



# BIG POWER COMPETITION IN THE INDIAN OCEAN:

Will Economic or Strategic Logic Prevail?

-By Deepa M. Ollapally

Iranian Army photo of warships attending a joint naval drill with Russia and China in the Indian Ocean // Public Domain | Montage by William Reeves

The Indian Ocean is becoming an area of competition between India and China later than Robert Kaplan foresaw in his seminal 2009 article in *Foreign Affairs*, but sooner than its resident powers might have predicted.<sup>[289]</sup> So far, the competition has rung high decibel alarm bells in India (and the United States), without having reached the inflection point of actual military “power plays” that Kaplan implied. India and China witnessed military clashes on land in 2020 and currently face an impasse over their disputed border.

What logic has kept the Indian Ocean stable and generally free of conflict, despite growing tensions between regional powers? Neither purely economic nor strategic logic explains the current situation. Rather, it is arguably rooted in the region’s longstanding normative logic of openness and inclusivity, and the recognition that greater gains may be made through economic activity than military conquest. Prior to the arrival of European powers, regional leaders were receptive to simultaneous engagement with multiple political and economic partners. This approach seemingly functioned as a self-evident, common-sensical way to maintain both economic prosperity and Indian Ocean stability and remained largely unchallenged. These beliefs have historically driven state behavior in the world’s third largest ocean, in stark contrast to the maritime security conflicts and warfare that have plagued the world’s first and second largest oceans, the Pacific and the Atlantic.

The main threat to this historic Indian Ocean logic of economic and political openness currently comes from the meteoric rise of China and its massive Belt and Road Initiative (BRI). The design and implementation of the BRI — unilateral, statist, nontransparent, and peppered with dual-use projects and agreements — suggests that economics is only part of the motivation. The bigger story is that economics seems to serve as the leading edge for more calculated strategic and political gains. Moreover, Beijing appears willing to absorb the growing unease and pushback of the resident Indian Ocean influencer, India, including New Delhi’s reluctant but growing embrace of the United States in the security sector, without a course correction. A greater politico-security thrust will invariably pose a challenge to the ocean’s openness and commercial architecture.

## THE FATE OF THE LONG AND OPEN ARC OF INDIAN OCEAN HISTORY

When Vasco de Gama made his landing in southwest India in 1498, he would have been surprised to find a thriving trade network right across the Indian Ocean. Nature’s gift of predictable monsoon trade winds had made this possible for millennia. At the center of this trade was India, which in turn was part of a flourishing set of trade relations extending from East Africa to China. The goal of successive European conquerors was to acquire trade monopolies, by force if necessary. This view was antithetical to the existing Indian Ocean system because

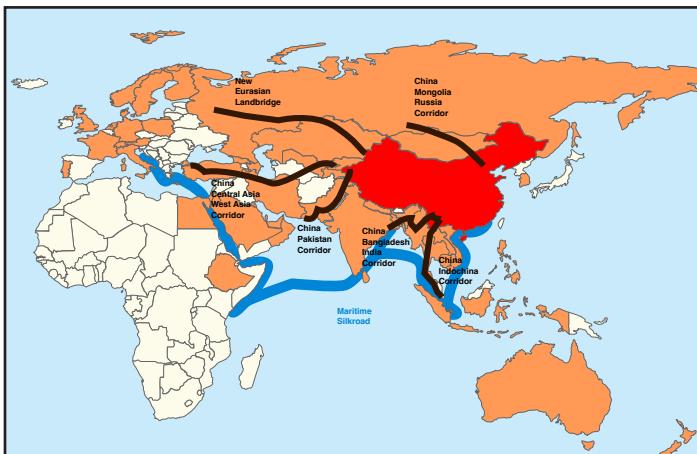
as Amitav Ghosh explains, “. . . the concept of a trading monopoly, although common in Europe, is completely foreign to the commercial traditions of the Indian Ocean.”<sup>[290]</sup> While the Europeans wanted exclusive rights, regional maritime states historically competed to attract as many trading partners as possible and demurred at rebuking their long-standing business partners (at great peril, as they learned).

More than 400 years of colonial control of the Indian Ocean destroyed existing pan-oceanic economic ties. The end of colonialism and its empires only led to further political and economic divisions, thanks to the Cold War and the structural bipolarity that characterized the international system. One significant casualty of the Cold War was the rupture of India’s historic links to neighboring Southeast Asia, which is taking decades to repair.<sup>[291]</sup> Since 1991, India’s Look East/Act East policies have sought to re-establish economic ties with countries of the Association of Southeast Asian Nations (ASEAN) and beyond.<sup>[292]</sup> Ironically, it was India-China relations that took off, with the latter becoming the largest trading partner for the former by 2008. Many analysts (including this author) believed that these economic ties would offset strategic rivalry.<sup>[293]</sup> What we did not anticipate was the way economic goals seem to be transforming into Beijing’s main strategic objective.

