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The Dragon's Pearls: Decoding the Chinese Strategy for the Indian Ocean

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Abstract

In the Indian Ocean Region, China's economic and strategic interests are converging as many of its investments lie along the vital ocean routes needed to literally and figuratively fuel its growing economy. The rollout of Xi Jinping's Belt and Road Initiative, against the backdrop of, and in line with this convergence, has raised concerns about the military-strategic utility of various infrastructure projects. The increased economic connectivity that drives the Belt and Road has inherent strategic consequences, but the degree to which geostrategic factors drive investments divides analysts. Some believe that certain ports have been purposefully selected as future bases for China's navy. To address the difficulty of comprehending China's foreign policy decisions, this thesis draws on a neoclassical realist interpretation of international relations, and uses geographical location, collective memory, strategic culture, and domestic politics to develop a better understanding of Chinese policymakers' perceptions of their international security environment. This study develops methodology to evaluate the strategic value of a site in context to different basing strategies. The work sheds light on how China views its future position in the world by deciphering intentions behind Chinese investments in ports in the Indian Ocean Region.

Keywords

People's Republic of China, Maritime Strategy, Realism, Geostrategy, Geopolitics, Indian Ocean, Sea Lanes of Communication, Alfred Mahan, Naval Strategy, Belt and Road Initiative, Historical Memory, Sea Power

Abstrakt

V regionu Indického oceánu se hospodářské a strategické zájmy Číny navzájem prolínají, mnoho čínských strategických investic je umístěno podél námořních tras, které Čína potřebuje k zásobování a rozvoji své rostoucí ekonomiky. Zahájení realizace tzv. Nové hedvábné stezky, iniciativy prezidenta Si Ťin-pchinga, která vznikla na pozadí a v souladu s touto ekonomickou konvergencí, vyvolalo obavy ohledně vojensko-strategického využití některých infrastrukturních projektů. Posílení obchodních vazeb díky této iniciativě má inherentní strategické dopady, analytici však nejsou jednotní, do jaké míry jsou investice řízeny geostrategickými záměry Číny. Někteří pozorovatelé se domnívají, že přístavy jsou záměrně rozvíjeny jako budoucí základny čínského námořnictva. Pro objasnění čínských zahraničněpolitických rozhodnutí se tato práce opírá o neoklasickou realistickou interpretaci mezinárodních vztahů. Pro pochopení toho, jak čínské vedení vnímá mezinárodní bezpečnostní prostředí, studie analyzuje zeměpisné umístění, kolektivní paměť, strategickou kulturu a domácí politiku Číny. V kontextu rozličných strategií zakládání a využití námořních základen tato studie vyvinula metodiku pro vyhodnocení strategické hodnoty místa. Pochopením záměrů stojících za investicemi Číňanů do přístavů v Indickém oceánu se tato studie snaží objasnit, jak Čína vnímá svou budoucí pozici ve světě.

Klíčová slova

Čínská lidová republika, námořní strategie, realismus, geostrategie, geopolitika, Indický oceán, námořní trasy, Alfred Mahan, námořní strategie, nová hedvábná stezka, historická paměť, námořní mocnost

Declaration of Authorship

1. The author hereby declares that he compiled this thesis independently, using only the listed resources and literature.
2. The author hereby declares that all the sources and literature used have been properly cited.
3. The author hereby declares that the thesis has not been used to obtain a different or the same degree.

Prague, January 5, 2020

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Master Thesis Proposal

Economic Statecraft in the Indian Ocean

A Geopolitical Interpretation of Chinese Intent

My thesis will focus on the implications of the Chinese infrastructure investments in the Indian Ocean, will assess the strategic value of each place of investment through the lens of Chinese naval strategy and will interpret China's activity in the region from the perspective of relevant theoretical perspectives. The goal of this thesis is to develop insight into the ambitions of the Chinese in the Indian Ocean region.

Background

The Indian Ocean (IO) stretches from Asia in the North, Africa in the West, Australia in the East and the Southern Ocean in the South. As the third largest body of water, covering twenty percent of the earth's surface, the Indian Ocean Region (IOR) consists of a diverse group of countries that, collectively, are involved in over half of the globe's ongoing conflicts.¹

Once only considered as an afterthought to the larger Atlantic and Pacific oceans, the Indian Ocean's location between the oil exporting nations of the Persian Gulf to the west and the rapidly growing Asian economies to the east have made it fertile ground for great power rivalry. The geographic importance of the Indian Ocean to great power rivalry is underscored by the presence in the Indian Ocean of chokepoints that constrict Sea Lanes of Communication (SLOC) to narrow passages that are vulnerable to disruption by

¹ Sergei DeSilva-Ranasinghe, "Why the Indian Ocean Matters," *The Diplomat*, November 3, 2019, accessed January 6, 2018, <https://thediplomat.com/2011/03/why-the-indian-ocean-matters/>.

hostile national governments or non-state actors. More than 80 percent of the world's seaborne trade of oil pass through them, with the Strait of Malacca and Bab el Mandeb accounting for 35 and 8 percent of the total respectively.² Nations that rely on the ability to import oil through the Indian Ocean must weigh these vulnerabilities and work to counter their reliance on these passageways. China has prioritized finding a solution to the "Malacca dilemma" (84 percent of total energy imports pass through the Strait of Malacca) with a two pronged strategy consisting of establishing alternative routes for energy supplies and ensuring the security of SLOC.

In an internal report provided to the US Department of Defense in 2005, consulting firm Booz Allen Hamilton developed the "String of Pearls" theory. This theory postulated the Chinese were quietly accumulating either land or influence in the form of port infrastructure projects in the Indian Ocean littoral that could be upgraded into forward military bases capable of projecting power and challenging American control of sea lanes. The Chinese have maintained that the motives behind port investments are either purely economical, in line with Xi Jinping's "One Belt, One Road" (OBOR) prerogative, or set up as logistical support bases for the People's Liberation Army's Navy (PLAN) piracy combating deployments.

China frames infrastructure investments in two ways: first through their OBOR initiative emphasizing the economic benefit to developing countries in the region or, as in the case of Djibouti, as a limited logistical support base for the PLAN's anti-piracy efforts in the Gulf of Aden. Critics of Chinese activity in the region interpret the actions of the Chinese as a means to use their economic power to influence host countries to permit the establishment of military bases through which China can project military power. [If the critics are correct in their evaluation of the motivation of China for its actions, the projection of Chinese power in the Indian Ocean] has wide-ranging implications for regional and American foreign policy that must account for the impacted governments reactions to the shifts in global power relations as a consequence of China's power projection. Shedding light on the intent behind Chinese investments in the Indian ocean may reveal more about Chinese grand strategy than any assessment of future Chinese

² *International Energy Outlook 2013* (United States: U.S. Energy Information Administration (EIA), 2013).

behavior extrapolated from their increasingly aggressive conduct in the South China Sea. Actions in the South China Sea can largely be seen as the consequences of nationalist rhetoric used as a tactic of diversionary foreign policy, securing access to untapped oil reserves, or protecting historical claims to territory. The Indian Ocean lacks any of these short term political or strategic opportunities, therefore any evidence that can be used to decipher the strategic intentions of China in the region would more directly reflect Chinese grand strategy.

Research Question

This thesis aims to respond to the question:

“What are China’s strategic motivations for investing in infrastructure projects in the Indian Ocean?”

This analysis will begin by addressing two sub-questions. The first sub-question is "What features would China require when choosing a place to establish a naval base?". The Communist Party is a notoriously opaque organization with decision making being split between various political bodies. Official statements must be taken with a grain of salt and don’t accurately reflect true strategic aims or political thought. In contrast, statements by Chinese scholars, who tend to be somewhat removed from the political decision-making process, should be interpreted as more than informed speculation. Nonetheless, weighing both official statements and academic writing can balance out one another to arrive at reasonably safe deductions that may more accurately reveal the features required to site a military installations. Answering this sub-question enables one to evaluate sites that have seen investment from China to ascertain whether or not such sites would be acceptable to establish a military base. Following that evaluation, the question to be addressed is “Do these requirements match recent infrastructure investment by China or Chinese owned firms in the Indian Ocean littoral?”. If the analysis suggests a site of Chinese infrastructure investment is incompatible with the requirements for militarization, what best explains an alternative motive for the Chinese? If the place does closely align with the expected requirements for a base, what implications does this have for the foreign policy of the United States?

Research Framework

Geopolitics/Realism

Offensive realism would interpret Chinese investment in the Indian Ocean as a strategy to set up forward bases for its military to give it the capability to project power, to control sea lanes and to seek to establish dominance over the region. Both Chinese leaders and scholars have been vocal in their admiration for the US naval strategist Alfred Mahan's ideas. Therefore, to determine whether a place of Chinese infrastructure investment has strategic value as a potential overseas base, I will apply a framework laid out by Mahan in *The Interests of America in Sea Power*. Additionally, for the purposes of modernizing Mahan's early 20th century theories, I will add two additional requirements in assessing strategic value. The three attributes Mahan used in his work are as follows (Mahan 1910):

1. **Position/Situation**

- 1.1. Proximity to Sea Lanes of Communication
- 1.2. Proximity to a friendly port (for support)
- 1.3. Proximity to hostile naval stations (for monitoring)

2. **Strength** (in regards to the defensibility of a seaport)

- 2.1. Natural defenses
- 2.2. Man-made infrastructure (anti-ship weaponry)

3. **Resources** - among others refers to

- 3.1 shipyards (to refit vessels)
- 3.2 availability of provisions for visiting ships & to supply residents of the port.

To update Mahan's original three variables, two more elements will be added, which are as follows:

4. **Relations with the host government** - refers to changes in global affairs since Mahan's writings. Governments may no longer appropriate entire swaths of land from the original inhabitants to use at their discretion. Bases may only be established with the consent of the national government controlling the land. The nature of the relationship between the Chinese government and the host country will determine the prospect and scope of future Chinese operations. The following variables will be accessed:

4.1 Degree of economic ties between the host country and China. The greater the dependence of the host country on Chinese economic investment increases the likelihood that the host government will acquiesce to the Chinese using their ports for military purposes. The level of economic dependence of the host country can be examined through the answers to the following questions: Does the host government rely on open trade with the Chinese market for a significant amount of their exports or imports?, and has China issued debt that would pose a significant economic burden to repay?

4.2 Political considerations. The level of political influence over the host country by the Chinese can be examined through the answers to the following questions: Does the host government rely on the influence of China's support in an international organization such as their ability to exercise veto power at the UN Security Council?; Does the ruling party rely on some moral or material support from China for their continued existence?; and, Does domestic political opposition exist that would limit ruling politicians ability to allow Chinese influence or control?

5. **Subsurface topography and hydrography** will impact the suitability of sites for China's naval strategy given the addition of submarines to the tools available for Chinese naval warfare as well as concerns as to vulnerability of sites to opposing naval powers' assets. The following characteristics of the ocean determine the degree to which submarines can operate undetected or to which enemy submarine presence can be detected:

- 5.1 water depth
- 5.2 the character of the seabed
- 5.3 water transparency
- 5.4 temperature
- 5.5 tides
- 5.6 salinity

Alternative theoretical interpretations

If the analysis suggests a site of Chinese infrastructure investment is incompatible with the requirements for establishing a base, what explanation best accounts for China's

motivations? I will apply tenants of liberal thought to each site of investment and determine if the expected behavior aligns with the realities of each case. Liberals would contend that China sees investment in the Indian Ocean Region as a positive sum game in which greater economic interdependence will be mutually beneficial. China's greater economic interdependence with Indian Ocean littoral states has been hastened by China initiatives to build infrastructure in Indian Ocean littoral states. In addition to increased economic presence in the region, China's growing role in combating piracy in the IOR is both evidence for and a driving force behind China's adoption of the rules and norms of the international system.

Methodology

To test the likelihood of infrastructure projects being intended as future foreign bases, I will use co-variation analysis.

Data collection and case selection

Analysis of both primary sources (government white papers, official statements, releases from Communist Party convention) as well as secondary sources (academic writings, think tanks, research institutes).

Case selection

Verified instances of port infrastructure investment in an Indian Ocean state by the Chinese government or Chinese government owned firm will be analyzed.

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Table of Abbreviations

ASW	Anti-submarine warfare
BAH	Booz Allen Hamilton
BCIMEC	Bangladesh-China-India-Myanmar Economic Corridor
BRI	Belt and Road Initiative
CCP	Chinese Communist Party
CMEC	China-Myanmar Economic Corridor
COPHC	China Overseas Ports Holding Company
CPEC	China-Pakistan Economic Corridor
DoD	United States Department of Defense
IOR	Indian Ocean Region
IO	Indian Ocean
IR	International relations
MOOTW	Military Operations Other Than War
MSRI	Maritime Silk Road Initiative
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
PPC	Ports-Parks-City
PRC	People's Republic of China
SLOC	Sea Lines of Communication
SOE	State-owned enterprises
UDG	Union Development Group

Chapter I

Introduction

Background and Context

China's rapid economic rise since opening to world markets in the 1970s and 1980s precipitated an increased demand for resources. To sustain growth, China is dependent on fossil fuels from the Middle East and the Persian Gulf.³ On the journey to China from the Persian Gulf, seaborne oil shipments arrive in the Gulf of Arabia by way of the Straits of Hormuz or Bab-el-Mandeb, rounding the Indian sub-continent and crossing the Bay of Bengal to reach the Strait of Malacca and finally arriving in the South China Sea. Hormuz and Malacca are two critical chokepoints through which China's energy imports pass through. These straits are the only exit and entrances to the Indian Ocean, and as Beijing's reliance on these sea routes rises, so does their place in China's security considerations.⁴

The PRC (People's Republic of China) has embarked on a massive (re)engagement of the ocean by developing a blue-water navy to protect these vital passageways.⁵ Historically a land power that focused on the security of borders and coastal waters, China has shifted her strategic-military resources from the land to the sea. The rollout of Xi Jinping's 1.4 trillion-dollar Belt and Road Initiative (BRI) in 2013 against the backdrop of, and in line with this shift, has raised concerns about the military-strategic utility of various infrastructure projects in the Indian Ocean.⁶

³ Andrew Scobell et al., *At the Dawn of Belt and Road: China in the Developing World* (RAND Corporation, 2018), 31, accessed October 2, 2019, https://www.rand.org/pubs/research_reports/RR2273.html.

⁴ Jeffrey Becker, Ben DeThomas, and Patrick deGateño, "China's Presence in the Middle East and Western Indian Ocean: Beyond Belt and Road," *CNA* (January 26, 2019): 8, accessed September 24, 2019, <https://www.cna.org/research/OBOR>.

⁵ James R. Holmes and Toshi Yoshihara, *Chinese Naval Strategy in the 21st Century: The Turn to Mahan*, Kindle Edition. (New York: Routledge, 2008), n. Location 1319.

⁶ David Brewster, "China's Play for Military Bases in the Eastern Indian Ocean" (n.d.), accessed December 10, 2018, <https://www.lowyinstitute.org/the-interpreter/china-s-play-military-bases-eastern-indian-ocean>.

A nation experiencing a prolonged period of rapid economic growth of the kind that China has experienced will naturally also see an expansion in commercial interests abroad. Consequently, the state will look to ensure the security of these interests, in part through defense-military actions. The contemporaneous growth in military and political influence affords new means to meet these needs. Separating tactical motivations from benign purposes is difficult because actions taken to protect interests are difficult to distinguish from offensive-strategic behavior. The absence of transparency in Chinese politics compounds the challenge of assessing China's intentions.

In the Indian Ocean Region (IOR), China's national economic and geo-strategic interests are converging. The region's vital role in shipping routes required by China to literally and figuratively fuel the economy (e.g., oil shipments) and the nature and location of many of China's investments (maritime and overland transport) has engendered debate about the intentions behind and the actual need for many projects.

The scope of China's naval ambitions and the presumed future form that their eventual support network will take inspires debate among China watchers. Some argue that China's dependence on Sea Lines of Communication (SLOC) makes the establishment of military bases an inevitable consequence of its growing naval power.⁷ Because commercial seaports in the Indian Ocean can theoretically be converted into bases, there is growing concern that China's port infrastructure initiatives are the first step in a concerted strategy to build up a network of overseas bases.

⁷ David Brewster, ed., *India and China at Sea: Competition for Naval Dominance in the Indian Ocean*, Kindle Edition. (OUP India, 2018), n. 2038.

Others argue that ports lack features that China would require in an overseas base.⁸ The main argument is the proximity to India renders potential bases in South Asia indefensible in the event of a conflict.⁹ An alternative to American style bases is the contention that the PRC is pursuing a more limited support network strategy.¹⁰ Under this framework, a combination of economic leverage and political relationships established through infrastructure projects would pave the way for China to reach agreements with countries along SLOC, giving the People's Liberation Army Navy (PLAN) ad hoc access to port facilities.¹¹

Liberal theories of economic interdependence are the foundation of the argument that China would avoid actions (such as the militarization of the Indian Ocean) that might upend global trade. Following a rational-choice perspective, China benefits from the current system of the United States, guaranteeing freedom of navigation at sea, and China should maximize its ability to free-ride on this public good. Additionally, setting up overseas bases would counteract the narrative of China's "peaceful rise," and heighten perceptions of the "China threat."¹²

The remaining arguments support the case that the ports projects are driven by economics to varying degrees, with some strategic elements at play.¹³ Those who reject military-strategic aims as the primary driver of BRI port projects point to economic motives.

