

# String of Pearls: India and the Geopolitics of Chinese Foreign Policy

Written by Ashay Abbhi

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## String of Pearls: India and the Geopolitics of Chinese Foreign Policy

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ASHAY ABBHI, JUL 26 2015

With the change of power in New Delhi, the connections between India and its neighbors have come alive once again. There are diplomatic visits, courtesy calls, exchange of gifts and promises between Mr. Modi and the heads of all of the surrounding countries, to not just counter the Chinese influence but also strengthen the Indian presence.

China's move to veto action against Pakistan in the UN for the release of the 26/11 mastermind has brought the world's attention back to the Sino-Pak relationship, the all-important pendant in China's 'string of pearls' policy. For a long time, China has been accused of pursuing strategic maneuvers on a well-thought out route encircling India in the Indian Ocean. Beijing has been reaching out to India's neighbours on the premise of development and trade, allegedly recreating the Silk Route. From Nepal in the south east to Myanmar, Bangladesh to Sri Lanka in the south and Pakistan in the west, China plans to choke India diplomatically. The increasing dependence of the Chinese on US maritime communications and the presence of the US' 6<sup>th</sup> fleet in the region do not help matters, especially given its relationship with the US. However, the theory that aims at containing India's influence over its neighbours has found its match with PM Modi's 'reverse string of pearls'.

The 'string of pearls' or its 'reverse' are foreign policy theories aimed largely at one agenda – influence in the Indian Ocean, the choke point for India and China's energy supplies. The Malacca Straits, which transports nearly 80% of China's oil and gas from the Middle East and African producers, has been China's Achilles' heel for decades. Worried about the security of its consignments in the Indian Ocean, China has constantly been pursuing a campaign of increasing its friendly influence in the region, the lack of which would result in its imports seriously threatened, leading to a possible energy shutdown, in the event of a military logjam with India. Case in point – India's threat to cut off the Chinese chokepoint for oil in the Malacca Straits in 1971 (during the Bangladesh War) and 1999 (during the Kargil War), when India blocked the Karachi port.

Increasing energy demand and dependence on imports, at least until its shale gas production becomes sustainable, is forcing China to either find an alternative to the trade route or handle the situation diplomatically by cozying up to the countries in the Indian Ocean, four of which have significant Chinese presence – Myanmar, Sri Lanka, Bangladesh, and Pakistan.

### Myanmar

Even as the unconfirmed reports about Chinese presence in Coco Islands were firmly denied by China, India's worries of Sino influence in Myanmar have not been entirely laid to rest. China has found a profitable shortcut to the Malacca route in the form of a recently opened 2,400 km long oil pipeline from the Madaya port in Myanmar to Kunming in China. The route has not only helped Chinese imports avoid the pirates of Malacca but also cut the distance by 700 miles. Another pipeline from the Myanmar port of Kyaupkyu has been opened to transport gas to China. In return, royalties and infrastructural development have been promised to Myanmar.

Myanmar holds considerable significance for India in its plans to fulfill the rising thirst for energy. Currently, 70% of the 16.8 billion cubic feet of natural gas produced in 2014 goes to Thailand and nearly all of the rest to China. India

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may not be an active importer of the Burmese gas but its increasing political influence could be detrimental to China's imports, with Myanmar in control of the pipelines. While India has not been as successful with Myanmar, China has reasons to worry about India's increasing authority. Also, given the right influence, money and reliable infrastructure, Myanmar's gas that goes to China could well find its way into India.

Cognizant of the increasing Chinese activity, Modi has reached out to Myanmar for increased cooperation during the ASEAN and East Asia Summits – development of the India-Myanmar-Thailand trilateral; highway and the Kadalan transport project as part of Modi's 'Act East Policy'. India continues to carry out military exercises in the Andaman and Nicobar Islands, while China looks for a bird's eye view from the Coco Islands where it, given the increasing Chinese influence in Myanmar, could possibly be present if not already.