## CHINESE ECONOMIC STATECRAFT

Rather than simply reiterate the well-worn “string of pearls” theory, it is important to look at how Chinese projects lead to economic and political control in smaller Indian Ocean states. This will also contribute to the ongoing public debate as to whether the BRI is Chinese grand strategy or simple commercialism. China’s modern ventures into the Indian Ocean (from the Bay of Bengal to the Arabian Sea in this case) only began in earnest in the early 2000s but they have already outpaced India’s efforts in its own backyard.

A major obstacle to interpreting the BRI lies in the limited public scrutiny of projects, which tend to be hammered out government-to-government. The projects are also often dual-use in nature, so they may manifest as economic- or security-related infrastructure. Many projects involve strategic sectors and critical infrastructure of the host



country, from power and telecommunications to ports and airports. In most of the smaller Indian Ocean states, China has become both the dominant investor and defense partner. It is the largest arms exporter to Bangladesh, Sri Lanka, Myanmar, and Pakistan.

There are more and more disturbing signs of “debt trap” diplomacy, which offers China a predominant position and greater geopolitical clout in the region. The most spectacular case is Sri Lanka, which gave a 99-year lease for the Hambantota port to China in 2017 to cover its huge debts. In 2021, the Sri Lankan foreign minister claimed that the previous government included an option to extend the lease for another 99 years.<sup>[294]</sup> Last year, the Sri Lankan parliament passed an administrative and governance framework for yet another controversial project, the 269-hectare Colombo Port City, where there are new concerns about the country conceding key sovereign rights to China.<sup>[295]</sup> Elsewhere, economic primacy seems to embolden Chinese statecraft. In May 2021, the Chinese ambassador to Bangladesh warned that relations would be damaged if the country joined the Quadrilateral Security Dialogue (Quad) comprising India, the United States, Japan, and Australia. Bangladesh’s foreign minister responded that his country was free to make its own choices and expressed surprise that China would involve itself in another country’s domestic politics.<sup>[296]</sup>

In terms of projecting power in the Indian Ocean, China currently suffers from the “tyranny of distance.” China has long sea lines of communication (SLOC), and almost 80 percent of its oil imports must transit the Indian Ocean chokepoint of the Malacca Straits, located far from its home military facilities. Reports suggest it is leveraging its merchant marine fleet, one of the largest in the world, to overcome this challenge.<sup>[297]</sup> Beijing has promulgated regulations so merchant ships can better support the country’s navy. For example, Beijing requires certain civilian vessels to be built to military specifications. Chinese commercial vessels have worked with the People’s Liberation Army Navy (PLAN) in both exercises and real-world operations.<sup>[298]</sup> The United States remains the only power with a large naval presence in both the Indian Ocean and the Pacific Ocean. The Indian navy is the next largest power in the Indian Ocean. It is possible that commercial shipping firms, such as COSCO and others, can play a role supporting the PLAN’s operations in the Indian Ocean, thus augmenting China’s access.

## PROSPECTS FOR ECONOMIC LOGIC

One significant question is whether the generally open and cooperative nature of maritime relations in the Indian Ocean, which are advantageous to India, China, and all other trading states, can be maintained. As many have noted, the Indian Ocean has an enormous surface area and is not a closed sea. At no time in history has



a single power controlled all ten of the Ocean's choke points.<sup>[299]</sup> Indeed, during wartime, Chinese trade routes would be highly vulnerable because shipping routes from the oil-rich Middle East region to China follow the Indian coastline for much of their passage.<sup>[300]</sup> China would require a significant and costly naval force to protect these SLOCs.

The region's powers are increasingly concerned that China's rapidly growing presence in the Indian Ocean has the potential to make it more pointedly Sino-centric. While the Indian Ocean forms a "core" interest only for India, other powers — especially the United States, Japan, and Australia — are engaged in informal coalition-building to ensure what they term a broader "Free and Open Indo-Pacific." Despite these trends, there is little evidence that China is adjusting or rethinking its BRI strategy to address rising fears in the region. This could prove to be a serious miscalculation.

More than a decade ago, Indian Foreign Secretary Shivashankar Menon asked a prescient question about power relations in the Indian Ocean: "This is a test of wisdom . . . if energy and trade flows and security are the issues, why not begin discussing collective security arrangements among the major powers concerned? Is it not time that we began a discussion among concerned states of a maritime system minimizing the risks of interstate conflict and neutralizing threats from pirates, smugglers, terrorists, and proliferators? India's concerns in the north-west Indian Ocean and China's vulnerabilities in the northeast Indian Ocean cannot be solved by military means alone."<sup>[301]</sup> The answer seems dimmer than ever.