⁸ Virginia Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and Their Security Implications.," *Pacific Forum CSIS* 14, no. 7, Issues & Insights (June 2014): 14; Daniel J. Kostecka, *Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean* (Naval War College, 2011), 8.

⁹ Ashley S. Townshend, "Unraveling China's 'String of Pearls,'" *YaleGlobal Online*, last modified September 16, 2011, accessed March 11, 2019, <https://yaleglobal.yale.edu/content/unraveling-chinas-string-pearls>.

¹⁰ Kostecka, *Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean*, 7.

¹¹ *Ibid.*, 4.

¹² Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and Their Security Implications.," 14.

¹³ Peter Cai, *Understanding China's Belt and Road Initiative* (Lowry Institute, March 1, 2017), 6.

These arguments are more in line with the Chinese Communist Party's (CCP) "win-win" rhetoric, which denies any geostrategic motivating factors.¹⁴

Regardless of the exact motivations behind port infrastructure projects, we are left to try to determine whether BRI is the proverbial chicken or the egg for China's geopolitical and military ambitions. The expanded footprint of a blue-water navy (capable of global operations) necessitates a logistical support network in distant waters.¹⁵ The increased reach of BRI requires an enhanced military to provide physical security for those investments. The intended nature of this support network makes up the core of the debate of the Chinese's regional ambitions.

The Focus of this Research

There is a divide among observers about China's intent in the Indian Ocean regarding port infrastructure developments. Most acknowledge the economic interconnectivity that drives the BRI comes with an innate strategic dimension, intended or not. The debate of how significant a role strategic consideration plays in the development of ports across the Indian Ocean is divided. China's grand strategic imperatives, like of any other nation, encompass a varied range of aims that compete for a fixed amount of the state's resources. Infrastructure projects under the BRI also serve numerous, sometimes simultaneous or contradictory, political, strategic, and economic purposes. This research's focus is to develop a framework for analyzing Chinese foreign policy initiatives that can best explain the motivations driving Chinese activities in the Indian Ocean Region.

¹⁴ *The Belt and Road Initiative: Progress, Contributions and Prospects* (Office of the Leading Group for Promoting the Belt and Road Initiative, April 22, 2019), accessed August 23, 2019, <https://eng.yidaiyilu.gov.cn/zchj/qwfb/86739.htm>.

¹⁵ A blue water navy is capable of projecting power worldwide. The "blue" refers to the deep ocean waters beyond the continental shelf. This is opposed to a green-water navy that operates in the greenish littoral waters close to shore.

The network of supposed future sites of Chinese naval bases has become known as “the string of pearls” and includes projects in Djibouti, Pakistan, Sri Lanka, Bangladesh, Myanmar, and Cambodia.¹⁶ Much of the research on these ports in the Indian Ocean relies on theories of maritime power to construct an assessment of their strategic value – in determining whether China looks to militarize specific commercial ports. Theories of naval power are primarily derived from the writing of Alfred Mahan. While the core of Mahan’s ideas retains relevance, a modification of those concepts for modern times would enhance their analytical power. **This thesis will propose and use an amended framework that considers strategic concerns of the 21st century to address changes in the world since Mahan’s writings.**

Academic studies that either support or invalidate suspicions that China is seeking an overseas network of naval bases interpret Chinese intentions through the lens of western-centric theories of international relations. Liberal, constructivist, and realist paradigms apply an understanding of the world that, at times, does not account for Chinese worldviews. Misunderstandings have serious repercussions, especially in the case of a rising power like China. Establishing a better awareness of China’s capabilities, motivations, and intentions is critical in the years to come. Capabilities can be easily analyzed, but motivations and intentions require a more in-depth investigation.

This study will use an integrated approach to geopolitics, viewing geopolitics as a “mode of analysis” that uses the connections between physical geography and international political behavior to highlight the fundamentals shaping and driving inter-nation interactions. The constraints and possibilities that geography confers provide a universal starting point to understanding the systemic pressures that shape the broad contours of a state’s foreign policy. Within the confines of these initial parameters, one can then consider the intangible dimensions

¹⁶ David Brewster, “Silk Roads and Strings of Pearls: The Strategic Geography of China’s New Pathways in the Indian Ocean,” *Geopolitics* 22, no. 2 (April 3, 2017): 269–291.

(such as historical perceptions and culture) that dictate China's interactions with outside forces.

Specific historical and cultural factors must be taken into account when interpreting and contextualizing China's foreign policy.

Varying seemingly contradictory motives drive Chinese investments and make it difficult to decode the strategic interests behind some initiatives. The opaqueness of the CCP's decision-making makes deciphering the motivations of the PRC's decision-makers complicated and creates potential for misunderstanding and mistrust between China and the United States. Both sides wish to avoid falling into the so-called Thucydides' Trap, where misunderstanding and distrust between a rising power and the hegemonic **power triggers a conflict.**¹⁷ **China has an understandable motivation to obscure any ambitions that may be perceived as offensive posturing.**

Despite technological advances and changes to the world's political landscape, the global projection of power still requires a blue-water navy. A nation's efforts to seek and establish foreign military installations is an overlooked barometer of empires to rise and fall.¹⁸ Operating and maintaining a sustained presence in waters far from a country's home ports requires a structure to provide support in a variety of locations. In the words of Alfred Mahan, without the aid of safe harbors to rest crew and undergo repairs, warships "will be like land birds, unable to fly far from their own shores."¹⁹

Overall Research Aim and Individual Objectives

¹⁷ Graham Allison, "The Thucydides Trap," *Foreign Policy*, n.d., accessed November 19, 2019, <https://foreignpolicy.com/2017/06/09/the-thucydides-trap/>.

¹⁸ Alfred W. McCoy, "Circles of Steel, Castles of Vanity: The Geopolitics of Military Bases on the South China Sea," *The Journal of Asian Studies* 75, no. 04 (November 2016): 33.

¹⁹ Alfred Thayer Mahan, *The Influence of Sea Power Upon History* (Digireads.com Publishing, 2013), chap. 1 Location 2011.

The overall aim of this research is to advance understanding of China's naval ambitions in the Indian Ocean region. This research will achieve this aim through the following objectives:

1. Determine the prevailing narratives concerning China's intentions for investing in maritime infrastructure in the Indian Ocean including any possible connection to China's current naval expansion.
2. Evaluate the geography of the region to determine how China currently views the region in relation to its grand strategic ambitions and how specific features may influence the development of China's maritime strategy.
3. Investigate the role of other, often overlooked factors that influence foreign policy objectives, such as history, culture, and domestic concerns.
4. Assess the strategic value of Indian Ocean port projects in the context of the above-mentioned Chinese foreign policy objectives.
5. Determine which narrative of Chinese intentions in the Indian Ocean best reflects the findings of the study.

Research Questions

This thesis assesses the three main discourses of Chinese intent in the Indian Ocean. In doing so, it answers the question: *What is the primary motivating factor driving Chinese port infrastructure developments in the Indian Ocean region?* In order to answer the main research question, this study will first address the following sub-questions that correspond to the above stated research objectives:

1. What are the primary narratives that rationalize China's motivations for recent investments in Indian Ocean ports?

2. How might constraints or opportunities brought about by geographic features of Asia be interpreted by the Chinese when creating their maritime strategy for the region?
3. What role do China-centric drivers of policy choices - history, culture, and domestic political concerns – shape their foreign policy objectives and actions?
4. Assess the value that various ports of concern may provide China as a military outpost or support site in the context to the needs and ambitions of the Chinese.
5. Which narrative of Chinese intentions in the Indian Ocean best reflects the findings of the study?

Organization of This Study

Chapter I: Introduction

This chapter provides the reader with background information on Chinese infrastructure projects in the Indian Ocean and contextualizes the environment under which these investments are taking place. the focus of this research is explained and justified, and the overall research aim and individual research objectives are clarified.

Chapter II: Literature Review

The second chapter of this study outlines the various drivers of China's Belt and Road Initiative with a focus on the Indian Ocean. the section is roughly divided into two sections, the first covering relevant military-strategic factors and the second economic drivers. The Chinese motivations for seeking to increase their naval power are explored and the likely models for how they would likely go about increasing their power protection abilities in the Indian Ocean are discussed. The official Chinese position on the Belt and Road is highlighted then compared to unofficial opinions of Chinese analysts and academics. The chapter justifies the need for more research.

Chapter III – Research Methods

The research methods chapter outlines the main arguments of this thesis made in the literature review chapter. Then the means for testing the validity of each hypothesis is defined. The first two hypotheses, which contend that the BRI in the Indian ocean is a strategic play for a type of support network are measured with a template of strategic value based on Alfred Mahan's concept of the strategic value of a place. The chapter outlines how each of the variables within this template are tested in the case of the various ports. To testing argument 3, that economic incentives motivate China, the three metrics of assessment are defined and justified. the methods for selecting the ports in the study is explained and the sources of data outlined.

Chapter IV - Theoretical Framework

The theoretical chapter outlines the core theories and concepts that this research is based on: geopolitics, sea power, and neoclassical realism. After defining each of the concepts and their applicability for academic research, the rationale for using them in this study is explained. Their relevance to China is also explored.

Chapter V - Foundations of China's Grand Strategies

Chapter five explores the setting and factors that inform China's decision makers in their grand strategy making and foreign policy choices. First, grand strategy, maritime strategy, and sea power for the purposes of this study are defined and placed in context to one another. Next the chapter sets the preliminary parameters of China's strategic options with an exploration of the physical geography of the Indian ocean region with the critical points highlighted. Following the geographical section, nonmaterial factors of history, culture, and domestic politics are explored to reveal how they affect the strategic aims of the Chinese Communist Party and their policies towards the Indian region.

Chapter VI - Case Study Results

This chapter reports on the findings from the case study. The study's findings are described, discussed, and evaluated then synthesized with the literature review's observations.

Chapter VII – Conclusion

This chapter reviews this research study's aim and specific objectives. The findings are described against each of the objectives. Conclusions are drawn from this research and linked to the study's objectives and recommendations are made in the context of these inferences. Then the limitations of this research are highlighted. Finally, this study's contribution to knowledge is stated.

Chapter II

Literature Review

Chinese State-owned companies presently control seventy-six ports in thirty-five different countries instilling China with massive influence over the world's maritime infrastructure.²⁰ The opaque terms of loans and infrastructure projects inspire added anxiety around the intentions driving the BRI. By avoiding transparency in bilateral agreements, the PRC avoids any scrutiny that unscrupulous loans and investments would bring, and in theory, terms of infrastructure projects include provisions that grant the PLAN access to ports facilities.²¹ A diverse number of factors drive Chinese investments, with some projects serving multiple aims of the state. The following section will review the opinions of Chinese academics as well as the Chinese government's official rhetoric to lay out all the possible motivating factors.

Military-Strategic Motives

In 2005, the consulting firm Booz Allen Hamilton coined the term “string of pearls” to describe China's naval strategy in South Asia in a report submitted to the U.S. Department of Defense.²² The report is not publicly available, but one widely quoted line describes China's strategy as: “building strategic relationships along the sea lines from the Middle East to the

²⁰ Elizabeth Economy, “Xi Jinping's Superpower Plans,” *Wall Street Journal*, July 19, 2018, sec. Life, accessed February 4, 2019, <https://www.wsj.com/articles/mr-xis-superpower-plans-1532013258>.

²¹ Christopher D Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century* (Washington, D.C.: Institute for National Strategic Studies, 2014), 25.

²² J.A. MacDonald et al., *Energy Futures in Asia: Final Report* (Booz-Allen & Hamilton, 2004), 2, <https://books.google.no/books?id=5En2PgAACA AJ>.

South China Sea in ways that suggest defensive and offensive positioning to protect China's energy interests, but also to serve broad security objectives."²³

The report describes Chinese "pearls," as "nodes of influence" that are sewn together like a necklace and strengthened by their placement to one another.²⁴ It suggests that China is using commercial developments to strengthen its position in the region politically with military-strategic ends in mind. There is no exact definition of China's alleged string of pearls, and the scope and nature of its change depending on differing interpretations. Broadly, the string of pearls alleges that the end goal of port infrastructure projects is the establishment of overseas military installations. Most interpret the string of pearls as a plan to set up overseas bases. Some readings of the strategy assume Beijing aspires to control the passageways of the Indian Ocean.

Daniel Kostecka of the Naval War College, challenges the validity of the string of pearls as a strategic construct, pointing out that the contents of the report were cherry-picked "to support the contentions of commentators, academics, and officials" to feed a narrative with "no substantive evidence in Chinese sources or elsewhere."²⁵ Kostecka instead argues that there is little incentive for the Chinese to pursue a costly (both politically and financially) strategy of permanent bases.²⁶ Kostecka makes the case that the Chinese Despite being speculative, the report found traction in the U.S. and India in the early 2010s in conjunction with concern over the PLAN's increased activities in the region.

²³ Dennis Rumley and Sanjay Chaturvedi, *Energy Security and the Indian Ocean Region* (Routledge, 2015), 64.

²⁴ MacDonald et al., *Energy Futures in Asia: Final Report*.

²⁵ Kostecka, *Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean*, 2.

²⁶ Ibid.

Naval expert Andrew Erickson cautions that China's activities in the South China Sea are a model for future actions in the Indian Ocean.²⁷ Erickson points to the speed at which China converted sandbars and desert islands into military installations in the South China Sea as proof the People's Liberation Army (PLA) "has the horsepower" to build military "infrastructure expeditiously" in the Indian Ocean.²⁸ The opening of a naval base in Djibouti after months of denial and the handover of control of the Sri Lankan port of Hambantota suggests a network of "pearls" may be materializing.²⁹ Beijing's close relationship with Islamabad has raised concerns that China plans to build a base in Pakistan following the model of Djibouti.³⁰

Alfred Mahan and the String of Pearls

Alfred Mahan was an American naval strategist at the turn of the 20th century that advocated for the country to bolster the power of the naval forces in order to control the seas. Accompanying their turn toward the seas, Robert Kaplan points out the "Chinese and Indian strategists avidly read Mahan; they, much more than the Americans, are the Mahanians now."³¹ Policymakers in the West interpret Mahan's writings with nuance, balancing the aggressive proclivities of his work with his "advocacy of peaceful commerce."³² Their reasoning, endorsed by Mahan, is that conflict works against the interests of any nation dependent on

²⁷ Andrew Erickson and Kevin Bond, "China's Island Building Campaign Could Hint Toward Further Expansions in Indian Ocean," *USNI News*, September 17, 2015, accessed December 4, 2018, <https://news.usni.org/2015/09/17/essay-chinas-island-building-campaign-could-hint-toward-further-expansions-in-indian-ocean>.

²⁸ *Ibid.*

²⁹ David Brewster, "China's Play for Military Bases in the Eastern Indian Ocean."

³⁰ Gurpreet S. Khurana, "China's String of Pearls in the Indian Ocean and Its Security Implications," *Strategic Analysis* 32, no. 1 (February 27, 2008): 1–39.

³¹ Robert D. Kaplan, *The Revenge of Geography: What the Map Tells Us About Coming Conflicts and the Battle Against Fate*, Reprint edition. (Random House, 2012), 110.

³² Holmes and Yoshihara, *Chinese Naval Strategy in the 21st Century*, n. Location 1,256; *ibid.*, 1,256.

seaborne trade.³³ Advocates of the string of pearls strategy believe China has adopted a hawkish interpretation of Alfred Mahan's theories of sea power. Echoing this view, Naval scholars James R. Holmes and Toshi Yoshihara add that "without exception" Chinese strategists quote "the most bellicose sounding of Mahan's precepts."³⁴ The more aggressive interpretations call for establishing "overbearing power on the sea" through control of the sea lines "by which commerce moves to and from the enemy's shores."³⁵ If Chinese military strategists have adopted Mahan's calls for "overbearing power," then logically, they will look to assert dominance over the Indian Ocean by expanding their power projection capabilities, which includes a basing structure.

Virginia Marantidou reasons that if the Chinese were following Mahan's theories of sea power, they would "build a blue-water navy and establish naval bases" to "project power and protect China's economic and national interests."³⁶ In order to be strategically valuable, as per Mahan's reasoning, three primary conditions must be met. First, its "position" is close to strategic lines; second, its "strength," is the ability to defend itself against attacks; and third its "resources" corresponds to what the site possesses in capabilities or provisions available to it.³⁷ The alleged sites of future Chinese naval bases, Marantidou elaborates, hold value in position, being along strategic sea lines, but are insufficient in the other two.³⁸ In Marantidou's view, most South Asian ports do not meet Mahan's requirements for an overseas base and

³³ Holmes and Yoshihara, *Chinese Naval Strategy in the 21st Century* (Kindle Edition) Location 1,256.

³⁴ James R. Holmes and Toshi Yoshihara, "The Influence of Mahan upon China's Maritime Strategy," *Comparative Strategy* 24, no. 1 (January 2005): 25.

³⁵ Mahan, *The Influence of Sea Power Upon History*, 238.

³⁶ Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and Their Security Implications.," 54.

³⁷ Alfred Mahan, *Mahan on Naval Strategy: Selections from the Writings of Rear Admiral Alfred Thayer Mahan* (Naval Institute Press, 2015), 145.

