

## The New Great Game in the Indo-Pacific

Written by John Hemmings and Genevieve Hull

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# The New Great Game in the Indo-Pacific

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JOHN HEMMINGS AND GENEVIEVE HULL, APR 20 2018

This past March saw a mini-crisis develop in the Indian Ocean and it all revolved around the tiny island nation of Maldives. The crisis began in earnest after Maldivian President Yameen Abdul Gayoom declared a state of emergency after rejecting a Supreme Court ruling to free opposition leaders. Indian media reported on the movement of Indian military units around the country, the implication being that they might interfere. Within days, however, a squadron of Chinese naval vessels entered the East Indian Ocean, putting India on the back foot – the chain of 1,192 coral islands that make up the Maldives is a mere 400km from India's southern coast. President Modi put India's military on alert, but did nothing in the end, perhaps due to the Chinese flotilla. While the crisis seemed to finish almost as quickly as it started, it highlighted a growing trend of Sino-Indian tussling for influence in a region traditionally dominated by India. In recent years, Beijing and Male have increased economic ties as the Maldives joined China's Belt and Road Initiative and signed a free-trade agreement. The Maldives is but one such country in India's neighbourhood that China has taken under its Belt-and-Road wing. To outside observers, it is clear that a new Great Game is underway, one that sees China using a combination of infrastructure development and loans, to develop its maritime trade and naval power. In response to China's growing influence in a region it considers its own, Delhi has begun partnering more actively with Japan and the US, particularly in development projects and strategic groupings like the Quad.

Prior to 2012 China didn't even have an embassy in the Maldives. Due to the island country's strategic location in the Indian Ocean, however, it's not difficult to see why the Maldives may have become the latest pearl in China's 'string of pearls'. It has already developed a major commercial port in Gwadar, Pakistan and a military logistics base Djibouti, its first overseas. Strategically, Djibouti is located near the Bab al Mandab, allowing for access to the Red Sea and Suez Canal. The country is also in dire need of infrastructure improvements, which China, through Belt and Road, is offering to finance. This isn't the first time China has invested billions of dollars in the name of development – especially to strategically located countries. Pakistan, a long-time rival of India, has received support from the Belt and Road Initiative (BRI) to build a hydropower plant in its Punjab region, which is estimated to cost \$1.42bn. In total, China has pledged \$62bn to fund the China-Pakistan Economic Corridor (CPEC) – again, right in India's backyard. The same has been happening in Bangladesh, where in 2016 President Xi signed deals worth \$21.5bn, showing interest in developing a deep sea port in Pyra.

India and Japan are now taking a page from China's playbook, treating economic development as strategic leverage. The two have made regional moves into Bangladesh and North-eastern India, however their strong suit is their Asia Africa Growth Corridor, where they are working to create routes in the Indian Ocean region that circumvent China. The Iranian port Chabahar will be especially useful to India—who has pledged \$20bn for its construction—in light of the fact that Pakistan currently blocks India's over-land route into Afghanistan. Of course, even in Africa the India-Japan duo is contending with high levels of Chinese investment. However, there may be space for more sustainable investment in both Africa and the Indo-Pacific region by the two, as an increasing number of recipients of China's largess fall into the 'debt trap' laid by Beijing. Laos is in a \$6.7bn hole (a fourth of the tiny country's GDP) due to a Chinese-led high-speed railway, meant to connect China to mainland Southeast Asia through Laos and Thailand. Similarly, Djibouti's debt to GDP ratio is now at 85%. A recent report by the Centre for Global Development has warned that Djibouti and seven other countries "face a significantly increased risk of sovereign default if planned BRI projects are implemented". Sri Lanka has become the poster-child for China's debt diplomacy after Beijing's \$5bn investment into Hambantota port led to the country leasing the port back to China for 99 years to avoid default. For a

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country that had seethed about the 100 years of humiliation and predation by foreigners, China certainly seems to be making an about-face.

