

NEW MARITIME SILK ROUTE

CHALLENGES AND OPPORTUNITIES FOR INDIA

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Abstract

Although the New Maritime Silk Route (MSR) proposal is an innovative idea which aims to create opportunities and bring peace and stability in Asia-Pacific Region, it is designed to improve China's geostrategic position in the world. In order to consolidate its economic and political posture in the region, extricate itself from the Malacca dilemma and secure its Sea Lines of Communication (SLOC) the MSR project is viewed by China as an important strategic tool. For India, the entire proposal has to be seen in the context of its national interest. As India's relation with China has never been hunky-dory, the entry of China in Indian Ocean Region (IOR) will prove detrimental. Despite the China's claim of using Maritime Silk Route as a diplomatic artery between China and its neighbours for strengthening regional connectivity, the unstated and underlying strategic objectives of this project raise questions about Chinese intentions. No doubt that 'Make in India' and 'Start up India' like initiatives launched by present NDA Government will get boost if India joins the MSR project, but at the same time it will have strategic compulsions that India will never wish to compromise with. The fact that China is promoting two corridors (continental and MSR) as part of its evolving regional geostrategy and that 'India lies on both the Maritime Silk Route and the Southern Silk Route' poses both opportunities as well as challenges for India. The present paper discusses these opportunities that the proposed Maritime Silk Route will offer and the challenges, it will pose to India.

Keywords

Marine Strategy, Indian Ocean Region, Soft Power, Strategic Balance, Asian Security Plan, Ocean Littorals, Look East Policy, South China Sea Dispute, Stand Up-Start Up Initiatives.

Introduction

The Silk Road represents a historical lesson of political, economic and cultural integration due to inter-regional trade and cultural communications. It not only carried people, goods, innovations and ideas among different civilizations and cultures, as Rome, Levant, Persia, Central Asia, India, and China, but was also a key factor in the development of these civilizations by providing political, economic and cultural interactions among them. The Maritime Silk Route, officially the 21st Century Maritime Silk Route Economic Belt is a Chinese

strategic initiative to increase investments and foster collaboration across the historic Silk Road. It covers countries and regions with a total population of 4.4 billion (63 percent of world's total) and total economic volume 21 trillion U.S. dollars (29 percent of world's total). The Maritime Silk Road initiative was first proposed by Chinese President Xi Jinping during a speech to the Indonesian Parliament in October, 2013. Consequently in November 2014, he announced plans to create a 40 billion USD development fund which would help finance China's plans to develop the New Silk Road and the Maritime Silk Road. Xi's thrust was on building a stronger China-ASEAN (Association of South East Asian Nations) community, based on a strong political foundation and economic cooperation between the two sides. In making this proposal, Xi highlighted two aspects: *first*, the geographic proximity between China and ASEAN members, and how cooperation and development should bring them closer; and *second*, the economic potential of both China and ASEAN as emerging markets in Asia, which are important not only for their bilateral relations but also for regional economic growth and integration. The Silk Road concept has a hoary ancestry in Chinese foreign policy planning. Beijing has employed this concept traditionally to expand its overseas business, and commercial deals and linkages. But Beijing's orderly employment of this notion in the maritime sector reflects fresh thinking in China's foreign policy in terms of overseas commercial as well as maritime interests.¹ So far the layout of MSR is concerned it will begin in Fujian province, and will pass by Guangdong, Guangxi, and Hainan before heading south to the Malacca Strait. From Kuala Lumpur, the route heads to Kolkata then crosses the rest of the Indian Ocean to Nairobi. From Nairobi, it goes north around the Horn of Africa and moves through the Red Sea into the Mediterranean, with a stop in Athens before meeting the land-based Silk Road in Venice.

The official statement of Chinese government reads that "China proposed to build the Maritime Silk Route of the 21st century with the aim of realizing harmonious co-existence, mutual benefit and common development with 13 relevant countries by carrying out practical cooperation in various fields, such as, maritime connectivity, marine economy, technically-advanced environmental protection, disaster prevention and reduction as well as social and cultural exchanges in the spirit of peace, friendship, cooperation and development". However an analysis of the Chinese motive behind this 'grand strategic initiative' reveals many possible explanations. Bargaining its Locational Benefit and having vast coastline, China wants to directly connect its 12 inland regions with almost 14 neighbouring countries which can serve as new export markets for its industries in these regions. Since 2011, because of South China Sea dispute, China's relations became bitter with- Cambodia, Laos, Thailand, Malaysia, and Japan. New Maritime Silk Route policy seems to be aimed at defusing tensions- via soft power and economic offer. This will also help China in countering the influence of USA and Russia and emerge as