³⁸ Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and Their Security Implications.," 47.

presumptuously, China's either.³⁹ She contends that places like Gwadar and Hambantota lack natural fortifications and are situated too close to India to be hardened into a defensible distant base in a way that is economically viable.⁴⁰ A study by Yung et al., confirms Marantidou's point that the alleged future bases lack natural defenses, and contends that out of all the "pearls," only "Chittagong port in Bangladesh has most of the physical features necessary to support major combat operations" that characterize permanent overseas bases.⁴¹

At the core, the string of pearls is the belief that China seeks to emulate the actions of previous super-powers and to use naval power to control sea lines to protect its interests. The string of pearls can be seen as a Chinese maritime policy to seize control of the sea lanes by creating a series of bases masked as a commercial infrastructure.

Sino-Indian Competition

An important dimension to the string of pearls debate, is the view that geopolitical competition with India drives the BRI projects in the Indian Ocean. Indian naval strategists have also embraced Alfred Mahan's ideas of sea power and view control of the Indian Ocean in zero-sum terms.⁴² They view themselves as the "net security provider" of the region, given their (expanding) naval capabilities and central geographic position.⁴³ The Chinese, because of geography, have an inherently disadvantageous position in the Indian Ocean compared to India,

³⁹ Ibid., 56.

⁴⁰ Ibid., 47.

⁴¹ Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century*, 55.

⁴² David Scott, "India's 'Grand Strategy' for the Indian Ocean: Mahanian Visions," *Asia-Pacific Review* 13, no. 2 (November 2006): 2.

⁴³ Iskander L Rehman, "Tomorrow or Yesterday's Fleet? The Indian Navy's Operational Challenges," *India's Naval Strategy and Asian Security*, ed. Anit Mukherjee and C. Raja Mohan (New York: Routledge, 2015) (2016): 40.

and the historically adversarial relationship between them creates distrust and heightens tensions.⁴⁴

Author of *India and China at Sea*, David Brewster, points out the conflicting ideas of regional security and each other roles within the Indian Ocean as a cause for an impending security dilemma. The Indians perceive themselves as the natural leader of South Asia and believe that they are the only power that can legitimately police the waters of what they view as “India's Ocean.”⁴⁵ The Chinese, in contrast, doubt Indian capabilities and view any security guarantees of India as a liability.⁴⁶ Despite claiming “indisputable sovereignty” over the South China Sea, the Chinese seem not to concede that India would naturally have a similar conception of the ocean surrounding her territory.⁴⁷ Indian military circles see Chinese naval activity in the IOR as a strategy of encirclement to restrict India’s power projection capabilities. Naval strategist David Brewster agrees with Indian strategists that China would like to rein in India’s power projection capabilities in the Indian Ocean.⁴⁸ China’s refusal to display sensitivity toward India’s concerns worsens the security dilemma between the two rivals.⁴⁹

The announcement of the Maritime Silk Road Initiative (MSRI), the maritime component of the BRI, seemed to confirm the existing suspicions in the Indian security community that the Chinese are building naval facilities under the disguise of commercial projects, intending to control the Indian Ocean and constrain India.⁵⁰ Rahul Roy-Chaudhury, a

⁴⁴ David Brewster, “An Indian Ocean Dilemma: Sino-Indian Rivalry and China’s Strategic Vulnerability in the Indian Ocean,” *Journal of the Indian Ocean Region* 11, no. 1 (January 2, 2015): 50.

⁴⁵ Brewster, *India and China at Sea*, n. Location 364.

⁴⁶ *Ibid.*, Location 267.

⁴⁷ “Beijing Insists on ‘Indisputable Sovereignty’ Over South China Sea Islands as Us Warships Test Troubled Waters,” *South China Morning Post*, November 15, 2019, accessed November 15, 2019, <https://www.scmp.com/news/china/diplomacy/article/2185718/beijing-insists-indisputable-sovereignty-over-south-china-sea>.

⁴⁸ Brewster, *India and China at Sea*, n. Loc. 399.

⁴⁹ *Ibid.*, n. Loc. 267.

⁵⁰ Tom Miller, *China’s Asian Dream: Empire Building Along the New Silk Road* (London: Zed Books, 2017).

senior fellow at the International Institute for Strategic Studies, dismisses China's portrayal of the China-Pakistan Economic Corridor (CPEC) as an economic development venture, pointing out the "significant local political and strategic dimensions" of the initiative."⁵¹

Places, Not Bases

Christopher Yung and Ross Rustici's analysis of potential PLA strategies for their future network views China's foreign policy priorities in context with the PLA's operational constraints.⁵² The authors identified six logistical models that the PLAN's might adopt to support their naval activities: the Pitstop model, Lean Colonial model, Warehouse model, USA Model, Dual Use Logistics Facility model, and the String Of Pearls model.⁵³ The Pitstop Model would continue the current practice of using commercial facilities on an ad hoc basis for essential services.⁵⁴ The Lean Colonial Model involves bases specialized in supporting commercial interests and broad foreign policy goals.⁵⁵ The Warehouse Model is based on the British strategy between the two world wars and involves the construction of large bases in a few strategic points for all support.⁵⁶ The most successful yet costly strategy is the Model USA, which includes a series of large, mostly terrestrial bases that are supplemented by smaller, minor facilities and access agreements.⁵⁷ The authors conclude that the two most likely scenarios, are String of Pearls and the Dual Use Logistics Model.⁵⁸ The basing plan China is

⁵¹ Kiran Stacey and Farhan Bokhari, "China Woos Pakistan Militants to Secure Belt and Road Projects," *Financial Times*, February 19, 2018, accessed December 10, 2018, <https://www.ft.com/content/063ce350-1099-11e8-8cb6-b9ccc4c4dbbb>.

⁵² Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century*, 12.

⁵³ *Ibid.*, 1.

⁵⁴ *Ibid.*, 12.

⁵⁵ *Ibid.*, 13.

⁵⁶ *Ibid.*, 12.

⁵⁷ *Ibid.*, 12.

⁵⁸ *Ibid.*, 25.

pursuing comes down to a question of intention. If China expects or plans to conduct major military operations in the IOR, then the String of Pearls Model is necessary.

Zhou Bo, an honorary fellow at the Academy of Military Science of the Chinese People's Liberation Army, denies China is seeking to build overseas military bases in the Indian Ocean and maintains China only has two objectives for the IOR: economic gains, and securing SLOCs.⁵⁹ Bo explains economic goals are achieved through “commercial interactions with littoral states,” and the securitization of sea lines “through access” to port facilities “rather than bases.” Senior China Analyst, Daniel Kostecka supports Bo's claim that “places” not “bases” are what China seeks, citing “no substantive evidence in Chinese sources or elsewhere to support the contentions of commentators, academics, and officials who use it as a baseline for explaining Beijing's intentions in the Indian Ocean.”⁶⁰ Kostecka estimates that “the PLAN will continue to rely on strictly ad hoc commercial methods to support its forces” and “any port along the Indian Ocean littoral where China enjoys stable and positive relations is a potential place.”⁶¹ Kostecka's analysis is widely cited, yet since it was published in 2011, unofficial Chinese sources have become a bit more forthcoming in the desire for overseas bases. Also, one of the “places” Kostecka cites, Djibouti, has since become China's first official overseas base.

Countering the string of pearls, academics in China and internationally, describe the PRC's burgeoning support network as a “places not bases” strategy. This terminology refers to the American post-cold war strategy of eschewing politically and economically costly permanent bases for agreements giving forces access to critical infrastructure in times of

⁵⁹ Zhou Bo, “The String of Pearls and the Maritime Silk Road,” *China-US Focus*, last modified February 11, 2014, accessed November 28, 2018, <https://www.chinausfocus.com/foreign-policy/the-string-of-pearls-and-the-maritime-silk-road>.

⁶⁰ Kostecka, *Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean*, 7.

⁶¹ *Ibid.*

crisis.⁶² Strong bilateral relations are critical to this type of support structure. Access as the use of a place can be an implicit understanding, as well as an explicit agreement.⁶³ BRI projects serve to strengthen political relations and economic ties between China and host and enhance the site's ability to support naval operations.

Dual Use Logistics Facilities

Under the Dual Use Logistics Facility model laid out by Yung et al., bases are established to support “Military Operations Other Than War” (MOOTW).⁶⁴ A basing structure of this type offers simple to midrange repairs, some provisions, medical and recreational facilities for sailors.⁶⁵ The String of Pearls would be similar to Dual Use Logistics, but under this plan, facilities are fortified, battle-ready, and capable of engaging in high-intensity combat.⁶⁶

China opened its first overseas base in Djibouti in 2017, carefully referring to it as a “logistical facility,” tasked to support humanitarian and anti-piracy efforts off the coast of Somalia and Yemen.⁶⁷ The PLAN's experience in the evacuation of hundreds of Chinese citizens (as well as 225 foreign nationals) from a deteriorating situation in war-torn Yemen in 2015 precipitated the establishment of the Djibouti facility.⁶⁸

⁶² David Brewster, “China's Play for Military Bases in the Eastern Indian Ocean,” 52.

⁶³ Robert Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, Kindle Edition. (Random House, 2010).

⁶⁴ Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century*, 14.

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Sarah Zheng, “China's Djibouti Military Base: Logistics Facility or Geopolitical Platform?,” *South China Morning Post* (Hong Kong, January 10, 2017), accessed October 18, 2019, <https://www.scmp.com/news/china/diplomacy-defence/article/2113300/chinas-djibouti-military-base-logistics-facility-or>.

⁶⁸ “China Evacuates Foreign Nationals from Yemen in Unprecedented Move,” *Reuters*, April 3, 2015, accessed October 18, 2019, <https://www.reuters.com/article/us-yemen-security-china-idUSKBN0MU09M20150403>.

Chinese nationals working in unstable regions, such as Baluchistan in Pakistan, have become targets of violence, kidnapping, and extortion by terrorist and insurgent groups compelling the Chinese state to develop means of protecting their citizens abroad.⁶⁹ The U.S. Department of Defense's 2019 annual report to Congress on China's military cited "counterpiracy, peacekeeping, humanitarian assistance/disaster relief, and noncombatant evacuation operations (NEO)," (along with the traditional goals of sea lane protection) as the focus of Beijing's military modernization program.⁷⁰

Naval specialist David Brewster uses a conceptual framework of physical geography and strategic-military interests to illustrate the inherent disadvantages of China in the region vis-à-vis the USA and India.⁷¹ Brewster concludes that in the short-term, given the constraints of geography, China is likely to pursue a "more limited naval presence" in support of "Military Operations Other than War." He sees "little evidence" of any plans to dominate the region as of yet.⁷²

In *Monsoon, The Indian Ocean, and the Future of American Power*, Richard Kaplan surmises that "the real lesson" in the case of China's actions in the Indian Ocean is "the subtlety of the world we are entering."⁷³ Kaplan estimates that instead of American style bases, "there will be dual-use civilian-military facilities" and "basing arrangements will be implicit rather than explicit, and dependent on the health of the bilateral relationship in question."⁷⁴ The approach to "places not bases" is based on ad hoc permission and therefore may be revoked by the sovereign government controlling the territory. Resilient, steady inter-governmental

⁶⁹ Barbara Kelemen, "China's Twofold CPEC Strategy in Pakistan: Present Security Challenges and Future Prospects," *Institute of Asian Studies* (n.d.): 11.

⁷⁰ *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2019* (Office of the Secretary of Defense, May 2, 2019), 7, https://media.defense.gov/2019/May/02/2002127082/-1/-1/1/2019_CHINA_MILITARY_POWER_REPORT.pdf.

⁷¹ Brewster, "Silk Roads and Strings of Pearls," 280.

⁷² *Ibid.*

⁷³ Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, n. Location 247.

⁷⁴ *Ibid.*

relations are crucial to the success of this strategy. Instead of overt coercion, China uses a combination of diplomatic and economic means to shape bilateral relations.

Economic Motives

China frames the Belt and Road Initiative and corresponding port infrastructure projects as mutually beneficial and economically driven.⁷⁵ A report from the government office responsible for the promotion of the BRI, states the aims of the initiative as: “policy coordination, [infrastructure] connectivity, unimpeded trade, financial integration, and closer people-to-people ties.”⁷⁶ Official BRI documents are available through a government website run by the Office of the Leading Group for the Belt and Road Initiative. In the document *Vision and Actions on Jointly Building Silk Road Economic Belt And 21st-Century Maritime Silk Road*, the BRI is described as a “win-win” economic project:⁷⁷

that promotes common development and prosperity and a road toward peace and friendship by enhancing mutual understanding and trust and strengthening all-round exchanges. The Chinese government advocates peace and cooperation, openness and inclusiveness, mutual learning, and mutual benefit. It promotes practical cooperation in all fields, and works to build a community of shared interests, destiny, and responsibility featuring mutual political trust, economic integration, and cultural inclusiveness.

The “Vision for Maritime Cooperation under the Belt and Road Initiative” evokes the “Silk Road Spirit” as the essence of the BRI’s motivation as “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit.”⁷⁸ In “*Building the Belt and Road: Concept, Practice, and China’s Contribution*,” the nature of the cooperation under the BRI is described as “public, transparent, and open...It carries forward the spirit of the Silk Road and

⁷⁵ *The Belt and Road Initiative: Progress, Contributions and Prospects*.

⁷⁶ Ibid.

⁷⁷ *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*, n.d., accessed November 6, 2019, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

⁷⁸ *Vision for Maritime Cooperation Under the Belt and Road Initiative* (The State Council Information Office of the People’s Republic of China, n.d.), 2.

pursues mutual benefit and complementary gains.”⁷⁹ The PRC unequivocally rejects any notion of geopolitical or military-strategic elements accompanying the positive aspects of the BRI.⁸⁰

The Belt and Road Initiative is not a zero-sum game which results in the win of one party and the loss of the other. Rather, it is meant for mutual benefits and win-win and all-win outcomes.

President Xi and Chinese officials package the BRI as part of the “Chinese Dream” that links the “national rejuvenation” of the Chinese nation with international stability. At 19th National Congress of the Communist Party of China, Xi related the Chinese Dream as a mutually beneficial strategy, and it to peace and prosperity.⁸¹

The Chinese Dream can be realized only in a peaceful international environment and under a stable international order. We must keep in mind both our internal and international imperatives, stay on the path of peaceful development, and continue to pursue a mutually beneficial strategy of opening up... We will pursue open, innovative, and inclusive development that benefits everyone; boost cross-cultural exchanges characterized by harmony within diversity, inclusiveness, and mutual learning

Supporting the economic motivations argument, *The Economist* contended that China’s acquisition spree was in response to low prices for ports hit by the global turndown in 2007-2008.⁸² Refuting the contention that the dubious economics, instead of pointing to China’s ability to think long-term and bankroll projects that fit a vision of the world in a distant future.⁸³ The argument being that the size of the port terminals at ports such as Hambantota reflects a future “super-sized vision” of the shipping industry where “an elite group of ports caters to a new generation of mega-vessels.”⁸⁴

⁷⁹ Chegongzhuang Xilu, *Building the Belt and Road: Concept, Practice and China’s Contribution*, n.d., 4.

⁸⁰ *The Belt and Road Initiative: Progress, Contributions and Prospects*.

⁸¹ “Full Text of Xi Jinping’s Report at 19th CPC National Congress - China - Chinadaily.Com.Cn,” last modified October 18, 2017, accessed January 3, 2020, https://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm.

⁸² “The New Masters and Commanders,” *The Economist*, June 8, 2013, accessed November 30, 2018, <https://www.economist.com/international/2013/06/08/the-new-masters-and-commanders>.

⁸³ Ibid.

⁸⁴ Ibid.

Geo-economics and Debt-Trap Diplomacy

In 2017, after struggling to make payments on a port financed by the EXIM Bank of China and constructed by the SOE China Merchant Port Holdings, the Sri Lankan government agreed to a 99-year concession under which the Chinese will operate the port.⁸⁵ Opponents point to the handover of Hambantota as evidence that the BRI is strategically motivated and projects threaten the sovereignty of recipients.⁸⁶ Brahma Chellaney, a Professor of Strategic Studies at the Center for Policy Research in New Delhi, calls the BRI “a silk glove for an iron fist.”⁸⁷ He claims Beijing is “aggressively employing economic tools to advance its strategic interests” and encircle India.⁸⁸ Characterizing China’s initiative as “debt-trap diplomacy,” Chellaney contends that China issues unfeasible loans—often for unprofitable, vanity projects - to later use as leverage to secure natural resources or control of territory in exchange for relief.⁸⁹ The term “debt-trap,” coined by Chellaney, became a familiar refrain to express mistrust in the motives of China’s loans to developing countries.

Matt Ferchen and Anarkalee Perera at the Carnegie-Tsinghua Center for Public Diplomacy refute claims that China is following a deliberate strategy to trap recipient countries with unsustainable loans. The amount of agency that local leaders had when entering into these deals with China is understated, and, in some cases, the initial blame for the development comes from the host country itself. Hambantota in Sri Lanka is often given as an example of

⁸⁵ Agatha Kratz, Feng Allen, and Logan Wright, *New Data on the “Debt Trap” Question* (Rhodium Group, April 29, 2019), accessed May 18, 2019, <https://rhg.com/research/new-data-on-the-debt-trap-question/>.