## Sri Lanka

The Lankan elections in January 2015 left Beijing surprised when its good friend Rajapaksa had to vacate the seat of power and Sirisena assumed the role. During the Rajapaksa era, Chinese premier Xi Jinping had achieved significant diplomatic progress with Sri Lanka, becoming the second largest trade partner and top investor in infrastructural projects – 2012-14 saw an influx of \$2.1 billion as loans – all in the name of the alleged rejuvenation of the Silk-Route. Docking of two Chinese submarines on the Colombo port was indicative of the natural progression, military cooperation following economic ties. Chinese companies developed the strategic Hambantota port and have succeeded to gain controlling rights over it, a move that can have multiple ramifications. Situated at the southeastern edge of Sri Lanka, it falls en route taken by oil tankers from the Middle East and Africa to deliver oil and gas to China. From Hambantota, not only can the Chinese monitor their fleet, but also defend it as soon as its military presence is established at the port. However, with Sirisena at the helm, one is unsure of how these plans will pan out.

After coming to power, Sirisena declared his intentions of having equal relations with India and China, which essentially translates into either giving military access to India as well or taking it away from China. Sirisena opened a prime opportunity for India to allure its southern neighbor to counter the Chinese influence, and his remarks on the equality of relations made it too big an opening to miss. This prompted Prime Minister Modi's historic visit to Sri Lanka – the first by an Indian head of the state in over 25 years – which involved talks over security and peace and urging the Lankan premier to find a solution to the Tamils issue with the implementation of the 13<sup>th</sup> Amendment to the Sri Lankan constitution. The motive behind the new found Delhi-Colombo friendship was twofold: to create an easiness in the relationship that would enable military cooperation, strong enough to coax Sri Lanka into acting in India's interests of stalling China's maritime trade in the event of a standoff, and, to bring back the balance of diplomatic relations that had leaned too far in favor of China during the Rajapaksa government. Whether the objectives have been achieved or not remains to be seen, but Modi's foreign policy seems to have dented one of China's beloved pearls.

## Bangladesh

Chittagong has long been China's proud acquisition in Bangladesh, one that has worked well for the latter as well, helping it gain significant loans and trade benefits in exchange for considerable Chinese control over its largest port. Developed with the help of the Chinese in the last six years, Chittagong has seen their presence grow rapidly, a phenomenon that has worried India for long. Its proximity to India makes Chittagong strategically important for the Chinese, prompting huge financial and trade favors from Beijing to Dhaka. China has also been in talks to set up a naval base in Chittagong, which, it alleges, would be to protect its trade interests in the region, and help it achieve military and strategic inroads into the Indian Ocean to secure its oil route.

However, the recent visit by Modi has accomplished a significant feat in Dhaka, making China nervous about its relation with Bangladesh. As the decades-old land border dispute between India and Bangladesh gets resolved and the two countries work towards stronger bilateral relationships, a more strategic move has ruffled China's feathers. India has gained direct access to the Chittagong port for its merchant vessels, a move that will help it establish greater presence. The fact that China could be developing a deep-sea facility off the coast of Bangladesh at Sonadia is a reason for concern for India, and would require deeper diplomatic ties with Dhaka to counter such strategic

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Chinese moves right in India's backyard.

## **Pakistan**

Now that China has been given management rights of Gwadar – the Pakistani port that has been entirely financed and developed by the Chinese Yuan – for the next four decades, the implications of the move could be significant for China, India and Pakistan. Gwadar's strategic location serves multiple objectives for China. It rests on the Iranian border and overlooks the Strait of Hormuz, giving China an alternative solution to its oil and gas problems and is in close proximity to Indian waters and the western state of Gujarat, a strategic vantage point for military presence that can not only monitor Indian activities but also threaten them.

More than the obvious military purposes, Gwadar as China's solution to its oil and gas woes interests Beijing. Gwadar gives China the much required access to the Middle Eastern oil and gas, even completely taking its oil off the Indian Ocean, a possibility that excites Beijing as it would no longer threaten its oil supplies in the wake of a contest with India. This also explains why China swooped in with the proposal to develop the former Iran-Pakistan-India pipeline, a project that was shelved due to India's concerns over the security of the pipeline in the Pakistani region, now known as the Iran-Pakistan-China pipeline. The pipeline strategically touches Gwadar in Pakistan before moving on to Nawabshah and further to China. The IPC pipeline not only gives China the access to the Iranian natural gas but also other Middle Eastern imports through offloading of its oil tankers at Gwadar from where the pipelines can carry the consignments.

Gwadar is indeed a pearl for China, one that milks oil and gives China military presence in a strategic region from where much of India's oil also travels. Pakistan gets significant returns on China's investment, not only restricted to development and dollars but also in the form of constant military pressure on India. PM Modi's efforts to reach out to Pakistan have not resulted in anything fruitful from Islamabad, which could well be the case in future as China's backing continues and military presence increases.