a marine super power in the region. Malacca strait in Indian ocean connects Indian and pacific ocean and worlds 25 percent of trade passes through this strait and China is completely dependent on this strait for delivery of more than 4 million barrel of crude oil per day.² China fears that any hostile country can choke its supplies at Strait of Malacca. The bottleneck feature of the strait allows easy blockade. Therefore, China needs to secure this lane. Besides all these motives the new MSR initiative will help China in gaining easy access to Bay of Bengal and other Indian Ocean littorals.

Land and Maritime Silk Route



Source: wikimapia.com

Indian Perspective

If implemented, the initiative would bind countries in the Bay of Bengal and the northern Indian Ocean much closer to the Chinese economy. Several states in the region, including the Maldives, Sri Lanka and Bangladesh have indicated an in-principle agreement to participate in the MSR and are keen to encourage Chinese investment in port and transport infrastructure and manufacturing facilities. India has been much more circumspect about the proposal, and the visit of President Xi Jinping to Delhi in September 2014 failed to elicit an endorsement of the project from Prime Minister, Narendra Modi. Although China has long claimed that its interests in the Indian Ocean region are purely economic, it's increasingly clear that the MSR could have a major impact on the strategic balance in the Bay. For some years there have been concerns in Delhi and Washington about the security cooperation between China and various Bay states and the strategic significance of Chinese control over port infrastructure in the region. We do see considerable maneuvering

among China, India, the United States and even Russia in building defense relationships in the region.

Formal proposal to induct India into the MSR was made during the 17th round of talks between special representatives in New Delhi.³ So far India has been somewhat reticent in its response primarily owing to lack of clarity about the Chinese grandiose economic and trade designs, as also infrastructural linkages and, above all, the larger strategic motivations. From Indian perspective the entire proposal has to be seen in the context of broader geo-strategic implications for Indian maritime politics in the region. The strategic objectives of MSR raise questions of Chinese real intentions. The Maritime Silk Road is an attempt to tie with India and other regional countries at the regional level, especially, in Southeast Asia and IOR while steadily raising the Chinese economic and maritime posture. As Beijing becomes more involved in building infrastructure in the Indian Ocean, it will play a larger part in the security and governance of the IOR, which could pose a challenge to India's stature as a 'security provider' in the region and also adversely affecting New Delhi's strategic purchase in its primary area of interest.⁴

Challenges

The challenges of MSR to India can be studied under three sub-headings:

a) Route Geopolitics

China and India continue to vie for maritime influence, as the influence over the IOR remains both commercially and strategically advantageous.⁵ Both the countries are competing for a similar strategic space in the IOR and the South China Sea and are employing new methods to upgrade their reach in these two strategically adjacent regions.⁶ Given Beijing's increased access to ports, airfields and gas pipelines, its modernised and ever-expanding navy, and its investments in infrastructure development in the countries of this region. India is concerned about the increasing Chinese foothold in the IOR. Although China has been claiming that its interests in the Indian Ocean region are purely economic, it is increasingly clear that the MSR could have a major impact on the strategic balance in the bay. Many possible explanations exist for China's increased economic activity in South Asia. Normal profit-seeking behaviour by Chinese firms and the Chinese state may explain the increase. Geopolitical explanations are equally plausible, especially given the close proximity of Bangladesh, Bhutan, Maldives, Nepal, and Sri Lanka to India. Border disputes between China and India dating to the 1960s continue, and the two countries are natural competitors for influence and resources in the region. The maritime strategies of the Asian powers are designed primarily to defend their homelands and associated vital national security interests on the oceans and seas.⁷ A desire to project power in the region could motivate China's strengthening of economic ties with these countries surrounding India. For

some years there have been concerns in Delhi about the security cooperation between China and various bay states and the strategic significance of Chinese control over port infrastructure in the region.