⁸⁶ Maria Abi-Habib, “How China Got Sri Lanka to Cough Up a Port,” *The New York Times*, June 25, 2019, accessed August 31, 2019, <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>.

⁸⁷ Brahma Chellaney, “A Silk Glove for China’s Iron Fist,” *Project Syndicate*, March 4, 2015, accessed November 21, 2019, <https://www.project-syndicate.org/commentary/china-silk-road-dominance-by-brahma-chellaney-2015-03>.

⁸⁸ Brahma Chellaney, “Brahma Chellaney: China Is Ensnaring Vulnerable States in Debt Traps,” *Nikkei Asian Review*, March 8, 2018, accessed January 31, 2019, <https://asia.nikkei.com/magazine/20180301/Viewpoints/Brahma-Chellaney-China-is-ensnaring-vulnerable-states-in-debt-traps>.

⁸⁹ *Ibid.*; Brahma Chellaney, “China’s Debt-Trap Diplomacy,” *Project Syndicate*, January 23, 2017, accessed October 18, 2019, <https://www.project-syndicate.org/commentary/china-one-belt-one-road-loans-debt-by-brahma-chellaney-2017-01>.

“debt-trap” diplomacy, yet President Rajapaksa and supporters “made concerted, deliberate choices to use Chinese financing to advance their political aspirations.”⁹⁰

Director of the China-Africa Research Initiative in Washington, D.C., Deborah Brautigam, adds an added thread to the argument against the debt-trap narrative. Brautigam argues that the East Asian development model is to blame for many of these bad debts taken on by recipient countries. The close links between state capital and the companies bidding for projects produces an environment ripe for corruption and rent seeking.⁹¹ According to Brautigam there is “scant evidence of a pattern indicating that Chinese banks, acting at the government’s behest, are deliberately over-lending or funding loss-making projects to secure strategic advantages for China.”⁹²

Domestic Development and Excess Overcapacity

A further dimension to the economic motivation argument is that the BRI is a means to address growing internal issues — excess capacity and income disparities between provinces.⁹³ Analyst Peter Cai of the Lowry Institute acknowledges a strategic component behind BRI projects but argues that the key driver is domestic economic concerns — slow economic development in interior provinces and excess capacity in its industrial sectors.⁹⁴

The income disparity between internal and external provinces stems chiefly from two phenomena, access to trade and economic liberalization. Chinese external provinces were the first to undergo economic reforms that enabled them to utilize their coastal location and

⁹⁰ Matt Ferchen and Anarkalee Perera, “Why Unsustainable Chinese Infrastructure Deals Are a Two-Way Street” (n.d.): 2.

⁹¹ Deborah Brautigam, “Misdiagnosing the Chinese Infrastructure Push,” *The American Interest*, April 4, 2019, accessed January 3, 2020, <https://www.the-american-interest.com/2019/04/04/misdiagnosing-the-chinese-infrastructure-push/>.

⁹² Deborah Brautigam, “Is China the World’s Loan Shark?,” *The New York Times*, April 26, 2019, sec. Opinion, accessed November 26, 2019, <https://www.nytimes.com/2019/04/26/opinion/china-belt-road-initiative.html>.

⁹³ Cai, *Understanding China’s Belt and Road Initiative*, 8.

⁹⁴ *Ibid.*

seaports to trade with foreign nations.⁹⁵ Later in the interior provinces the CCP initiated similar economic reforms, but being landlocked, these regions have not seen the same benefits from a growth model highly dependent on maritime trade.⁹⁶

In addition to connecting China's interior to the Indian Ocean's economic engine, the raw materials that are used to build the infrastructure of these connective corridors come from China's abundance of excess construction materials. Since the 2000s, China has produced more goods than internal and external markets were able to absorb, leading to low capacity utilization rates.⁹⁷ A stimulus package in response to the 2008 financial crisis centered on the production of industrial goods, and further increased their excess capacity in steel, cement, aluminum, and other construction materials.⁹⁸ Expanded infrastructure capabilities in countries with existing or potential infrastructure connectivity with China, do potentially help both China and recipient states.

Developing Alternative Transport Routes

Despite a difficult security dynamic in Baluchistan, enormous engineering challenges, ambiguous economic viability, and plenty of criticism, China has carried on with China-Pakistan Economic Corridor (CPEC). Beijing views the Economic Corridor as a flagship BRI project. The CPEC centers around developing the natural deep-water harbor of the small fishing village of Gwadar into "the next Dubai." The CPEC starts with the port of Gwadar at

⁹⁵ Matt Schiavenza, "Mapping China's Income Inequality," *The Atlantic*, last modified September 13, 2016, accessed February 6, 2019, <https://www.theatlantic.com/china/archive/2013/09/mapping-chinas-income-inequality/279637/>.

⁹⁶ International Chamber of Shipping, "Shipping and World Trade," *International Chamber of Shipping*, accessed February 6, 2019, <http://www.ics-shipping.org/shipping-facts/shipping-and-world-trade>.

⁹⁷ "Chinese Industry: Ambitions in Excess," *Financial Times*, last modified June 16, 2013, accessed November 22, 2019, <https://www.ft.com/content/4d5528ec-d412-11e2-8639-00144feab7de>.

⁹⁸ Mamta Badkar, "China Stimulated Its Economy Like Crazy After The Financial Crisis ... And Now The Nightmare Is Beginning," *Business Insider*, last modified June 13, 2016, accessed February 6, 2019, <https://www.businessinsider.com/chinas-excess-capacity-problem-2013-6>.

the entrance to the Persian Gulf, where “some 40 percent of China’s oil imports transit the Strait of Hormuz.”⁹⁹

From Gwadar, an overland logistics network would transport oil via roads and pipelines from the Indian Ocean to China's interior. The initial strategy behind Gwadar was to build a mega port to alleviate the bottleneck at Karachi, unloading goods at Gwadar and sending them down the Makran Coastal Highway to Karachi and the rest of Pakistan. The real value of Gwadar would come when the remote outpost, geographically separated from the rest of the country, was connected with the infrastructure capable of moving substantial amounts of goods to the rest of Pakistan and China.¹⁰⁰ A network of railways, roads, and pipelines would travel across Pakistan to the highest border crossing in the world, the Khunjerab Pass, before continuing along to Xinjiang Uygur Autonomous Region, known for unrest and an ongoing border dispute with India.¹⁰¹

Andrew Small’s study of the Sino-Pak relationship addresses the rationale for the continued support for projects with little commercial logic, stating that “political and military factors” drive the projects forward.¹⁰² Author Tom Miller agrees with Small's assessment in his book *China’s Asian Dream: Empire Building Along the New Silk Road*. Small argues that the disconnect between the stated goals of the CPEC and actuality is that strategy, and not commercial logic compels the CPEC.¹⁰³ He argues that the CPEC is motivated by two goals, “to open up an alternative route for oil imports from the Middle East” and as a tool to motivate “Pakistan to do more to combat violent extremism seeping over [China's] border.”¹⁰⁴ Chinese

⁹⁹ John Calabrese, “China and the Persian Gulf: Energy and Security,” *Middle East Journal* 52, no. 3 (1998): 7.

¹⁰⁰ Andrew Small, *The China Pakistan Axis: Asia’s New Geopolitics* (Random House India, 2015), 121.

¹⁰¹ *Ibid.*, 105; David L Shambaugh, *China Goes Global: The Partial Power*, vol. 111 (Oxford University Press Oxford, 2013), 192.

¹⁰² Small, *The China Pakistan Axis: Asia’s New Geopolitics*, 30.

¹⁰³ Miller, *China’s Asian Dream*, 125.

¹⁰⁴ *Ibid.*

government officials interviewed by Miller called investment in the project “a form of a bribe,” and “privately admit they expect to lose 80% of their investment in Pakistan.”¹⁰⁵ In other places along the BRI, they have made similar calculations, “in Myanmar, they expect to lose 50%, in Central Asia 30%.”¹⁰⁶ The underlying logic is that “it is worth throwing away money if it helps China to expand its geopolitical influence.”¹⁰⁷

China hopes to achieve two primary goals with the CPEC: one, establish an alternative route for energy to travel from the sea to China, second, to placate burgeoning separatist movements in interior regions through economic means and increased physical infrastructure. A 2019 report by the American Defense Intelligence Agency summarizes the views of the United States government on China’s activities in Pakistan: “China is expanding its access to foreign ports, such as in Gwadar, Pakistan, to pre-position the logistic framework needed to support the PLA’s growing presence abroad, including normalizing and sustaining deployments into and beyond the Indian Ocean.”¹⁰⁸ If hostilities break out with India, China might use the strategic location of Pakistani ports to interdict Indian shipping vessels, cutting off supplies.¹⁰⁹

According to David Brewster, China is addressing vulnerabilities in the Indian Ocean, in three ways. First, through building capabilities to project limited naval and air power into the Indian Ocean; second, through gaining greater access for its naval vessels to ports in the Indian Ocean; and third, by developing limited overland transportation links to the Indian Ocean through Myanmar and potentially also Pakistan.¹¹⁰ Despite China’s best efforts, studies have

¹⁰⁵ Ibid.

¹⁰⁶ Ibid.

¹⁰⁷ Ibid.

¹⁰⁸ Bert Chapman, *China’s Military Power: Modernizing a Force to Fight and Win*, China Military Power Report (Defense Intelligence Agency, 2019), 103, accessed February 3, 2019, <https://media.defense.gov/2018/Aug/16/2001955282/-1/-1/2018-CHINA-MILITARY-POWER-REPORT.PDF>.

¹⁰⁹ Khurana, “China’s String of Pearls in the Indian Ocean and Its Security Implications.”

¹¹⁰ Brewster, “An Indian Ocean Dilemma,” 51.

shown that these projects are either “politically infeasible or technologically non-cost-effective,” raising questions about the motivation for pursuing these projects in places where the security risks run rampant.¹¹¹ Additionally, establishing overland pipelines to bypass the Strait of Malacca may have an insignificant impact on alleviating its net oil intake problem.¹¹² The value of these projects could be the resultant influence on the host country's decision-making.¹¹³

Unofficial Views from Beijing: Chinese Analysts

Research from Chinese research institutions, both those linked to the CCP and unofficial publications, describe linkages between strategic and commercial considerations. The blurred line between military and civilian appeared in the earliest days of the PRC when Mao Zedong directed government apparatuses toward “handling military and civilian affairs together” in 1956.¹¹⁴ Deng Xiaoping continued with the trend of merging civilian and military with his “16-character guiding principle” that gave “predominance to military products, using the civilian to support the military,” and Jiang Zemin suggested the government should focus on locating “the military within the civilian.”¹¹⁵

In their meticulous study of academic discourse, Devin Thorne and Ben Spevak show that Chinese analysts view maritime investments in strategic terms.¹¹⁶ They contend that commercial port projects are built with the intent to facilitate China’s goal of securing

¹¹¹ You Ji, “Dealing with the Malacca Dilemma: China’s Effort to Protect Its Energy Supply,” *Strategic Analysis* 31, no. 3 (September 19, 2007): 475.

¹¹² Wojtek M. Wolfe and Brock F. Tessman, “China’s Global Equity Oil Investments: Economic and Geopolitical Influences,” *Journal of Strategic Studies* 35, no. 2 (April 2012): 186.

¹¹³ Ibid.

¹¹⁴ Joe McReynolds, *China’s Evolving Military Strategy*, Kindle Edition. (Brookings Institution Press, 2017), chap. 12.

¹¹⁵ Ibid.

¹¹⁶ Devin Thorne and Ben Spevak, “Harbored Ambitions: How Chinese Port Investments Are Strategically Reshaping the Indo-Pacific” (April 14, 2017): 23.

“maritime channel security” and securing “key waterways.”¹¹⁷ The authors conclude that the words of the PLAN’s Naval Research Institute instructing China to “meticulously select locations, deploy discreetly, prioritize cooperation, and slowly infiltrate” reflect the “overarching ambitions” of the domestic discourse.¹¹⁸

In his analysis of Chinese documents, Conor Kennedy, a researcher at the China Maritime Studies Institute, draws attention to Chinese analysts who frequently refer to BRI ports as “strategic strong points.”¹¹⁹ Kennedy argues that “points” function as quasi-alliance arrangements in target countries to not only provide logistical support but also to deliver accurate and timely intelligence in sea and space, the future theaters of future conflicts.¹²⁰ He concludes that these points represent the fusing of the civilian, merchant, and military means to create an external environment advantageous to China’s rise.¹²¹

Chinese literature furthers Kennedy’s conclusion. In an article titled *Strategic Fulcrum and Military Diplomatic Construction Along the Belt and Road* in the journal *Science of Military Strategy*, analyst Liu Lin describes “strong points” as locations that “act as a forward base for deploying military forces overseas” and explicitly refers to the PLAN’s facility in Djibouti as China’s first overseas strong point.¹²² Military analysts from the Beijing Military Equipment Academy, Liu Dalei, Hu Yongmin, and Zhang Hao, relayed the importance of developing ports capable of repairing ships, while emphasizing the role of the political relationships. The authors noted that the PRC needs to “build an international environment that

¹¹⁷ Ibid.

¹¹⁸ Ibid., 19.

¹¹⁹ Conor Kennedy, “Strategic Strong Points and Chinese Naval Strategy,” *The Jamestown Foundation* 19, no. 6, China Brief (March 22, 2019), accessed May 14, 2019, <https://jamestown.org/program/strategic-strong-points-and-chinese-naval-strategy/>.

¹²⁰ Ibid., 20.

¹²¹ Ibid.

¹²² Liu Lin, *Strategic Fulcrum and Military Diplomatic Construction Along the “Belt and Road,”* n.d., accessed June 4, 2019, <http://m.dunjiaodu.com/waijiao/1562.html>.

will accept China's construction of overseas bases."¹²³ In a journal published by China's University of International Relations, Chinese scholar Zhang Jie clearly describes the "first civilian, later military" strategy:¹²⁴

use main ports as investment points, use local resources, establish an economic development zone, complete steel industry, shipbuilding industry, mineral processing industry [and] make these ports gradually possess the capability for offering logistical support to Chinese vessels and become China's strategic support points in Southeast Asia.

The paradigm of commercial ports as strategic strong points delivers insight into how China merges civilian and military imperatives. The two are not separate, parallel drivers of foreign policy, but integrated initiatives, united in their task to secure China's core interests. Director of the Asia Program at Institut Montaigne, Mathieu Duchâtel, summarized Chinese literature on the topic of overseas base construction:¹²⁵

On a strategic level, China must never depart from the political priority attached to bases, which is not military domination but the protection of trade interests. During the phase of expansion, China needs to 'reduce the sensitivity' of its actions, and 'stop before going too far' to avoid the 'tragedy of great powers...' [because of] international pressures constraining its rise, 'bases are a necessity,' and developing the capacity to exercise 'sea control' in the Western Pacific is essential to the growth of the country's interests.

In other words, the literature endorses a basing strategy that mirrors gray zone tactics of steady, incremental advances that stop short of alarming adversaries, with the result being the erosion of norms. Despite the clear security-driven rationale of specific projects in the BRI, economic incentives drive BRI projects to an extent. China prefers profitable projects, all other

¹²³ 刘大雷, 于洪敏, and 张浩, "我军海外军事行动装备保障问题研究[Research on the Guarantee of Our Army's Overseas Military Operations Equipment]," *军事交通学院学报* 19, no. 9 (2017): 22–25; Mathieu Duchâtel, "China Trends #2 – Naval Bases: From Djibouti to a Global Network?," *Institut Montaigne* (n.d.), accessed November 8, 2019, <https://www.institutmontaigne.org/en/blog/china-trends-2-naval-bases-djibouti-global-network>.

¹²⁴ Zhang Jie, "海上通道安全与中国战略支点的构建 [SLOC Security and the Construction of China's Strategic Support Points]," *International Security Studies* (2015): 2; Devin Thorne and Ben Spevak, "Harbored Ambitions," 23.

¹²⁵ Duchâtel, "China Trends #2 – Naval Bases," 2.

factors being equal. The questionable financial benefits of many projects weakens the argument that the BRI does not have a strategic component behind it.

By supporting infrastructure investment through BRI, China is pursuing a feedback cycle of interdependence/informal alliances with regional economies.¹²⁶ Chinese investment contributes to a reliance on Chinese funds, which then fosters loyalty from leaders whose political fortunes hinge on remaining in favor with the CCP. At the same time, connective infrastructure supports Chinese economy dependent on exports and imports.¹²⁷ The question that remains is, how does Beijing intend on leveraging these strengthened bonds?

Summary of Findings

Two historical analogies illustrate the differences in the debate about the Maritime Silk Road Initiative (MSRI). Some scholars liken the plan to a “New Marshall Plan” for Asia, a set of financial institutions, and large-scale infrastructure projects designed to boost regional growth.¹²⁸ Alternatively, others compare it to the Chinese tributary system that prevailed in Asia for two millennia. In the dynastic tributary system, smaller regional states kowtowed to a powerful, central China, acknowledging their supremacy in exchange for security and economic relations.

Most authors admit that China is driven by a combination of military-strategic considerations as well as economic incentives. However, depending on the weight given to each driving force, the literature reaches differing conclusions regarding China’s military strategy for the region. Specifically, there is a divide in estimates of how China intends to

¹²⁶ Miller, *China’s Asian Dream*, 21.

