization of the 'string of pearls' strategy, intensifying New Delhi's threat perceptions and could even prompt it to take pre-emptive measures against Chinese forces or relevant South Asian countries. At the same time, a power-politics oriented Chinese experts' community which sees India as increasingly aggressive toward China and plays on nationalistic discourse to gain attention from the central government could have a significant impact on Beijing's decision making toward India.

Two incidents are revealing of the Sino-Indian competition at sea and the rising suspicions between the two countries. The first one is an alleged standoff between two Chinese warships and an Indian submarine near the Gulf of Aden in 2009. According to reports, the two warships and the submarine were involved in several rounds of maneuvering to test each other's sonar systems. In the end, the two warships forced the submarine to surface, which left without further confrontation.¹⁰⁶ The second incident took place in the South China Sea and the Chinese navy obliged the INS Airavat amphibious vessel to identify itself and explain its presence.¹⁰⁷ The incident was seen as particularly aggressive by Indian defense officials since they claimed that the vessel was operating in international waters.¹⁰⁸

As the security dilemma between the two countries' deepens, a zero-sum game between the two countries might develop in the maritime environment. Small skirmishes could spark graver incidents while tensions at land borders could spill over into the maritime realm, with dire consequences for the stability of the Indian Ocean region.

Overall Assessment

Questions remain about the 'string of pearls' strategy. Were these port investments ever meant to be translated into the military realm? Was China driven by strategic calculations to invest in these ports or did commercial and energy security interests play the most important role?

¹⁰⁶ Indian officials deny that the incident took place, *Hindustan Times*, "India rubbishes reports of Navy submarine 'forced' to surface," Feb. 4, 2009 [online]. Available at: <http://www.hindustantimes.com/india-news/india-rubbishes-reports-of-navy-submarine-forced-to-surface/article1-374781.aspx>; BBC News, "India denies Chinese sub reports," Feb. 5, 2009 [online]. Available at: <http://news.bbc.co.uk/2/hi/asia-pacific/7868863.stm>

¹⁰⁷ Bland, B. & Shivakumar, G. "China confronts Indian navy vessel," *Financial Times*, Aug. 31, 2011, [online]. Available at: <http://www.ft.com/intl/cms/s/0/883003ec-d3f6-11e0-b7eb-00144feab49a.html#axzz2xPI9K3Sa>

¹⁰⁸ *ibid*

Even though the economic value of these ports appears to be self-evident, in many instances this value has been contested.¹⁰⁹ Gwadar is an isolated village surrounded by desert in the unstable region of Baluchistan,¹¹⁰ which does not make it an attractive location for commercial purposes. Geographic and geological characteristics, as well as political factors, will obstruct plans to turn the area into a trade hub. The Karakoram highway, which provides for the landlocked regions of China an exit to the maritime trade routes in the Indian Ocean, is vulnerable not only to weather conditions in its mountainous region such as heavy snow in winter, but also to floods, landslides, and earthquakes.¹¹¹ The Karakoram highway is damaged in many places, a result of these conditions and of long-time negligence in an insurgency-affected region.¹¹² The proposed Gwadar-Xinjiang pipeline will face the same difficulties, along with technical ones that stem from the high altitude of the region.

In Sri Lanka, the economic activity is not as important as it seems. As of 2008, India was refurbishing a World War II-vintage oil-tank farm at Trincomalee with 99 tanks.¹¹³ However, reports stated that only 35 could be operational since, “there was not enough business in Sri Lanka to make such expansion worthwhile.”¹¹⁴ Sri Lankan trade with China, despite having increased between 2003 and 2011, is still less than 2 percent of China’s total exports.¹¹⁵ Since state-owned Chinese enterprises are involved in these projects, using both Chinese workers and materials, the majority of the money invested returns to Chinese pockets. Therefore, these projects can function as domestic stimuli for China. However, this does not tell much about particular projects or China’s intent. Additionally, unlike Gwadar, there is no possibility of oil pipeline construction in Sri Lanka, and thus Hambantota has little value for China’s energy security unless China maintains a strong naval presence there.¹¹⁶

Chittagong port in Bangladesh appears to be important in economic and energy-security terms as a result of plans to connect it with roads, railways and pipelines to China’s southwest province of Yunnan via Myanmar. The construction of a pipeline to transfer oil from Kyaukphu port in Myanmar to Yunnan also seems to be significant for China’s efforts to diversify its energy routes. However, these projects are threatening the