The port facilities China is obtaining or building in Myanmar, Bangladesh, Sri Lanka, Maldives and Pakistan, while justifiable from the Chinese point of view to buttress its huge external trade flowing in large part through the Indian Ocean, raise concerns about China encircling India physically and politically, changing the bilateral equation further, thereby, making it still more difficult for India to resolve its problems with China equitably. The core of this strategy is based in the ruling Chinese elite's belief to dominate the peripheral and regional discourse through economic, cultural and political influence. China is attempting to create trade and economic relationships with ASEAN countries through trade, port and continental land bridges to countervail US influence and draw ASEAN and littoral Indian Ocean within its sphere of influence.

b) Strings of Pearl

China will inevitably follow up with its commercial footholds in the Indian Ocean with naval ones. The purpose of China's naval expansion is precisely to create strategic space for itself in western Pacific and then move into the Indian Ocean gradually, in preparation for which China is learning to operate far from its shores for quite some time. China has steadily expanded its influence in the Bay of Bengal and Arabian Sea by building ports in Sri Lanka, Pakistan and helping build Sandia Deep Sea port in Bangladesh, apart from other Indian Ocean littoral engagements through a strategy generally referred to as 'String of Pearls'. China has never accepted or validated the so-called 'String of Pearls' theory projected by Western scholars. However, a view is emerging in China that the Maritime Silk Road policy could be a response to this postulation. The "String of Pearls" coinage has adduced the view that China aims to militarily encircle India through robust maritime contacts and cooperation with the other South Asian countries like Bangladesh, Sri Lanka, and Pakistan. The Maritime Silk Road policy enables Beijing not only to counter the String of Pearls theory but also to steadily and legitimately push forward its maritime presence in the ASEAN region and the IOR. China has long been the principal supplier of equipment and training to the Bangladeshi armed forces and Dhaka's plans to acquire two Chinese submarines has already been a cause of considerable heartburn for the Indian Navy. The military partnership between China and Pakistan, an arch rival of India, is well known. Under these circumstances, the development and control of Gwadar port in Pakistan by China will make India vulnerable in the Arabian ocean and will pose problem if India tried to take step against Pakistan like it did in 1971 and 1999 to block Karachi port. Not only Pakistan and Bangladesh, it looks now that Sri Lanka may be becoming China's closest 'strategic partner' in the Bay of Bengal. In October 2014, apparently as part of the MSR initiative,

it was revealed that China has been invited to take over management of a new and enlarged Phase II development of Hambantota port, which will include berths dedicated for Chinese use. Port at Sri Lanka will prove handy in reconnaissance of Indian navy while the port at Myanmar will cut down China's distance by 3000km from Bay of Bengal which is controlled by India. Moreover it will make Strait of Malacca in easy reach of China. An airstrip in Myanmar will provide effective air cover for its supplies and also in event of blockade. Scenario is exacerbated by Pakistan, Bangladesh and Sri Lanka pledging support to President Xi Jinping's MSR initiative as part of the overall Asian Security Plan. Given the emerging scenario, concerns in New Delhi are that countries like Bangladesh and Sri Lanka could be further drawn into the Chinese orbit. One of the reasons for the regional outreach of the Modi government should be to prevent such a potentially disturbing development by restabilising Indian credibility with its neighbours.

c) Economy

Beijing's Maritime Silk Route may be an illustration of cooperative maritime politics; but this also creates conditions for China's rise as an economic maritime power, and also creates a challenge for India's authority and supremacy in the IOR, which has been impressive so far. Chinese economic engagement in South Asia has grown quickly in recent years as trade expanded from approximately \$40 billion to \$85 billion from 2006 to 2011, bilateral investment grew even more quickly, rising from \$500 million in 2005 to \$2.8 billion in 2010. China is ASEAN's largest trading partner while ASEAN is China's third largest trading partner. Bilateral trade has grown from USD 55 billion in 2002 to USD 400 billion in 2012 with a quantum jump of 600 per cent.⁸ These developments create opportunities for growth and development as a wider variety of exports flow from China into the region. China's trade volume with South Asian countries like Bangladesh, Bhutan, Maldives, Nepal, and Sri Lanka grew roughly six-fold between 2003 and 2011, not to talk of Pakistan with which its trade has increased manifold. As for China's geopolitical motives, the importance of trade flows for these South Asian economies is even more pertinent to consider. Although the outward direct investment of India in Bangladesh, Nepal and Sri Lanka is still higher than that of China, and Pakistan is the only country in South Asia in which trade with China, in terms of both exports and imports, has been more than trade with India, but if China follows its trend line, it will surpass India by the next decade in Sri Lanka, Bangladesh and Nepal. The Maritime Silk Road initiative will further boost China's commercial engagement with both ASEAN and other Indian Ocean littorals. This will have a huge impact in South Asia, where Beijing is emerging as a vital power. India's standing in South Asia is being tested by China's increasing influence in South Asia in recent years.