¹²⁷ *Ibid.*, 27.

¹²⁸ Thomas D. Lairson, “The Global Strategic Environment of the BRI: Deep Interdependence and Structural Power,” in *China’s Belt and Road Initiative*, ed. Wenxian Zhang, Ilan Alon, and Christoph Lattemann (Cham: Springer International Publishing, 2018), 8, accessed October 2, 2019, http://link.springer.com/10.1007/978-3-319-75435-2_3; Justin Yifu Lin and Yan Wang, “Beyond the Marshall Plan: A Global Structural Transformation Fund” (n.d.): 3.

secure the sea lines vital to its prosperity. The string of pearls hypothesizes that China seeks to establish a network of naval bases, either under own control or with secured access, to control sea lines of communication. The primary goal of this base network is to develop power projection capabilities by encircling India, the dominant naval force in the region and China's strategic competitor.

The literature on the string of pearls however, ranges in its treatment of the support structure China looks for. Indian commentators fear that China is setting the stage for the development of fully-fledged, battle-hardened, forward bases. Others argue that China does not seek to make American style bases, citing a lack of visible evidence as support for their argument. The alternative explanation contends that the Chinese instead intend to build a network of logistical support sites, defensive in nature, driven by their growing economic footprint, and seeking to protect their interest in securing sea lines.¹²⁹ Proponents of the string of pearls, take one of two stances: China is laying the groundwork to create an environment that would one day allow them to establish a series of bases or, that China only seeks access to facilities with limited military utility. Alternatively, others reject the notion that China intends on translating infrastructure projects to the military realm; instead, commercial interests drive projects.

This chapter mapped the main threads of the debate over the BRI and the Indian Ocean. Largely, different sides of the debate acknowledged the opposing opinion had a degree of validity. This research will try to shed additional light on the debate by addressing the underlying questions surrounding the BRI in the Indian Ocean: were these projects conceived as a means of achieving military-related objectives? Or was China primarily driven by economic objectives with strategic and energy needs playing the passive role?

¹²⁹ Yung et al., *Not an Idea We Have to Shun*: *Chinese Overseas Basing Requirements in the 21st Century*, 47.

Chapter III

Research Methods

This thesis will continue in two stages to answer the research question and sub-questions stated in Chapter I. Primary factors that drive China's foreign policy will be analyzed to understand how China perceives its security and formulates strategic goals. Once an understanding of China's strategic imperatives has been established, the main arguments in the literature will be evaluated. The following sections will justify and detail the choices made throughout this research.

Main Arguments and Hypothesis

The three arguments relating to China's motivations for infrastructure investment in the Indian Ocean are:

Hypothesis 1: China intends to use infrastructure projects to gain political and economic influence with the end goal of setting up military bases.

Hypothesis 2: China aims to create a network of logistical support sites that provide the PLAN access to port facilities.

Hypothesis 3: China does not have strategic intentions; the BRI's goal is to boost economic activity through mutually beneficial infrastructure initiatives.

Testing Hypothesis 1 & 2: Appraising the Strategic Utility

A framework based on Alfred Mahan's ideas of sea power will be applied to alleged Chinese pearls to test the validity of the first two arguments. Ideas Alfred Mahan laid out in *The Interests of America in Sea Power* is the foundation of this study. Mahan specifies three factors to determine the "strategic value of any position" applicable to the desirability of a site

for an overseas base: situation, strength, and resources.¹³⁰ Situation refers to the location of the place, strength refers to the site's defensibility, and resources refer to the human and material resources available at a site.

While these three factors were enough in assessing the strategic value of a place at the turn of the 20th century, governments may no longer seize new territories at their discretion without consequence. An overseas base requires the permission of the sovereign in control of the land. Basing rights or access permission requires the maintenance of good relations between governments. To gauge the attribute of relations in order to measure the strategic value of a place, economic ties and political relations will be added to Mahan's original template.

The strength variable in Mahan's template only concerns basing models that entail building permanent structures such as the "string of pearls." Strength is necessary in this case because fortifications must be able to endure high-intensity combat to be useful. Therefore, the strength variable only concerns testing the first hypotheses. If China chooses to pursue a strategy of "dual logistics," the strength of a site will have less importance. The second argument will use the same variables, excluding "strength."

Situation

In Mahan's parlance, the situation refers to a place's position on the map. Of the three determinants of the strategic value of a location, the situation prevails as its value depends on fixed geographical circumstances. Strength and resources, on the other hand, can be augmented. As a result, Mahan stressed that "it is upon the situation that attention must primarily be fixed."¹³¹

¹³⁰ Alfred Thayer Mahan, *The Interest of America in Sea Power, Present and Future* (Ayer Company Pub, 1918), 341.

¹³¹ *Ibid.*, 226.

For a place to be of value strategically, a position along sea lines of communication is vital. A place's strength and resources can be altered or added to, but an isolated base is of little value to a navy. In the book *Naval Strategy*, Mahan emphasizes the value of locations in proximity to critical chokepoints.¹³² Accordingly, a position close to the entrance or exit to a narrow strait or chokepoint is ideal.

A site near friendly ports or hostile naval stations enhances the worth of a place. Proximity to a friendly naval station is important, as neighboring fleets can be detached as to aid with defensive or offensive operations. Alternatively, vicinity to hostile stations offers opportunities for intelligence gathering and the monitoring of enemy movements¹³³ This study will check the value of assessed sites in terms of position with the question:

(A) Is the port close to the sea lines of communication (or a chokepoint)?

Strength

Strength expresses the defensibility of a place. A legitimate naval base must be able to defend itself in case of an attack. Mahan considered both natural and manufactured defenses in appraising defensive strength. Geographic attributes such as “cliffs overlooking seaward approaches” or narrow harbor mouths protect from sea-based attacks and are the most important considerations.¹³⁴ Artificial protections such as anti-ship weaponry can augment natural defenses, but adequately protecting a base from attack from modern ballistic missile systems is costly. This study will focus on innate characteristics that shield from attack but also consider the potential for augmented defenses in considering a site's defensive strength, thus applying the testing question:

(B) Is the port naturally fortified?

¹³² Mahan, *Mahan on Naval Strategy: Selections from the Writings of Rear Admiral Alfred Thayer Mahan*, 138.

¹³³ James R Holmes, “Strategic Features of the South China Sea” (n.d.): 22.

¹³⁴ Ibid.

Resources

Resources describe the physical facilities, as well as the human resources, needed to service vessels. Mahan placed primary importance on the availability of dry-docks because they accommodate many types of repairs on a range of vessels.¹³⁵ The United States Department of Defense recommends specific infrastructure when considering if a naval port can support combat operations. One can assume the Chinese would require similar, if not the same, type of infrastructure, and this thesis will test the strength of a site's resources with these requirements. (See the [Appendix C](#), Table 5 for the list)

The development model of the Belt and Road Initiative's associated ports plays a role in the potential resources of a site. China's development models often converge civilian and military components with dual-use infrastructure that possess the capacity for military applications.¹³⁶ Specifically, the Ports-Parks-City (PPC) development schemes imbue economic development with military-strategic potential by promoting Chinese businesses in the construction of infrastructure, starting with a port and building inwards.¹³⁷ The model starts with the building of a port facility, from which a Chinese-funded and run industrial park is established, which leads to a Chinese city by proxy within a foreign state. Civilian mechanics and technicians in place at ports provide China with a built-in network of skilled maintenance workers to service military vessels making port calls.¹³⁸ At its core, the PPC model represents the convergence of the civilian and the military, and its presence represents a site potentially rich in human and physical resources. *This study will answer the following two questions to gauge the value of a port in terms of Mahan's concept of resources:*

¹³⁵ Mahan, *Mahan on Naval Strategy: Selections from the Writings of Rear Admiral Alfred Thayer Mahan*, 122.

¹³⁶ Devin Thorne and Ben Spevak, "Harbored Ambitions," 28.

¹³⁷ Ibid.

¹³⁸ Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and Their Security Implications.," 14.

(C) Does the port have facilities required to support military operations and service naval vessels (or is there a clear indication that such facilities are planned)?

(D) Is the port being developed in line with China's Ports-Parks-City (PPC) model?

Economic and Political Relations

In accounting for changes in global affairs since Mahan's writings, relations with a target country lends significant analytical value. The consent of the host government is required to establish an overseas base. The nature of the relationship between the Chinese government and the host country will determine the prospect and scope of future Chinese operations.

The nature and extent of economic ties between the recipient country and China is a critical factor when assessing the possibility that loans and infrastructure projects have been initiated with strategic intent. The potential for China to convert commercial facilities into military bases or to secure support for its maritime forces is heavily influenced by the level of political ties with the host. This research will investigate the character of China's economic and political relations with each potential future host, through three questions (E, F and G).

(E) Do the host and China cooperate on security and/or trade arms?

China's arms sales have steadily increased in the last 15 years, the PRC is now just second to the United States in world arms sales.¹³⁹ China's motivations for arms sales are multi-faceted and comprise a mix of strategic and commercial motivations.¹⁴⁰ Arms exports support China's broader foreign policy goals, often sold to secure access to resources and export markets and gain influence among political elites of importing countries.¹⁴¹ Also, the standardization of parts and practices from Chinese-made machinery provides an opportunity for transferable skills in maintenance and an abundance of commonality of spare parts.

¹³⁹ *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2019*, 27.

¹⁴⁰ Chapman, *China's Military Power: Modernizing a Force to Fight and Win*, 11.

¹⁴¹ *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2019*, 23.

(F) Does the host government rely on open trade with the Chinese market for a significant amount of their exports or imports?

Throughout its history, China has used economic statecraft to realize foreign policy goals. In the past decade, China has turned to the coercive means of economic statecraft, imposing “financial or economic costs” on other nations to realize a foreign policy objective or to “influence a foreign government to offer policy concessions.”¹⁴² The first example of this behavior that received widespread attention was in 2010 when China restricted exports of rare earth elements as a measure to induce Japan to change course in the two country’s disputes over the Senkaku/Diaoyu islands.¹⁴³ Other countries that have been on the receiving end of Beijing’s economic pressure include Norway, Philippines, Mongolia, Taiwan, South Korea, and Iran.¹⁴⁴

China uses a range of economic tools to influence the behavior of other countries. These tools fall under two broad categories, outbound, and inbound restrictions. The higher the reliance on access to Chinese markets, the greater the susceptibility the country is to Beijing’s coercive economic tools. Dependence on healthy economic relations with China increases the likelihood that a host government will consent to help China achieve its security goals.

(G) Does the continued existence of the governing regime rely on the support of China in some way?

China's willingness to do business in and with countries with few alternatives, leads to an outsized reliance on Beijing. The CCP can perpetuate this dependency by maintaining a mutually beneficial relationship, using its power in international arenas or other multilateral institutions to protect another political regime from international pressure. Outsized economic

¹⁴² Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, “China’s Use of Coercive Economic Measures” (n.d.): 5.

¹⁴³ Ibid., 6.

¹⁴⁴ Ibid., 9–10.

or moral support from Beijing will serve to consider the influence of China has in port countries.

Testing Argument 3: Economic Incentives Motivate China

The third argument will test China's claims for its validity. A reading of the official documents posted on the Belt and Roads online portal quickly reveals the way China wants the Belt and Road to be perceived. Words and phrases like: "win-win," and "mutual," cooperation, or "benefits for," and "convergence of..." "shared interests" are repeated in virtually every paragraph.¹⁴⁵ The texts romanticize the ancient silk road, and draw parallels to the New Silk Road, promising the same spirit of "openness and inclusiveness, mutual learning, mutual benefit, and win-win results."¹⁴⁶

The "win-win" framework is taken to mean the distribution of benefits from individual initiatives does not disproportionately favor China while burdening the recipient of loans unduly. The terms of individual agreements with countries participating in BRI projects should be available to the public. **Due to the lack of data in many cases, these indicators may not be able to be studied sufficiently.**

Each of the following three criteria (H, I and J) tests the genuineness of Beijing's declared "win – win" motivations. Projects that do not meet any of the requirements should be questioned, and the failure to meet two or more warrant scrutiny. The third argument that economic incentives, not geopolitical interests, drive BRI projects is valid if the following prove true: projects benefit both China and the host country, the project's terms are available to the public, and debt accrued by recipient countries are sustainable.

¹⁴⁵ *The Belt and Road Initiative: Progress, Contributions and Prospects.*

¹⁴⁶ Xilu, *Building the Belt and Road: Concept, Practice and China's Contribution*, 4.

Benefit Distribution and Transparency of Projects

(H) Are the terms of the agreement accessible?

(I) Are benefits from the projects distributed fairly?

The lack of transparency surrounding Chinese-funded projects prevents domestic politicians from being held accountable for conceding to unfavorable terms on port projects and can lead to misuse of funds and corrupt business practices. Limited transparency of terms does not indicate corruption, but it does create the conditions for it to occur. Corruption can harm the long-term viability of the port, while undermining the negotiating position of the borrower in the event of debt relief negotiations. Opaque practices may lead to the extension of a project's scope to a point past what is acceptable to the public or politicians not privy to details of negotiations.¹⁴⁷ By concealing the terms of a project, China can obfuscate the amount of equity it holds in infrastructure projects to avoid scrutiny and public backlash. Opaqueness in the procurement process of bidding also prevents local governments from ensuring that projects are awarded to the firms most suited to implement them.

Debt Burden

(J) Has China issued debt that would pose an economic burden to repay?

Infrastructure projects should be economically viable, and loans should generate enough revenue from investments to repay loans them at the terms stipulated by the agreement. When completed projects cannot generate the amount of revenue that would justify the initial investment, they end up being worse off than before and frequently turn to China, the only lender willing to provide additional capital, increasing intensifying Beijing's leverage. This often results in negotiations over financial terms that highly favor China.¹⁴⁸ Revenue sharing

¹⁴⁷ Devin Thorne and Ben Spevak, "Harbored Ambitions," 34.

¹⁴⁸ Daniel Kliman et al., "Grading China's Belt and Road," *CNAS Asia-Pacific Security* (April 2019): 5.

arrangements, as well as revenues generated, are the most straightforward indicators of a port's commercial viability. If available, these metrics will serve as the primary data points to test the argument of economic motivations.

Erosion of Sovereignty

(K) Has China, either directly or through a State-Owned Enterprise (SOE), acquired an equity stake, or signed a lease agreement in port infrastructure projects?

Infrastructure initiatives should not erode the sovereignty of the recipient state. Chinese SOEs have assumed the role of operations of the critical infrastructure of many BRI partners. This deepens a host's dependence on China and creates the conditions for an influence that endures after the regime sympathetic to the Belt and Road leaves power.¹⁴⁹ CCP's presence is found in two forms, first, through the CCP's United Front Work Department and second, via state-owned enterprises involved in projects.¹⁵⁰ State-owned enterprises provide information to Beijing on the status of development initiatives and the political climate of the host country, generating information in real-time regarding changing domestic politics.¹⁵¹

Selection of Case Studies

China has engaged in an enormous amount of investments in port infrastructure across the globe. This thesis will focus on ports of the Indian Ocean region, which includes the Strait of Hormuz and Bab al-Mandab, the Arabian Sea, the Laccadive Sea, the Bay of Bengal, the Andaman Sea, and the Gulf of Thailand. Due to limitations in length and depth, analysis of every strategically significant port project in the Indian Ocean Region is beyond the scope of this thesis.

¹⁴⁹ Ibid.

¹⁵⁰ Devin Thorne and Ben Spevak, "Harbored Ambitions," 28.

¹⁵¹ Ibid.

The ports being analyzed were selected based on geographic diversity, namely, their locations near chokepoints and along SLOCs. In addition to geographic diversity, the relative salience in BRI discussions, and the amount of available literature played a factor in considering the countries and sites to assess.

This thesis evaluates the following sites:

1. Gwadar Port - Pakistan
2. Hambantota Port (Magampura Mahinda Rajapaksa Port) - Sri Lanka
3. New Koh Kong Island Port and Ream Naval Base - Cambodia
4. Chittagong Port - Bangladesh
5. Doraleh Multi-Purpose Port – Djibouti
6. Kyaukpyu Special Economic Zone and Deep-Sea Port Project (alternatively spelled “Kyauk Phyu” or “Kyaukphyu”) - Myanmar (Burma)

The Chinese government does not disclose information on its financial lending practices besides the topline announcement of a project or development agreement with a country. Recipient countries generally do not disclose this information readily, either. An exception to this is the China-Pakistan Economic Corridor, which lists projects along with projected costs and progress updates on an online portal.

Therefore, information regarding the financial terms and scope of BRI projects, will mostly come from journal articles and media reports. Government websites and port authority websites will supplement these reports. Think tanks, U.S. government documents, and academic journals will fill gaps in specifics and supply alternate interpretations of data combined with reports and databases published by the World Bank and the International Monetary Fund.

Chapter IV

Theoretical Framework

This chapter will address three theories that have influenced the approach of this research. The first is geopolitics, specifically taking the core interpretation of geopolitical thought, as a study of the relationship between the physical geographic features of a place and international political behavior. The second is sea power as it relates to Alfred Mahan's concepts of maritime strategy and theories of strategic value. Third, neoclassical realism in its application of the role of domestic politics in foreign policy decisions. I will discuss the rationale for the use of each of these theoretical tools along with their specific application in understanding China behavior.