¹⁰⁹Tanner et al., 2011. *Distracted Antagonists, Wary Partners: China and India Assess their Security Relations*, p.40, Khurana, G. 2008. *China’s String of Pearls in the Indian Ocean and its Security Implications*

¹¹⁰Kaplan, R., “China’s Port in Pakistan?” *Foreign Policy*, May 27, 2011, [online]. Available at: http://www.foreignpolicy.com/articles/2011/05/27/chinas_port_in_pakistan

¹¹¹Hodge, A. “Karakoram Highway: China’s Treacherous Pakistan Corridor,” *The Diplomat*, July 30, 2013 [online] Available at: <http://thediplomat.com/2013/07/karakoram-highway-chinas-treacherous-pakistani-corridor/2/>

¹¹²Ibid

¹¹³Khurana, G. 2008. *China’s String of Pearls in the Indian Ocean and its Security Implications*, p.15

¹¹⁴Sudha Ramachandran, “China Moves into India’s Back Yard,” *Asia Times Online*, March 13, 2007, cited in Ibid

¹¹⁵Brunjes, E. et al. 2013. “China’s Increased Trade and Investment in South Asia (Spoiler Alert: It’s The Economy),” *Workshop in International Public Affairs*, p.3

¹¹⁶Ibid

insurgency-prone region of the Shan state which these projects would traverse.¹¹⁷ China is aware that the projects might be held hostage or destroyed by militia attacks and therefore the whole endeavor, as well as rhetoric about the ports' economic and energy security value, seems questionable. This reveals, according to analysts, that strategic intent rather than economic and energy security motives are behind these investments.

Nevertheless, risky investments do not necessarily prove strategic intent. On the contrary, they might manifest Beijing's desperate efforts to diversify energy routes and thus proof of its limited options, since it does not possess the capabilities to effectively defend its SLOCs militarily. If they are successful, China would achieve the much desired diversification of energy routes, but it might need to increase its military presence to protect these Chinese-funded projects. If they fall hostage to local instability, then China might need to enhance its military presence not only to protect its investments and people, but also the limited alternative options regarding energy routes.

Given the opacity of decision-making in Beijing, it is difficult to discern a coordinated strategy. The phrase 'string of pearls' implies some sort of strategy that could use these ports in a coordinated way toward a strategic end. However, while these seaports could be used to address PLAN needs and could generate strategic benefits for China, such use would be largely opportunistic and reactive, based on Beijing's apprehension of its environment and its needs at that time, rather than as an initially well-planned strategy.

China has enunciated a broader strategy that uses power involving all elements outside the security realm, including investment and aid. Investing in infrastructure projects and forging ties with relevant countries address China's needs, ranging from energy security and economic interests to a friendly and peaceful environment to allow continued development. This charm offensive can pay dividends on a strategic level, but that does not mean that strategic imperatives dictated this offensive.

Accordingly, as security expert Robert Kaplan has stressed, the real lesson for China's presence in the Indian littoral is, "the subtlety of the world we are entering. Instead of the hardened military bases of the Cold War and earlier epochs, there will be dual-use civilian-military facilities where basing arrangements will be implicit rather than explicit, completely dependent on the health of bilateral relationship in question."¹¹⁸

Policy Recommendations for the US

China's charm offensive in the Indian Ocean and its broader security implications should not be underestimated. China's access to 'places' in the Indian littoral could

¹¹⁷Future Directions International, "Gas Deliveries from Burma to China Have Begun, but Security Issues Remain," Aug. 13, 2010, [online]. Available at: <http://www.futuredirections.org.au/publications/indian-ocean/29-indian-ocean-swa/1251-gas-deliveries-from-burma-to-china-have-begun-but-security-issues-remain.html>

¹¹⁸Kaplan, D.R. 2010, *Monsoon: The Indian Ocean and the Future of American Power*, Random House, New York, p.11

accentuate the existing Sino-Indian security dilemma, making the region particularly volatile. In past decades, the US was focused mainly on the Middle East, while now it is pivoting to Asia, with a focus on East Asia.

The US should take measures to neutralize China's presence and influence in the Indian Ocean region as well as mitigate the deepening security dilemma. The US should maintain its naval superiority in the Indian Ocean, for several reasons. First, the expansion of the US network of bases or places in the region will provide a deterrent against any future assertive Chinese deployment. It could discourage regional countries from granting basing rights to China to avoid getting caught in a great power rivalry. However, amidst defense budget cutbacks, an expensive basing strategy will be a challenge for the US. Such moves might also trigger a backlash by sounding alarms in Beijing, which would see that as a US hedging effort.