Watching with increasingly alarm, Tokyo and New Delhi pushed hard to resurrect the US-Japan-India-Australia Quad – as an ‘alternative’ to Belt and Road. Thus far, talks have focused more on the importance of keeping the Indo-Pacific region “free and open”, especially with regard to “maritime safety and security”, only hinting at an alternative infrastructure strategy, however this is rapidly changing. This Great Game is less about ‘containing’ China as Beijing would have us believe, and more about diversifying choices available to countries in the region. Naturally, there is a geostrategic ‘balancing’ element to this as well. Canberra, bullied by Beijing in a domestic scandal involving Chinese interference in its domestic affairs, has pushed for closer relations with both the United States and ASEAN as a way of balancing China’s interference in its domestic affairs. It is beginning to find the true cost of having China as its largest trading partner, and has begun a national debate on how to respond to this, racked by cynical accusations of racism. While the Trump administration consider possible policy options in a ‘free and open strategy’ – see Eric Sayers excellent prescriptions here – Japan and India are already moving forward on their own infrastructure diplomacy.

As countries begin to realize the implications to Beijing’s ‘debt diplomacy’, there’s definite scope for Delhi and Tokyo to make headway as an alternative type of development pact. While Sri Lanka has been seeking increased investment from Tokyo and Delhi in recent months to unburden itself from Chinese loans, the two need to be more forward-reaching in what they can offer. They also need to design a broader strategy, rather than merely reacting to China’s development plans on an ad hoc basis. This reactive strategy has already cost them the ‘race’ in countries like Nepal and the Maldives. Due to their geographic locations, both countries have historic ties to India, however both have aligned by China over infrastructure investment. The BRI is financing a fibre optic network throughout Nepal (with a command centre in Kathmandu), ending the country’s dependence on India for internet bandwidth. The Maldives Ambassador to China, Mohamed Faisal, noted that though India was offered “a number of projects”, they “did not receive the necessary finance” to be brought into the development stage. Now, India is facing a security problem in the region, as China’s ‘string of pearls’ strategy ties up countries right on India’s doorstep.

There is something Mahanian in the way China is building up its maritime power and increasing influence over trade in the region. Mahan, a 19<sup>th</sup> century American naval strategist who viewed the domination of maritime routes for both commercial and strategic gain, has become obligatory reading among Chinese naval thinkers. Tracing the logic identified by Mahan a hundred years ago, Chinese moves look very hegemonic in design, adding the supplemental development twist as bait. This strategy seeks to safeguard and control vital sea lines of communication (SLOCs), bringing trade and energy from Europe and the Middle East. In doing so, China also seeks to contain India’s own rise and stop it from dominating its own ‘near abroad’, the height of hypocrisy considering the US’ support for its own rise and its own strategy in the South China Sea.

Sadly, the Indo-Pacific is swiftly becoming the locus for a re-emergence of geopolitics, writ large, and all the professions of “win-win” are fading into the background as Chinese merchants and bankers are increasingly being followed by Chinese navy vessels. This new Great Game sees India and Japan competing with China for SLOC security in the Indo-Pacific and may see a re-emergence of gun-boat diplomacy if we’re not careful. Robert Zoellick once called for China to become a “responsible stakeholder”, and while Beijing claims it is not a status quo challenger, the fact is that it is redrawing the rules of the game. While there is some justice in this, China’s authoritarian regime type makes the prospect of a Chinese-led order an untenable one for liberal democracies. How the new Great Game plays out in the Indo-Pacific depends on the willingness of Asia’s other great powers to defend a system, rather than contain a new empire.

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### About the author:

**Dr John Hemmings** is the Director of the Asia Studies Centre at the Henry Jackson Society, a transatlantic think

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tank, based in London and an adjunct fellow at CSIS.

**Genevieve Hull** is a Research Assistant at the Henry Jackson Society, Asia Studies Centre.