Geopolitics

Geopolitics, the relationship between geography and international politics, serves as the analytical starting point for this study. Geopolitics arose as a mode of inquiry by marrying two distinct fields which culminated in a broadly defined discipline under which a variety of ontological and epistemological foundations were established. Geopolitics as a sub-field suffers from historical policies that used ideas in the discipline to promote policies of exploitation and aggression.¹⁵² Specifically, the discipline is tied to Karl Haushofer's ideas of "spatial determinism" which linked political motivations to a seemingly scientific applications, laying the foundation for the Nazi's twisted ideologies.¹⁵³ As a result, the field has been unfairly

¹⁵² William Mallinson and Zoran Ristić, *The Threat of Geopolitics to International Relations: Obsession with the Heartland* (Newcastle upon Tyne, UK: Cambridge Scholars Publishing, 2016), 3.

¹⁵³ Virginie Mamadouh and Gertjan Dijkink, "Geopolitics, International Relations and Political Geography: The Politics of Geopolitical Discourse," *Geopolitics* 11, no. 3 (September 1, 2006): 350.

aligned with that pseudo-scientific investigative method that serves only to advance political agendas and not theoretical boundaries.¹⁵⁴ The field at its core employs objective methodologies and not ideological methods, they simply emphasize geography's influence on human behavior.¹⁵⁵ Despite the (mis)use of geography in political thinking in the past, the “geo” in geopolitics, endures as an analytical tool, and provides a solid starting point in our seeking to understand international politics.

The value of modern geopolitics comes from the scholarly analysis of the linkages between political interactions and geographic settings. This paper’s application of geopolitical thought will diverge from contemporary “critical” applications that focus on discourse/representation and the relation to geographic space. Instead, the focus will be on what Saul B. Cohen identifies as the “analysis of the interaction between, on the one hand, geographical settings and perspectives, and on the other, political processes.”¹⁵⁶

The physical geographic characteristics of territorial space, combined with factors unique to a geographic space - religion, historical experiences, culture, governance, and resources – frame how different nations (mis)perceive their security. The dynamic interaction between power and space, and particularly how that interaction might be affected by changes in certain geographical constraints, will be the starting point of this study. Broadly, this study will use an interpretation of geopolitics that combines history, culture, domestic politics, and physical geography.

Sea Power and Alfred Mahan

¹⁵⁴ Saul Bernard Cohen, *Geopolitics: The Geography of International Relations*, Third edition. (Lanham: Rowman & Littlefield, 2015), 15.

¹⁵⁵ Phil Kelly, “A Critique of Critical Geopolitics,” *Geopolitics* 11, no. 1 (2006): 27.

¹⁵⁶ Cohen, *Geopolitics*, 16.

Alfred Mahan was an American naval strategist around the turn of the 20th century. Mahan developed a theory of sea power widely studied by Western military brass and, more recently, embraced by many Asian scholars and strategists. Mahan's writings do not define sea power concisely, but his work shows his conception of sea power does not just relate to the strength of a navy but extends to commerce and industry. Sea power rests on a triad of forces: domestic industries and foreign trade, commercial and naval shipping, and forward bases. Overseas outposts radiating from the home country play a vital role in Mahan's thinking.

The line between commercial and the military is ambiguous; the two components work in tangent, each serving the goals of the other. Wealth from trade allows for the creation of a blue-water navy, which requires overseas stations for replenishment and maintenance. Strengthened by the ability to operate far from home, the navy can protect commercial interests at sea, feeding back into the virtuous cycle. Mahan's writings describe sea power as the sum of three parts: commerce, merchant and naval shipping, and forward naval stations to support naval and merchant fleets.¹⁵⁷

To protect the nation's commercial interests, Mahan emphasized control over critical "positions" to secure free movement and pushed for "overwhelming control of the sea."¹⁵⁸ Any state must balance different means of power projection, and limited resources may impede the ability to achieving full control of the sea. In this case, Mahan advocated for the establishment of a "well-knit line of posts properly spaced from the home country" to assert power over vital geographical nodes.¹⁵⁹

¹⁵⁷ Toshi Yoshihara and James R Holmes, *Red Star Over the Pacific: China's Rise and the Challenge to US Maritime Strategy*, Kindle Edition. (Naval Institute Press Annapolis, 2010), n. Location 589.

¹⁵⁸ Alfred Thayer Mahan, *Naval Strategy Compared and Contrasted with the Principles and Practice of Military Operations on Land: Lectures Delivered at US Naval War College, Newport, RI, Between the Years 1887 and 1911* (Sampson, Low, Marston, 1911), 344.

¹⁵⁹ *Ibid.*, 229.

An overlooked theme of Mahan's work is the role of times of peace. A nation in pursuit of sea power is "perpetually on the offensive, in wartime and peacetime alike."¹⁶⁰ He described sea power as a "noiseless, steady, exhausting pressure" that cuts off the "resources of the enemy while maintaining its own."¹⁶¹ In other words, in times of peace, a nation should continuously seek to expand its access to maritime commerce by securing points of influence that either serves strategic or commercial interests. The role of the sea power is to support "war in scenes where it does not appear itself," playing its role in the background and only "striking open blows at rare intervals."¹⁶²

The CCP's legitimacy depends on the maintenance of the engines of economic growth – trade and energy imports – that are overwhelmingly dependent on maritime activities. The dynamic commercial and military aspects of sea power have an interdependent relationship, and the maritime-based economy of China underscores an aspiration for sea power. It is unlikely that Mahan's theories of sea power would not inform China's maritime strategy. China long denied it looks to set up military bases abroad, often equating the United States network of bases as imperialist.¹⁶³ However, a nation whose economy rests so much on access to the sea would naturally take steps to ensure the security of the sea lines. When sea lines essential to the national interests lie far from the country's power base, the only way to assert power is with a support network.

Mahan used a framework of "three elements that condition all strategic points" to test the desirability of a place for a naval base.¹⁶⁴ His framework measured a place's desirability with three categories: position, relative to strategic sea lines and friendly and enemy bases,

¹⁶⁰ Yoshihara and Holmes, *Red Star Over the Pacific: China's Rise and the Challenge to US Maritime Strategy*, 29.

¹⁶¹ Mahan, *The Influence of Sea Power Upon History*, 186.

¹⁶² Ibid.

¹⁶³ Guanglie Liang, "China Has No Plan for Indian Ocean Military Bases," September 4, 2012, accessed May 20, 2019, <https://www.thehindu.com/opinion/interview/china-has-no-plan-for-indian-ocean-military-bases/article3855313.ece>.

¹⁶⁴ Mahan, *Naval Strategy Compared and Contrasted with the Principles and Practice of Military Operations on Land: Lectures Delivered at US Naval War College, Newport, RI, Between the Years 1887 and 1911*, 230.

situation, relating to the resources available to support naval vessels and seamen, and strength, broken down to offensive and defensive variables. In addition to the three conditions of strategic significance, Mahan referenced good relations with local governments as valuable. This unofficial fourth factor has gained considerable relevance in the 21st century and will be incorporated as an equal factor in this study.

We can be certain that China is building a blue-water navy and strengthening its naval power. The question remains, what does China view as the primary goal of a naval power? Have they adopted Mahan's teachings that call for “overwhelming power” and control of the sea? Or have they rather adopted the theories of one of Mahan's contemporaries, British naval strategist Julian Corbett, who called for a more limited strategy that focuses on the protection of sea lines, not seeking the destruction of adversaries?

In summary, Mahan's ideas retain relevance in the 21st century in both theoretical and practical terms. This study assumes, based on references made by Chinese strategists, that Mahan's conceptual models were applied by the CCP when developing its maritime strategy. China is undoubtedly looking to increase its sea power, and that logically will lead to the need for a support structure of some type.

Neoclassical Realism

Paradigms of international relations theory and their foundational concepts arose from the experience of European states. Their application to non-western states presumes universal practicality that does not account for the uniqueness of the Asian nations' experience. The main strands of IR theory, liberalism, realism, and constructivism fall flat in their ability to make sense of the complexity of the relationships between Asian states and China's rise.

Academics that view China's rise through a liberal lens reach an optimistic outlook for China's rise, noting the high economic and political costs of aggressive behavior. In the liberal

view, the political economy is the primary force that will shape future relations between China and the world and between Asian states. The economies of the region have grown impressively in the last 50 years due to the benefits of ballooning levels of regional institutionalization. In the view of liberal institutionalists, the multilateral institutions in Asia, will bind the region and offset tendencies of strategic competition and violent conflict. However, multilateralism in the region has developed with so-called “Asian characteristics,” that is, diluted levels of integration. The region's institutions developed without legal foundations found in the European states, resulting in a lower level of legal enforcement capabilities. This lack of enforcement capabilities diminishes the ability for economic connectivity to counter zero-sum posturing and violent coercion.¹⁶⁵

Realism's various strands hold the predominant place in theoretical studies of Asia. The region's past of violent conflict and great power rivalries leads many to see the relations between Asian states in terms of competition for material power. Mearsheimer's offensive realism predicts that China will attempt to dominate the region because of the benefits that it could seize from using force. The “structural isometry” that this creates will generate tension between the existing dominant power, the United States, and China. This will lead to a great power war unless the U.S. constrains China.¹⁶⁶

Structural realist (or neorealist) theories contend that the foreign policy directives of a state are a direct response to pressures in the international system, specifically, relative power balances.¹⁶⁷ States view their security through the distribution of relative capabilities. By balancing power, states limit their rival's ability to challenge them militarily in case of a conflict. This state of equilibrium occurs according to neorealists, “regardless of their

¹⁶⁵ David Shambaugh and Michael Yahuda, *International Relations of Asia* (Rowman & Littlefield, 2014), 29.

¹⁶⁶ John J Mearsheimer, *The Tragedy of Great Power Politics* (WW Norton & Company, 2001), 28.

¹⁶⁷ Kenneth Neal Waltz, *Theory of International Politics*, Reissued. (Long Grove, Ill: Waveland Press, 2010), 97.

leadership and domestic political differences,” and the balancing occurs in a way that is “predictable and unproblematic.”¹⁶⁸ The problem with this assumption is that decision-makers often have trouble accurately assessing the current and future material capabilities of rivals. An imprecise reading of systemic stimuli or an irrational response to perceived threats or opportunities can lead states to deviate from the rational behavior predicted by structuralists. Limited access to information and the “built-in” cognitive filters of “personality and behavior,” also affect how decision-makers perceive dangers or opportunities.¹⁶⁹ Also, states operate from unique domestic situations and cannot always respond to stimuli in a manner that maximizes their relative material power.¹⁷⁰ The main issue with structuralism is that it elevates material capabilities to the sole factor determining foreign policy, ignoring the impact of intangible incentives.

Conversely, constructivism casts aside material considerations and engages nonmaterial variables (identity, norms and customs) to understand foreign policy choices and the international system at large. Nicholas Kitchen describes these different paradigms as inadequate explanations of behavior, “neither can capture the sense in which both ideas and interests play roles – sometimes competing, sometimes complementary – in formulating the direction of states’ foreign policy and the structure of the international system.”¹⁷¹ Neoclassical realism bridges the theoretical gap between material and ideational influences on foreign policy choices by using both national and international levels of analysis.

¹⁶⁸ Norrin M. Ripsman, *Neoclassical Realism*, vol. 1 (Oxford University Press, 2017), 1, accessed July 23, 2019, <http://oxfordre.com/internationalstudies/view/10.1093/acrefore/9780190846626.001.0001/acrefore-9780190846626-e-36>.

¹⁶⁹ Robert Jervis, *Perception and Misperception in International Politics* (Princeton University Press, 1976), 18.

¹⁷⁰ Ripsman, *Neoclassical Realism*, 1:3.

¹⁷¹ Nicholas Kitchen, “Systemic Pressures and Domestic Ideas: A Neoclassical Realist Model of Grand Strategy Formation,” *Review of International Studies* 36, no. 1 (January 2010): 123.

Gideon Rose coined the term “neoclassical realism” in a 1998 *World Politics* review article when he argued:¹⁷²

the scope and ambition of a country’s foreign policy are driven first and foremost by its place in the international system and specifically by its relative material power capabilities.

Like structural realist theories, in neoclassical realism material capacity determines the initial parameters of foreign policies, under which the realized policies will fall.¹⁷³ Neoclassical theorists reject the level of fluidity to which state's foreign policies change in response to changes in the international environment as in the balance of power theories. Rose explains further that:¹⁷⁴

the impact of such power capabilities on foreign policy is indirect and complex because systemic pressures must be translated through intervening variables at the unit-level.

A state’s capabilities vis a vis other states in the international system provide the primary mechanism from which the general shape of a state’s foreign policies is formed.¹⁷⁵ The actual foreign policy initiatives are further specified by domestic variables that determine how policymakers view threats, devise strategies for addressing those threats, and mobilize domestic resources needed for implementing and sustaining these strategies. A key point of distinction from traditional realist strands, therefore, is that material capabilities are not prescriptive of foreign policy. Actions develop after intervening unit-level (domestic) variables constrain or enable the degree to which a state uses its power to achieve foreign policy goals. Neoclassical realists use a plethora of intervening domestic variables, including state-society relations, the nature of domestic political regimes, strategic culture, and leader perceptions.¹⁷⁶

¹⁷² Gideon Rose, “Neoclassical Realism and Theories of Foreign Policy,” *World Politics* 51, no. 1 (1998): 146.

¹⁷³ *Ibid.*, 150.

¹⁷⁴ *Ibid.*, 3.

¹⁷⁵ *Ibid.*, 150.

¹⁷⁶ Ripsman, *Neoclassical Realism*, 1:2.

All four factors play a role in the CCP's calculation of the strategic landscape and its development of foreign policy initiatives. Engagement with both ideational and material factors benefits analysis of Chinese strategy. Unlike most nations, in the PRC, the People's Liberation Army (PLA) serves the interests of the communist party, not the state. The central party leadership sets the military strategies that military leaders then implement.¹⁷⁷ A variety of communist party organs are involved in the formulation of China's foreign policies. Still, the Politburo Standing Committee, made up of a handful of individuals with supremacy over final decision-making, is the ultimate authority.¹⁷⁸ The motivations of the ruling elite then provide a solid foundation for understanding the foreign policy choices of the state. The primary motivating factor of the CCP in formulating its strategic aims is ensuring its survival within a domestic context. Therefore, China's behavior internationally is shaped by both internal (or domestic) and external (or international factors).

¹⁷⁷ McReynolds, *China's Evolving Military Strategy*, Loc. 242.

¹⁷⁸ Nectar Gan, "Foreign Minister Just One Voice in Policy Choir," *South China Morning Post*, March 8, 2018, accessed July 26, 2019, <https://www.scmp.com/news/china/diplomacy-defence/article/2136248/how-does-china-formulate-its-foreign-policy>.

Chapter V

Foundations of China's Foreign Policies

In 1990 Deng Xiaoping laid out a set of foreign policy directives that continue to influence Chinese policy today, whether as an explicit grand strategy or as guiding principles is inconclusive.¹⁷⁹ The best-known among them is the “24 Character Strategy” which implores China to “observe calmly; secure our position... hide our capacities and bide our time.”¹⁸⁰ The Chinese narrative of their “peaceful rise” emphasizes moderating actions that might threaten other states. However, as China's power continues to rise, they must protect their growing interests abroad and keeping a low-profile will prove challenging.¹⁸¹

To understand the intentions of China in the Indian Ocean, it is necessary to understand how China views its external threat environment. Building on the previous section's engagement of neoclassical realism, the initial parameters of China's strategy will focus on geography and material capabilities vis a vis other states. Unit-level factors such as culture, history, and domestic politics supply an understanding of the strategic prerogatives that form its aims in the Indian Ocean region. The following section will build an understanding of China's grand strategy through an analysis of its perceived national interests. First, the geography of China, along with the Indian Ocean, will be addressed to understand how it affects China's strategic outlook. Then, non-material factors – culture and history – will be considered in the context of domestic factors.

¹⁷⁹ Dingding Chen and Jianwei Wang, *Lying Low No More? China's New Thinking on the Tao Guang Yang Hui Strategy*, vol. 9, 2011, 200; McReynolds, *China's Evolving Military Strategy*, n. Location 217.

¹⁸⁰ Chen and Wang, *Lying Low No More? China's New Thinking on the Tao Guang Yang Hui Strategy*, 9:198.

¹⁸¹ Bill Hayton, *The South China Sea: The Struggle for Power in Asia* (Yale University Press, 2014), 381.

The “21st Century Maritime Silk Road Initiative,” sister to the “Silk Road Economic Belt” and “Road” of the BRI, represents economic, diplomatic, and potential military means to Beijing’s end. The string of pearls is a symptom of Beijing’s larger strategic ambitions — the maritime component of a grand strategy. China seeks to expand its naval capabilities beyond the South China Sea and the first and second island chains into the Indian Ocean. This outward naval expansion presupposes a burgeoning maritime, as well as, grand strategy.