Colonial power politics managed to undo the millennia-old trade system in the Indian Ocean that was open, inclusive, and relatively peaceful. Cold War geopolitical rivalry divided the Indian Ocean once again. Now, big power competition in the twenty-first century threatens to reshape the Indian Ocean in ways that go against the historical grain. But unlike the past, this time around it is likely to be the ambitions (or miscalculations) of a home-grown Asian power that is responsible.

49th Munich Security Conference 2013: "The Rising Powers and Global Governance". From right: Moderator Prof. Charles A. Kupchan (Senior Fellow, Council on Foreign Relations of the United States), Song Tao (Vice Minister of Foreign Affairs, People's Republic of China), Shivshankar Menon (National Security Advisor, Republic of India), Dr. Antonio de Aguiar Patriota (Minister of External Relations, Federative Republic of Brazil), Dr. Ng Eng Hen (Minister for Defence, Republic of Singapore, Singapore). Photo by Michael Kuhlmann // CC BY 3.0 DE.

[289] Robert D. Kaplan, "Center Stage for the Twenty-first Century: Power Plays in the Indian Ocean," *Foreign Affairs*, March/April 2009, <<https://www.foreignaffairs.com/articles/east-asia/2009-03-01/center-stage-twenty-first-century>> (accessed December 2, 2021).

[290] Amitav Ghosh, *The Nutmeg's Curse: Parables for Planet in Crisis* (Chicago: University of Chicago Press, 2021), 12.

[291] David Brewster, "Dividing Lines: Evolving Mental Maps of the Bay of Bengal," *Asian Security* 10, 2 (2014).

[292] See Frederic Grare, *India Turns East: International Engagement and U.S.-China Rivalry* (London: Hurst & Co., 2017) and Deepa M. Ollapally, "How Does India's Look East Policy Look After 25 Years?" *Asia Policy* 13.2 (April 2018).

[293] Deepa M. Ollapally, "China and India: Economic Ties and Strategic Rivalry," *Orbis* Vol. 58 (3) (Summer 2014).

[294] Catherine Chang, "China Can Extend Hambantota Port Lease to 198 Years, Sri Lankan Minister Says" *South China Morning Post*, February 25, 2021, <<https://www.scmp.com/news/china/diplomacy/article/3122975/mistake-china-can-extend-hambantota-port-lease-198-years-sri>> (accessed November 15, 2021).

[295] See <https://timesofindia.indiatimes.com/world/south-asia/china-building-another-enclave-in-sri-lanka-colombo-port-city/articleshow/84429976.cms> (accessed February 6, 2022) *The Economic Times* (May 18, 2021); <<https://economictimes.indiatimes.com/news/defence/sri-lankas-supreme-court-terms-chinese-port-city-bill-inconsistent-with-constitution-parliament-told/articleshow/82734056.cms?from=mdr>>; and N Sathiya Moorthy, "Why new Bill makes Colombo Port City a 'Chinese Province' in Sri Lanka," *Observer Research Foundation*, April 22, 2022<<https://www.orfonline.org/expert-speak/why-new-bill-makes-colombo-port-city-a-chinese-province-in-sri-lanka/>> (accessed December 5, 2021).

[296] Deep Pal, "China's Influence in South Asia: Vulnerabilities and Resilience in Four Countries," *Carnegie Endowment for International Peace*, October 13, 2021 <<https://carnegieendowment.org/2021/10/13/china-s-influence-in-south-asia-vulnerabilities-and-resilience-in-four-countries-pub-85552>> (accessed November 13, 2021).

[297] Jeffrey Becker, "China Maritime Report No.11: Securing China's Lifelines Across the Indian Ocean," *U.S. Naval War College Digital Commons* (December 2020): 1-14.

[298] In the summer of 2016 for example, civilian transport ships took part in a 10-day logistics support exercise led by the PLAN's South Sea Fleet, *Ibid.*

[299] Shivshankar Menon, *India and Asian Geopolitics: The Past, Present* (New Delhi: Penguin Random House, 2021), 282.

[300] Zack Cooper, "Security Implications of China's Military Presence in the Indian Ocean," *Center for Strategic & International Studies*, April 2, 2018 <<https://www.csis.org/analysis/security-implications-chinas-military-presence-indian-ocean>> (accessed December 2021).

[301] Shivshankar Menon, "Maritime Imperatives of Indian Foreign Policy," Speech at National Maritime Foundation, New Delhi, September 11, 2009.

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