Second, an effective US presence that guarantees freedom of the vital SLOCs and protection from nontraditional threats could unravel China's motivations. Eradicating threats such as piracy would deprive China of a legitimate reason to boost its military presence in the area. Although China does not trust the US to safeguard its interests, if it comprehends that its interests are served through 'free-riding,' it will slow plans to militarily advance its presence in the Indian Ocean and it will prefer to focus and locate resources around its maritime periphery, where its 'core interests' lie.

Third, a US military presence could function as a tool for diplomacy and engagement with the China-courting countries as a counterbalance against rising Chinese influence. Port visits, military assistance, military exchanges, and education, as well as capacity-building operations between the Pacific Fleet and the local navies will strengthen ties and improve US image in the region. PACOM should assist and reinforce local projects and initiatives such as the demining efforts taking place in the aftermath of the Sri Lankan civil war, to which the US so far has contributed \$6.6 million.¹¹⁹ The US military's impressive response to the 2004 Indian Ocean tsunami is well embedded in regional nations' memory. The US, therefore, should harness such experiences to conduct training and exercises in preparation for future relief efforts. These types of initiatives in nontraditional security could yield multinational partnerships that would otherwise be difficult to create.

Economic and development assistance is an important diplomatic tool to create bonds and enhance influence. Even though USAID serves such objectives, the economic constraints that the US is facing could have a severe impact on its ability to sustain this assistance, not only diminishing its influence, but giving space to China to fill. Another problem seems to be the US political and moral conditions on assistance, which contrast with China's "no-strings-attached" offers. To address these issues, the US should motivate the private sector to step in and invest in the region. Market forces could overcome political impediments.

¹¹⁹Cassaway, G., 2011. A Diamond in the String of Pearls: The Strategic Importance of Sri Lanka for Indian Ocean Regional Stability, *Paper, US Naval War College*, p.14

To mitigate the Sino-Indian security dilemma, the US could initiate confidence-building measures between the two countries. These confidence-building measures could take place in areas where Indian and Chinese security concerns converge, such as combating terrorism. Beijing and New Delhi have already taken steps to collaborate on counter-terrorism, coordinating joint military exercises and setting up a high-level policy dialogue.¹²⁰ Confidence-building measures could open communication channels and enhance transparency, reducing concerns that stem from misperceptions.

Similarly, the US should also push India and China to cooperate and engage in joint infrastructure ventures in the region. Developing projects together would assuage suspicions over the other's intent. In the same vein, since India and China are wary that the other party might attempt to undermine each's respective energy interests, encouraging them to participate in intergovernmental energy organizations, such as the International Energy Agency and International Renewable Energy Agency, could help alleviate such fears. Strategic petroleum reserves play an important role in energy security interests and both countries have been building such reserves to provide for energy security. The International Energy Agency charter requires member states to store, track, and report at least 90 days of import reserves.¹²¹ As such, China and India might feel that they can rely on the international system and market to address such challenges.¹²²

The US should recognize that a network of 'places with Chinese characteristics' might occur in other parts of the world such as the Mediterranean Sea. Although the Mediterranean Sea has always been and will remain a 'NATO Lake' and the US holds strong alliances in the region, it should not ignore this possibility. The US image is waning in the Mediterranean littoral, an outcome of a deep recession that has hit southern Europe, one that the southern European audiences largely ascribed to US irresponsibility in the international financial system. Similarly, during the 'Arab Spring,' support for the pro-democratic movements, albeit legitimate, created perceptions in the MENA region that the US is untrustworthy, turning its back on regimes with which for decades it had strong bonds. China could grasp the opportunity to fill in such gaps, reinforce its charm offensive in the region, and create strategic options to capitalize on.

China's investments in South Asia, although not intended to be translated in the military arena, could have strategic implications for the US, both within the region as well as in other maritime spheres. The US is unlikely to be able to prevent China from using these 'places' in South Asia. It can however, use its advantages in the region— as its naval diplomacy, its long-term economic engagement and aid, as well as its diplomatic leverage— to neutralize Chinese influence, pre-empting or limiting the security implications that such influence could have in the future.

¹²⁰Dalton et al. "India-China Relations: The Need for Confidence Building Measures." *Carnegie Endowment for International Peace*, October 9, 2012 [online]. Available at: <http://carnegieendowment.org/2012/10/09/india-china-relations-need-for-confidence-building-measures/dy9h>

¹²¹Barber et al.2011. China in the Indian Ocean: Impacts, Prospects, Opportunities. *Workshop in International Public Affairs*, p.26

¹²²Ibid

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