Sea Power’s Place Within Maritime and Navy Strategies

A maritime strategy is the “comprehensive direction of all aspects of national power” to advance the grand national strategy of a state by “exercising some degree of control at sea.”¹⁸² A maritime strategy advances the national strategies of the state through economic means. A strong Maritime economic presence increases the maritime capabilities of a state and subsequently, its sea power. Sea power, in other words, is increased by both commercial activities and naval operations. (See [Appendix A](#))

To understand China’s maritime strategy, one must first understand the grand strategy of the state. Defined by Anders Corr, grand strategy is “a set of plans to achieve a set of important state goals through the utilization of all its resources, including economic, diplomatic, and military means and interactions.”¹⁸³ Avery Goldstein describes grand strategy similarly, suggesting a nation's means are “military, political, and economic” in nature, applicable “within the constraints posed by the international environment.”¹⁸⁴ The interaction of these various mechanisms, perceptions, and features and the consequent prioritization between them forms a nation's strategic goals.

¹⁸² John B Hattendorf, “What Is a Maritime Strategy?” (2013): 10.

¹⁸³ Anders Corr, ed., *Great Powers, Grand Strategies: The New Game in the South China Sea* (Annapolis, Maryland: Naval Institute Press, 2018), Loc. 92.

¹⁸⁴ G. John Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia-Pacific* (New York: Columbia University Press, 2003), 87.

Components of grand strategy — all the nation's resources — by nature requires extensive coordination across a broad set of actors that do not necessarily have the same incentives. To some, the disparate and sometimes countervailing forces that are required to work in coordination to achieve grand strategic aims provide evidence that grand strategy does not drive foreign policy.¹⁸⁵ For this study, Thomas Kane best explains the relevance of grand strategy. Kane emphasizes the utility of historical and cultural outlooks as a general benchmark for further research.¹⁸⁶

one must also ground one's studies in what one knows about how a particular government tends to operate. One must place some faith in the principles that the past is the prologue in international affairs, and that the truth, in some form, will eventually out. The fact that grand strategy relies so heavily on generally taught principles helps the researcher here, because the attitudes a nation teaches all its people throughout their lives are difficult to keep secret.

Actions of the past are not prescriptive of the future, but they do uncover the cognitive framework for understanding and reacting to perceived or real threats to national interests. China has never articulated a grand strategy formally, but its actions, like most nations, are motivated by a combination of historical experiences, domestic politics, and its geostrategic situation. In line with Kane, this thesis will view “the past [as] the prologue” and use “generally taught principles” as a guide to understanding China's grand strategy.¹⁸⁷

The lessons imparted by history guide strategic choices today. In equal measure, geography remains a constant factor in foreign policy formulation. As Goldstein puts it, despite their improved position on a “changed world stage,” the CCP “finds itself performing in the same old theater” as the dynasties of the past.¹⁸⁸ Grand strategy can also be interpreted as the,

¹⁸⁵ Richard K. Betts, “Is Strategy an Illusion?,” *International Security* 25, no. 2 (October 1, 2000): 1.

¹⁸⁶ Thomas M Kane, *Chinese Grand Strategy and Maritime Power*, 2016, 5, accessed February 3, 2019, <http://public.eblib.com/choice/publicfullrecord.aspx?p=4523442>.

¹⁸⁷ Ibid.

¹⁸⁸ Avery Goldstein, “An Emerging China’s Emerging Grand Strategy: A Neo-Bismarckian Turn,” *International relations theory and the Asia-Pacific* (2003): 58.

“central logic that informs and links” foreign policies and how the regime believes it can best serve its “interests (goals) considering the country’s capabilities.”¹⁸⁹ The term vital national interests, or “core interests” in the Chinese terminology, is used by statesmen to explain and justify foreign policy choices. The term is also evoked within the realist school as a means of analyzing the behavior of states, referring to national interests in national security terms to indicate what is best for the state in context to its relations with other nations. How the Chinese, or the central communist party members perceive their core interests will determine the foreign policy prerogatives.

Geography

Alfred Mahan himself proclaimed that, “geography underlies strategy.”¹⁹⁰ For Mahan, the attributes of any theater of strategic competition were shaped first and foremost by geographic features. The international commercial maritime transportation network consists of an integrated system that starts and stops at various ports. Physical constraints, such as topographical features or hydrological conditions, as well as political boundaries limit the amount of movement along different links.¹⁹¹ The sea corridors of this commercial shipping network are limited to a few “obligatory points of passage” that force traffic to pass through narrow passageways, known as chokepoints.¹⁹² These limiting factors, physical geography and political boundaries, become the focus of the following section that will review how the Indian Ocean’s maritime network shapes Chinese strategy.

¹⁸⁹ Avery Goldstein, *Rising to the Challenge: China’s Grand Strategy and International Security* (Stanford University Press, 2005), 19.

¹⁹⁰ Joachim Krause and Sebastian Bruns, eds., *Routledge Handbook of Naval Strategy and Security*, Routledge Handbook of Naval Strategy and Security (Routledge, 2015), 393, accessed May 21, 2019, <https://www.routledgehandbooks.com/doi/10.4324/9781315732572>; Mahan, *Mahan on Naval Strategy: Selections from the Writings of Rear Admiral Alfred Thayer Mahan*, 186.

¹⁹¹ Jean-Paul Rodrigue, Claude Comtois, and Brian Slack, *The Geography of Transport Systems*, Third edition. (London ; New York: Routledge, 2013), 8.

¹⁹² *Ibid.*, 31.

Features of the Indian Ocean

The Indian Ocean is the world's third-largest ocean and covers twenty per cent of the earth's surface.¹⁹³ Geographically, the IO stretches from Asia in the North, Africa in the West, Australia in the East, and the Southern Ocean in the South.¹⁹⁴ The Ocean's maritime corridors link the Middle East and Europe to East Asian economies and provide transit to nearly half the world's maritime commerce, 20 per cent of which is energy resources.¹⁹⁵ As a semi-enclosed body of water, the Indian Ocean only has a few narrow points of entry and exit.¹⁹⁶

The land-based geographic features of South Asia compound the strategic premium placed on the Indian Ocean's few points of entrance and exit. The deserts, mountain ranges, and jungles of the region serve as physical obstacles to building overland transport routes that connect the Eurasian continent to the sea.¹⁹⁷ The restricted number of entrances and exits "creates a strategic premium" for powers operating in the region to deny rivals access to sea lines of communications and regional ports.¹⁹⁸

The Indian Ocean has a rich history of domination by extra-regional maritime powers.¹⁹⁹ The "trade routes have inspired competition and conflict since East met West," starting with the Portuguese led by Vasco da Gama in 1497, and followed by the Dutch and the British.²⁰⁰ Geography cannot predict the future actions, but memories of colonial powers imposing on the sovereignty of regional ports by controlling chokepoints inform China's

¹⁹³ *International Energy Outlook 2013*.

¹⁹⁴ James Stavridis, *Sea Power: The History and Geopolitics of the World's Oceans* (Penguin, 2017).

¹⁹⁵ Harsh V Pant, "India's Growing Naval Power: Indian Ocean in Focus: Harsh Pant," in *Sea Power and the Asia-Pacific* (Routledge, 2012), 111.

¹⁹⁶ David Brewster, "The MSRI and the Evolving Naval Balance in the Indian Ocean," in *China's Maritime Silk Road Initiative and South Asia* (Springer, 2018), 56.

¹⁹⁷ *Ibid.*

¹⁹⁸ Brewster, *India and China at Sea*, chap. 1.

¹⁹⁹ Brewster, "The MSRI and the Evolving Naval Balance in the Indian Ocean," 57.

²⁰⁰ James Stavridis, "Incoming: The Forgotten Ocean," *SIGNAL Magazine*, last modified January 1, 2016, accessed May 9, 2019, <https://www.afcea.org/content/Article-incoming-forgotten-ocean>.

choices today.²⁰¹ The IO's vital role in the economic activities of Asia cements China's strategic vulnerabilities in the region. With these geographic vulnerabilities in mind, the Chinese face two enduring objectives in the Indian Ocean: first, to ensure access for commercial and military vessels through chokepoints and, second, to develop overland routes to alleviate the dependence on seaborne trade.

Chokepoints

The straits of Hormuz, Bab-el-Mandeb, and Malacca represent chokepoints that constrict SLOC to narrow passages highly vulnerable to disruption by hostile national governments or non-state actors. More than 80 per cent of the world's seaborne trade of oil passes through these three straits, with the Strait of Malacca and Bab-el-Mandeb accounting for 35 and 8 per cent of the total, respectively.²⁰² Nations that rely on the ability to import oil through the Indian Ocean must weigh these vulnerabilities and work to counter their reliance on these passageways.

The Strait of Bab-el-Mandeb

Bab-el-Mandeb, or the "Gate of Tears," in Arabic, is situated on the horn of Africa between Djibouti, Eritrea, and Yemen. The strait is about twenty miles wide and divided by the island of Perim – sixteen miles on one side, two miles on the other.²⁰³ The narrow passage serves as the only maritime link between the Mediterranean and the Red Seas and the Indian Ocean. A dispute between neighbours Djibouti and Eritrea against the backdrop of civil war and piracy in Yemen and off its coasts lead some to consider Bab-el-Mandeb as the most

²⁰¹ Brewster, "The MSRI and the Evolving Naval Balance in the Indian Ocean," 56.

²⁰² *International Energy Outlook 2013*.

²⁰³ Milan N Vego, *Naval Strategy and Operations in Narrow Seas*, n.d., 53.

dangerous strait in the world.²⁰⁴ Despite the hostile environment surrounding it, the passageway is the world's fourth busiest transit point, with four million barrels of oil transiting daily.²⁰⁵

The Strait of Hormuz

To the north, the Strait of Hormuz links the oil coming from the Persian Gulf to the Gulf of Oman and the Arabian Sea. Saudi Arabia, Iran, the UAE, Kuwait, and Iraq export their oil through Hormuz, and thirty to forty per cent of the world's crude oil passes through it.²⁰⁶

Hormuz is 170 miles long, and its width averages between thirty and fifty miles. The narrowest point at the northeastern end is twenty-one miles wide with passages for shipping traffic narrowed down to two miles.²⁰⁷ Its geography adding to the contentious regional relations between Gulf nations that have threatened to impede the transit of energy shipments.²⁰⁸

The number of fractious nations with the ability to interrupt the flow of oil worries nations like China, India, and Japan that rely on the free flow of shipping coming from the Gulf of Oman for energy imports. Recently, the strait provided the arena in which contentious relations between Iran and the United States transformed into a more kinetic confrontation, with the former disrupting transit of tankers by proxy.²⁰⁹ Nations reliant on energy shipments from the region will factor the vulnerability of this critical strait in their security calculus.

The Strait of Malacca

²⁰⁴ Luke Coffey, "Bab El-Mandeb: The U.S. Ignores the Most Dangerous Strait in the World at Its Peril," Text, *The National Interest*, June 28, 2018, accessed June 22, 2019, <https://nationalinterest.org/feature/bab-el-mandeb-us-ignores-most-dangerous-strait-world-its-peril-24577>.

²⁰⁵ Jimmy Drennan, "The Gate of Tears: Interests, Options, and Strategy in the Bab-El-Mandeb Strait," *Center for International Maritime Security*, January 30, 2018, accessed June 21, 2019, <http://cimsec.org/gate-tears-interests-options-strategy-bab-el-mandeb-strait/35351>.

²⁰⁶ Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, n. Location 163.

²⁰⁷ Vego, *Naval Strategy and Operations in Narrow Seas*, 53.

²⁰⁸ Allen James Fromherz, "Why the Strait of Hormuz Is Still the World's Most Important Chokepoint," July 21, 2019, accessed December 1, 2019, <https://www.foreignaffairs.com/articles/2019-07-17/why-strait-hormuz-still-worlds-most-important-chokepoint>.

²⁰⁹ Ibid.

At the eastern end of the Indian Ocean's passages is the Strait of Malacca. The strait supports most maritime traffic between Europe and Pacific Asia – thirty per cent of the world's trade – and eighty-four per cent of China's total energy imports.²¹⁰ Historically, the strait was controlled by Javanese and Malaysian kingdoms, fell under the control of various Arab merchants, before coming under European control with the arrival of the Portuguese and English as colonial powers.²¹¹ In context to the history of subjugation, China views the strait as one of its key national security concerns. Hu Jintao lamented China's vulnerability in Malacca, referring to the situation as China's "Malacca dilemma."²¹² China has prioritized finding a solution to the "Malacca dilemma" with a two-pronged strategy comprising establishing alternative routes for energy supplies and ensuring the security of SLOCs.²¹³

Strategy and Culture

Strategic culture is a study of historically persistent patterns in the way a state perceives the nature of the enemy and the preferences they have in the use of force. In 1977, Jack Snyder coined the term "strategic culture" defining it as: "the body of attitudes and beliefs that guides and circumscribes thought on strategic questions."²¹⁴ In other words, strategic culture assumes that groups of people adopt broadly similar ways of thinking when it comes to strategic thinking and war. Snyder said that this culture, "influences the way strategic issues are formulated and sets the vocabulary and perceptual parameters of strategic debate."²¹⁵ The way we think about what constitutes a threat determines how we collectively decide to address these

²¹⁰ Rodrigue, Comtois, and Slack, *The Geography of Transport Systems*, 57.

²¹¹ *Ibid.*, 38.

²¹² Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, n. Loc. 211.

²¹³ Brewster, "An Indian Ocean Dilemma," 50.

²¹⁴ Snyder Jack, *The Soviet Strategic Culture: Implications for Limited Nuclear Operations* (R-2154-AF, Santa Monica, Calif.: RAND, 1977), 9.

²¹⁵ *Ibid.*, 9.

dangers. Snyder assumes that the “attitude and beliefs” informing strategy came from recent experiences, high politics, geography, and ideology.²¹⁶

The current generation of strategic culture recognizes that deeply rooted historical experiences affect the security calculus of states. The set of preferences found within any strategic culture has roots in the formative experiences of a state. The essential elements of strategic culture, according to Iain Johnston, relate to “the role of war in human affairs, the nature of the adversary, and the efficacy of military force and applied violence.”²¹⁷ Central to this assumption is that despite changes in the state’s political structure and the international environment, an underlying continuum of preferences guides the decision-making of the elite.²¹⁸

consistent and persistent historical patterns in the way particular states (or state elites) think about the use of force for political ends. That is, different states have different predominant sets of strategic preferences that are rooted in the ‘early’ or ‘formative’ military experiences of the state or its predecessor, and are influenced to some degree by the philosophical, political, cultural, and cognitive characteristics of the state and state elites as these develop through time. Ahistorical or ‘objective’ variables such as technology, capabilities, levels of threat, and organizational structures are all of secondary importance: it is the interpretive lens of strategic culture that gives meaning to these variables.

Strategic culture offers an analytical perspective, which helps to understand the continuity that undergirds international conflicts and the motivations of state actions. Many China scholars use the teachings of Sun Tzu and Confucius as the building blocks of Chinese strategy. These studies suggest that the Chinese prefer defensive actions that include “nonviolent political or diplomatic means to deal with adversaries,” or “statecraft” through “diplomatic intrigue” and “alliance building.”²¹⁹ The PRC’s leaders have long emphasized that

²¹⁶ Ibid., 9.

²¹⁷ Alastair Iain Johnston, “Thinking About Strategic Culture,” *International security* 19, no. 4 (1995): 3.

²¹⁸ Alastair Iain Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, vol. 75 (Princeton University Press, 1998), 1.

²¹⁹ Ibid., 75:23–25.

China is a “defensive civilization” that will “not seek hegemony.”²²⁰ The government often employs language that portrays China as “culturally peaceful and nonaggressive” as a juxtaposition to the United States, which is characterized as having “aggressive intentions” in regards to China.²²¹

In-depth studies of China’s strategic culture provide evidence that diverges from the official party line and other Confucian strategic paradigms. In his pioneering study of premodern Chinese strategic thought, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, Alastair Iain Johnston compares historical behaviour to the prevailing strategic texts of the time to answer whether there is a significant and temporally consistent set of strategic preferences. Johnston’s study measured preferences found in Chinese strategic texts corresponded to the actual strategic measures taken by the state. The results found two strategic cultures, the first; he termed the “Confucian-Mencian paradigm,” which loosely represents the dominate academic discourse regarding Chinese strategy, the influence of Confucianism that stresses ideals of nonviolent means responses to external aggression.²²² This paradigm entails a “preference ranking that places accommodationist strategies first, followed by defensive and then offensive strategies.”²²³

In the second set, the “Parabellum Paradigm,” which reflects offensively oriented strategies. These zero-sum political strategies see “conflict [as] a constant feature of human affairs” this is due to “the rapacious or threatening nature of the adversary.”²²⁴ The conclusion of Johnston’s study finds that two sets of strategic preferences exist through Chinese history,

²²⁰ *China and the World in the New Era* (The State Council Information Office of the People’s Republic of China, n.d.), 25.

²²¹ Alastair Iain Johnston, “Is China a Status Quo Power?,” *International Security* 27, no. 4 (April 2003): 54.

²²² Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, 75:248.

²²³ Ibid.

²²⁴ Ibid.

but “the Parabellum Paradigm is, for the most part, dominant.”²²⁵ Generally, the Parabellum Paradigm sees defensive strategies as inferior to offensively oriented strategies to secure the state. Chinese strategists that prescribed to the Parabellum Paradigm saw “military preparations, the application of violence, and the destruction of the adversary” as the optimal means of securing the state.²²⁶

Johnston’s work is derived from classical Chinese strategic texts, yet, the perceptions and beliefs that determine how a group identifies and responds to threats are also found in prevailing cultural narratives, such as myths and legends. Historical experiences and the retelling of national traumas fuels the nation’s collective psyche based on caution toward outsiders. This mindset lives in the general population and makes its way to the top of the political elite. These elites use these collective experiences through memory to justify political authority and decision-making. Legitimacy in China rests not on ethical or benevolent leadership but on the ability to supply a level of peace, unity, and economic rewards to the general populace.