## **Vietnam**

Given China's insatiable thirst for oil, the significance of the South China Sea can't be stressed enough, making Vietnam a strong cog in the oil wheel of China, one that at the moment is malfunctioning. Vietnam and China have seldom seen eye to eye and the Chinese aggression in the South China Sea has not helped matters. Consequently, Vietnam assumes considerable significance for India in its efforts to contain Chinese influence in the Indian Ocean region.

Vietnam is one of the very few Chinese neighbors who have the military capability to ward off an attack, as exemplified in the 1979 Chinese attempted invasion of the country. Apart from the naval exercises that China regularly carries out in the South China Sea, it has also laid claim on the oil that sits under the seabed, to the extent of threatening Vietnam against making any offshore oil deals as well as ordering India to stop any such advances. However, during the recent visit of the Chinese premier to India, India's foreign minister was in Hanoi inking oil exploration deals with Vietnam. Taking the diplomatic relations between India and Vietnam a step further, defense deals were struck that involved Hanoi receiving new naval vessels from India.

Through Vietnam, India could keep a keen eye on China's oil exploration and military exercises in the South China Sea. In the race of becoming the regional superpower, both India and China are looking for opportunities to create stronger energy independence. Vietnam is one of India's pearls that can help it during turbulence with China, while the oil that comes with it is complimentary.

## **Nepal**

The non-oily pearl of China, Nepal has been a strategic and good-to-have partner for China but has a deeper multi-faceted relationship with India, offering inroads into one for the other. The immediate assistance and support provided to Nepal during the recent earthquake gave Kathmandu an assessment of its diplomatic relations. India and

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China vied for space in rescue operations and were quick to offer whatever support the torn Himalayan kingdom required, both making Nepal a devastated arena for a diplomatic duel that has been raging for years.

Nepal has played the role of the geopolitical pivot in the Sino-India relationship and the broader international relations in the region. While, Nepal's political class, the one that overthrew monarchy, believes India's relationship with Nepal to be pseudo-colonial and expansionist, calling Nepal India's backyard bonded *bazaar*, China is seen as the big investor in the small firm, one that has been responsible for infrastructural development. However, India is closer to Nepal in terms of the culture, language and geography and exerts considerable influence on the politics, a position China envies. Beijing is exerting increasing influence in Nepal through heavy investments and a slap on the wrists every now and then for Nepal's pro-Tibet stance.

India's interest in Nepal is compounded by the huge hydro reserves the latter enjoys, one that might just be the answer to India's power woes. Work on tapping Nepal's hydro power potential of nearly 80,000 MW has already been started with a recently signed \$1.4 billion deal with GMR, an Indian infrastructure company, to develop a 900 MW dam on the upper Karnali River. The energy and power angle gives India an edge over China, but manufacturing and trade investments by China have kept the game interesting.

China and India are constantly looking for better energy pastures. In the process, the two global giants are moving towards a diplomatic stand-off that could devastate the balance of peace in the Indian subcontinent, which, as it is, hangs by a mere thread. Bangladesh, Sri Lanka and Myanmar, that were earlier thick with the Chinese are slowly embracing New Delhi's reach out potentially becoming India's strength in the region. The near-equal influence exerted in these countries by India and China could result in a neutral stance taken by them in the event of a war. However, China has the support of India's western neighbor, one that has so far been diplomatically deaf to India's efforts. But to counter that, Vietnam is rapidly becoming to India what Pakistan is to China. The US dynamic also plays a significant role here, especially when considering the oil wealth of the Middle East that India's strong US ties can get it access to, countered by China only through its energy and diplomatic relations with Iran.

While the 'string of pearls' policy may give Chinese energy better security in the Indian Ocean, the reverse of it will give India access to more oil and gas while countering Chinese military influence in the region and diminishing the diplomatic threat to itself. At the cusp of military and energy security balances the diplomatic battle is raging in the region, one that may not have a clear winner for years but has generated enough interest for the world to watch the passive stand-offs keenly. China has been pursuing its 'string of pearls' policy against India for more than a decade, but only now has the dynamic started to change, with Modi driving his own 'reverse string of pearls' policy, snatching one pearl at a time until China stands red-faced holding the mere string.

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