Opportunities

The New Maritime Silk Route offers a number of opportunities for India which suffers from technological gaps in its maritime infrastructure. It can harness Chinese capability to construct high quality ships, build world class ports, core technologies for marine bio-pharmaceuticals, seawater treatment & utilization, offshore wind, sea water and tidal energy, capture and aquaculture fisheries production and offshore equipment manufacturing.⁹ This will also help India-ASEAN maritime connectivity initiative which is languishing due to lack of infrastructure. China's strategy of onshore and marine development in parallel will not necessarily lead to maritime confrontation between China and India. There is tremendous potential for collaboration for these two nations in terms of marine economic development, marine resource exploration, sea lane security, etc.¹⁰. The MSR could be a symbol of unity among nations and a commitment to cooperation. Furthermore, this initiative could contribute to greater connectivity and complementarities for the entire Asia. Cooperative mechanisms and innovative approach through this scheme could help to develop and improve supply chain, industrial chain, and value chain, and would, thus, strengthen regional cooperation. This initiative is aimed to boost infrastructure development and structural innovation, to improve business environment of the region, to facilitate an orderly and unimpeded flow of production factors and their efficient distribution, to accelerate development of landlocked countries and the remote areas, to lower costs and barriers of trade and investment, and to drive greater reform and opening-up by regional countries. Conceptually, the upgrading of maritime connectivity between Indo-Pacific and extending it further to East Africa and on to Mediterranean are in tune with India's own broader maritime economic vision. India's relations with the countries in South East Asia and Pacific regions have witnessed a significant transformation in recent years. The expansion and deepening of Look East Policy by Modi government, the steady trend of economic growth and stability in the region and the continuing geopolitical shift towards Asia, have imparted new momentum to its engagement, both bilaterally with individual countries as well as regionally. Therefore, it would be in India's interest to respond positively to the Chinese invitation to join the MSR. Moreover, India can also harness Chinese capabilities to improve its maritime infrastructure, including the construction of high-quality ships and world class ports. More importantly, it will also help India-ASEAN maritime connectivity that has been languishing due to the lack of infrastructure. MSR is an inevitable choice for both the countries to build a platform for win-win cooperation, as it provides an opportunity to strengthen dialogue and coordination in a bid to maximize common interests.¹¹

Epilogue

Beijing has been careful to project the MSR as an exclusively commercial venture, trying hard to dispel any impressions of it being a cover for maritime military bases. Surprisingly, however, China has released no details about the project, and this makes many countries doubt Beijing's strategic intentions. The lack of specifics not only make it hard to decipher the MSR's real purpose but it also gives credence to suspicions of geopolitical game play by China. Indeed, for a project being touted as a critical enabler of regional sea-connectivity, Chinese planners would have spent much time and effort developing the fine-print. The lack of firm plans, proposals and timelines then does lead to a suspicion that there may be something about the MSR that Beijing is hesitant to share and reveal. Beijing's economic and maritime posture continues to emerge as a challenge for India. In fact, underlying China's Maritime Silk Road strategy is an orderly diplomatic, economic, and maritime quest for power that India must take note of. Given the foregoing analysis, India will need to take a hard look at the pros and cons of supporting such a proposal. The dilemma for India is that a number of SAARC countries have already approved the Chinese proposal. Since it has already shown its approval for China's Bangladesh-China-India-Myanmar (BCIM) development plan, chances are New Delhi will be favorably inclined to consider the MSR. It is, however, certain to go over the details carefully before agreeing to the development of Chinese infrastructure in Indian waters. Even though it will be keen to start-off with Beijing on a positive note, the present NDA government in New Delhi should not display undue haste in giving the MSR its full approval. There should be no blanket support for the project, and it should be only supported wherever the synergies of the two countries meet. Consequently, India should also develop other alternatives to secure its own space in the Indian Ocean Region, the recent development on Chabahar Port in Iran between India, Iran and Afghanistan being an able example for that type of 'alternatives'. India's appreciation of the MSR must be based on an objective appraisal of these new realities. Even assuming the project delivers on its economic promise, it could well turn out to be detrimental to India's geopolitical interests in the Indian Ocean Region .

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