Historical Memory

A perspective that incorporates a nation's collective historical memory offers a more balanced interpretation of behaviour in international politics. Inaccurate memories of momentous events, tall tales, and aggrandized nationalist accounts of past glory embed themselves into the character and traditions of a population. Actual events of the past can become a geographic space and time rooted in the collective psyche of a nation. Momentous events and cultural foundations amalgamate into a collective consciousness that shapes perceptions of the external environment.

²²⁵ Ibid., 75:249.

²²⁶ Ibid., 75:250.

A survey of Chinese writings reveals a style defined by technical analysis intertwined with grand historical narratives. In their work, Chinese analysts and scholars engage with a temporal frame of reference that views historical phases closer to millennium than centuries or decades. History plays a role in forming the prevailing perspectives of a populace that, in turn, shape the broad contours of grand strategy. History, like physical geography, does not determine the future, but also should not be overlooked. Parsing of the collective historical memory of the Chinese is a critical starting point for foreign policy analysis of China.²²⁷ Political scientists tend to avoid analyzing historical memory in scholarly work because of the difficulty of measuring the impact of history on present behaviour. While understandable, oversight of a factor “equally important or even more important than China’s material interests” attributes to the inability of western paradigms to study China and its role in the international order.²²⁸

The Century of National Humiliation

Traumatic events and memories of a “glorious” past shape “the way the Chinese conceptualize, manage, and resolve” engagements with other nations.²²⁹ The 19th-century arrival of Western powers to China coincided with a period of internal instability and unprecedented weakness. That weakness, combined with the West’s superior military technology, forced a proud nation to concede to the demands of external power. These demands included the opening of its markets and giving up control of strategic territory. China deemed itself less of a country and more as a kingdom whose emperor, the “Son of Heaven”

²²⁷ Zheng Wang, *Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations* (Columbia University Press, 2014), 287.

²²⁸ *Ibid.*, 24.

²²⁹ *Ibid.*

(tian zi), ruled “everything under heaven” (tian xia).²³⁰ the defeat at the hands of “barbarians” was a humiliating injustice forever etched into the consciousness of the Chinese.²³¹

In his book *Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations*, Zheng Wang views the past as a preview for what is to come:²³²

Uncovering historical memory is a progressive look forward in understanding where China is trying to go. If we want to figure out China’s intentions, we must first appreciate the building blocks of Chinese intentions. Who we think we are defines what we think we want. Understanding Chinese national identity from this perspective can give insight into who China is seeking to become as it makes its rapid rise compared to the rest of the world.

It is crucial to frame China’s intentions within a historical context. China sees itself as a nation under attack from outside forces intended to destabilize the ruling regime. China still identifies as the centre of the international order and views the modern status quo of relations between world powers as inherently unfair and designed to constrain China. The world order built in the wake of the “national humiliation” without China’s input, embedded a sense of injustice in need of correction. The current imbalances in power are viewed as a temporary deviation.

Entrenched narratives compel China’s understanding of its relationship to the rest of the world. Centuries of caution toward outsiders combined with hostile and forced interactions secured in China an isolated psyche. International relations scholars have used the concept of “foreign policy autism” to describe the behavior of states that struggle to read the outside environment accurately, distracted by the demands of the internal environment.²³³ Edward Luttwak calls this type of behavior “great-state autism” and uses it to explain the contrary

²³⁰ Howard W. French, *Everything Under the Heavens: How the Past Helps Shape China’s Push for Global Power*, First edition. (New York: Alfred A. Knopf, 2017), 12.

²³¹ *Ibid.*, 12.

²³² Wang, *Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations*, 25.

²³³ Edward Luttwak, *The Rise of China vs. the Logic of Strategy* (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2012), 13.

conduct of China who wants to maintain an image of a “peaceful rise” while harassing smaller states in the region and building up military capabilities.²³⁴ A singular self-conception leads to China being “convinced of the justness and necessity” of the state’s naval advancement and provides a blind spot where China is “unable to understand why its neighbors are unwilling to be fully persuaded by... repeated declarations of peaceful intent and goodwill.”²³⁵

Opposition by competing states furthers this downward spiral, where objections by other states add substance to the belief that outsiders “desire to keep China weak and downtrodden” and when “confronted by the gradual formation of an ‘anti-China’ coalition China’s leaders might embrace a forceful move to break out of the looming encirclement.”²³⁶ Inattention to the sensitivities of states that perceive China’s actions as offensive in nature risks an escalating security dilemma. Brushing off concerns about its policy goals increases fears China seeks regional hegemony, which raises the risks of confrontation with neighboring states.

Myths of a Glorious Past

The following section addresses how Chinese leaders use historical events and national memory to advance their interests and justify foreign policy choices. To legitimize its rule and justify foreign policy decisions, the CCP capitalizes on the inherently emotional nature of poignant events or historical periods and evokes them as a political tool.²³⁷ The state does not merely fabricate narratives of the past and present them to the populace as propaganda; it seizes

²³⁴ Ibid.

²³⁵ John Garver, “Limitations on China’s Ability to Understand Indian Apprehensions about China’s Rise as a Naval Power,” in *India and China at Sea: Competition for Naval Dominance in the Indian Ocean*, Kindle Edition., vol. 1 (Oxford University Press, 2018), chap. 4, accessed June 18, 2019, <http://www.oxfordscholarship.com/view/10.1093/oso/9780199479337.001.0001/oso-9780199479337-chapter-5>.

²³⁶ Ibid.

²³⁷ French, *Everything under the Heavens*.

the beliefs already woven deep into the public's consciousness, and repackages them to carry politically helpful messages.²³⁸

Zheng He's Indian Ocean Voyage

The revisionist repacking of Admiral Zheng's famous 15th-century voyages in the Indian Ocean shows how the state propaganda use narratives as a political device. The presentation of Zheng's voyage reveals how the government wants the world and its citizens, to view their role.²³⁹ Zhou Bo, a Senior Colonel in the PLA, describes the expeditions as "not aimed for the conquest of peoples or of territory" but one aimed at encouraging intercultural understanding that left China as "a country standing tall in the center of the world, strong yet benign, and friendly to all."²⁴⁰ This depiction of Zheng's voyages is based on history but leaves out inconvenient realities of the missions. Zheng He's fleets sought to induce foreign rulers to kowtow to the Chinese emperor and join the system of tributary states. This was not achieved through friendly diplomatic exchanges but through displays of force meant to intimidate other nations into submission.²⁴¹ At its peak, Zheng's fleet carried an armed force of almost 29,000 personnel, "the largest overseas deployment of military force until the British effort to suppress the American rebellion in the 1770s."²⁴² The size of the military apparatus attached to Zheng's "peaceful" expedition and the fact that he used his forces to punish dissident leaders is not consistent with China's projected image as a peaceful power.²⁴³

The reality of Zheng's quests, when contrasted with the sanitized version presented, parallel the modern-day Maritime Silk Road Initiative in its discordance between reality and

²³⁸ Garver, "Limitations on China's Ability to Understand Indian Apprehensions about China's Rise as a Naval Power," Location 1195.

²³⁹ French, *Everything under the Heavens*.

²⁴⁰ Bo, "The String of Pearls and the Maritime Silk Road."

²⁴¹ Brewster, *India and China at Sea*, n. Location 1317.

²⁴² *Ibid.*, n. Loc. 1317.

²⁴³ *Ibid.*

official packaging. Behind the diplomatic face of Zheng's missions was an intimidating "oceanic strike force" that implicitly threatened any states that dared to deny China's place at the center of the international order.²⁴⁴ Similarly, the Maritime Silk Road Initiative is presented as an "economic win-win" and means to strengthen relationships between China and recipient states. Accompanying these strengthened political and economic bilateral ties is the implicit notion that China's benevolence could turn at any infraction or perceived offense.

Zheng did not set out to take control of foreign lands forcibly on behalf of the emperor. Instead, he was on "a mission of persuasion" to display China's power and wealth and by extension, convince others of China's moral authority.²⁴⁵ The Chinese know that "myth is stronger than history" and exaggerate the diplomacy of He's interactions to support the "peaceful rise" narrative.²⁴⁶ The New Silk Road Initiative summons images of the historical route that prompted a period of fruitful cultural and material exchanges. By invoking the ancient silk road as a representation of the Belt and Road Initiative, China emphasizes that it only wants to increase trade, not domination or control. However, historically, China has not viewed commerce as a non-political economic civilian-driven entity, but as a tool to advance state policy.²⁴⁷ Also, by framing more recent forays as a continuance of long-held naval tradition, the leadership tries to dispel concerns that the PRC entertains expansionist ambitions. Looking to the past for an explanation of the present helps to explain the mindset of the Chinese leadership when they formulate foreign policy goals. The main drivers of Chinese policy, both internal and foreign, are to ensure the continuity of the CCP, and second, to preserve legitimacy with continuous economic growth.

²⁴⁴ Toshi Yoshihara and James R. Holmes, eds., *Asia Looks Seaward: Power and Maritime Strategy* (Westport, Conn: Praeger Security International, 2008), 37.

²⁴⁵ Ibid.

²⁴⁶ Hayton, *The South China Sea: The Struggle for Power in Asia*, 52.

²⁴⁷ Kane, *Chinese Grand Strategy and Maritime Power*, 34.

Domestic Factors

“Nei-luan wai-huan,” or “inside disorder and outside calamity,” are the two forces that, combined, contributed to the fall of most Chinese dynasties.²⁴⁸ In other words, internal unrest and foreign invasions fueled the cyclical rise and fall of dynastic rulers. The dynastic cycle theory looks to history to explain how the rulers of China establish their rule. The cycle starts after one ruler unites various factions of China and establishes internal peace, giving them the “mandate of heaven.”²⁴⁹ If peace is upheld, their rule will continue. Inevitably, government corruption coupled with something like a natural disaster or foreign intrusion causes instability and the ruling dynasty loses credibility (the mandate of heaven) and a power struggle follows.²⁵⁰ Whoever emerges from the violence able to restore order gains the mandate to rule, and the cycle begins again.

The CCP, as the modern equivalent of the ruling dynasty, has ruled China since 1921. This ninety-seven-year reign is eight years past the average regime length of eighty-nine years. This historical cycle is not forgotten in the minds of the party and policies, domestic and foreign, serve to keep internal stability and the leadership of the CCP.²⁵¹ Subsequently, guaranteeing the continuity and supremacy of the CCP remains the primary driving force behind Chinese political choices in both domestic policy and international affairs.

Economic Growth as Legitimization

Foreign policy decisions made by national governments are viewed from an international level of analysis. An analysis at the domestic level is crucial to understand

²⁴⁸ French, *Everything under the Heavens*, 23.

²⁴⁹ Henry Kissinger, *On China*, 1 edition. (New York: Penguin Press, 2011), 42.

²⁵⁰ Ibid.

²⁵¹ French, *Everything under the Heavens*, 24.

China's foreign policy objectives and strategy. Despite their growing influence and power globally, Chinese leaders remain deeply insecure about their political survival.²⁵²

Since opening its markets to global commerce and adopting a so-called “socialist market economy,” many in the West expected social and political reforms in line with the events in Eastern Europe following the fall of the Soviet Union. Predictions that demands for democracy and market economies would follow higher standards of living with unrest threatening the leadership's hold on power. Contrary to expectations, the CCP under Xi Jinping has tightened restrictions on civil society and curtailed individual liberties. The CCP learned from watching the fall of its communist brethren in Eastern Europe. The economic hardships that the centrally planned economies induced were the catalyst of civil unrest in the former Eastern Bloc. Noting the failures of these governments, Beijing struck an implicit pact with the people it governs: “prosperity in exchange for loyalty” to the party.²⁵³ This social contract to deliver continued economic growth and higher living standards drive the rationale of the rest of China's strategic objectives.

China's economy is both its greatest asset and a threat to domestic stability. Sea-bound exports ignited and sustained China's rapid industrialization of the last 30 years. To keep the level of growth needed for stability, China must ensure continued access to shipping lanes. China has been the greatest benefactor of America's security guarantees of freedom of navigation and open oceans. At the same time, the narratives that pervade Chinese views of the United States frame Americans as intent on preventing China's rise. As a result, sea lines controlled by the Americans will never be secure from the Chinese point of view.

Access to Oil

²⁵² Susan L. Shirk, *China: Fragile Superpower* (Oxford University Press, 2007), 6.

²⁵³ Evan Osnos, *Age of Ambition: Chasing Fortune, Truth, and Faith in the New China* (Macmillan, 2014); Christopher J. Pehrson, *String of Pearls: Meeting the Challenge of China's Rising Power across the Asian Littoral*: (Fort Belvoir, VA: Defense Technical Information Center, 2006), accessed November 28, 2018, <http://www.dtic.mil/docs/citations/ADA451318>.

Central to ensuring continued economic growth is securing access to energy resources. China is the world's fifth-largest oil producer, but immense increases in demand, as well as a peak in domestic production, has led China to import over half of its consumed oil, 80 percent of which arrives by sea.²⁵⁴ The Chinese are concerned that the United States would cut off chokepoints, such as the Strait of Malacca, to constrict China's ability to import energy resources.

In response to this concern, the PRC has focused on increasing its capacity to bypass these chokepoints by importing oil and natural gas via overland pipelines. Therefore, certain ports serve as access points to routes to these energy pipelines. China is currently pursuing pipeline projects over Thailand's Kra Isthmus into the Gulf of Thailand, through ports in the Bay of Bengal, and from the Arabian Sea via Gwadar in Pakistan.²⁵⁵ Arguably the most important of these projects is the multimodule corridor Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC), which seeks to circumvent the Strait of Malacca by connecting Kunming in China with South Asian ports in the Indian Ocean.²⁵⁶ As part of the BCIMEC, the 1,700 km long China-Myanmar Economic Corridor (CMEC), ends at the Kyaukpyu SEZ and port.²⁵⁷

Summary

Based on the information in this chapter, the Chinese maritime strategy for the Indian Ocean can be presumed to revolve around certain geographic points with the intent of

²⁵⁴ Bernard D. Cole, *China's Quest for Great Power: Ships, Oil, and Foreign Policy* (Annapolis, Maryland: Naval Institute Press, 2016), 136.

²⁵⁵ Brewster, "An Indian Ocean Dilemma," 50.

²⁵⁶ K. Yhome, "The BCIM Economic Corridor: Prospects and Challenges," *ORF*, n.d., accessed September 24, 2019, <https://www.orfonline.org/research/the-bcim-economic-corridor-prospects-and-challenges/>.

²⁵⁷ "Gov't Signs MoU with Beijing to Build China-Myanmar Economic Corridor," *The Irrawaddy*, last modified September 13, 2018, accessed September 24, 2019, <https://www.irrawaddy.com/news/burma/govt-signs-mou-beijing-build-china-myanmar-economic-corridor.html>.

achieving specific objectives. The history of China and the narratives that have endured in the collective memory of the Chinese people reveal a preconception with a perceived century of humiliation. The historical memory of the Chinese is a dichotomy of both superiority and humiliation at the hands of outsiders. This dynamic imparts Chinese strategists with a motive to seek the security of a regime that imagines adversaries constantly surround it. Their efforts center around achieving a “national rejuvenation” whereby a Sino-centric world order is (re)established. To achieve this, the Chinese will adopt more decisive strategies. These strategies will form in ways that are not overtly offensive. Just as the 24 Character Strategy instructs, incremental, gains in relative capabilities, slowly accumulated, out of sight of adversaries will inform the core of China’s strategies.

A combination of geography and domestic politics reveals where these strategies are likely to be concentrated. China's internal politics are at their core unstable and insecure, with the power vested in the hands of a handful of powerful men. Their sole interest is to stay in power and not fall victim to “inside disorder” or an uprising of a dissatisfied populace or “outside calamity,” foreign powers intervening in domestic affairs. The key potential flashpoint for the internal disorder is a discontinuance of the current trajectory of rising standards of living. Therefore, the regime is forced to chase all policies that allow it to continue down the path to economic prosperity. Economic prosperity lies in the ocean, specifically important are the SLOCs and oil pipelines.

The Chinese hierarchical view of the world, with itself at the center, is a remnant of a time when the “Middle Kingdom” was the uncontested regional hegemon. Today, this impacts the Chinese belief in their own cultural and intellectual superiority to their neighbors, which oftentimes impedes communication and relations. Belief in its moral authority and peaceful intent leads China to act in ways that fail to consider the sensitivities of others, paradoxically creating a sense of insecurity instead of alleviating fears of their rising. The consequence of this

is that the traditional realist balance of power theory may not be reliable in foretelling future actions of certain states such as China. The persistent argument that China will not build military bases in the Indian Ocean essentially follows structural realist theories of threat perception and balancing. Implying China would avoid a buildup of overseas bases for fear of disrupting their “peaceful rise” narrative.

In summary, the Chinese will pursue a maritime strategy that appears defense but maintains some offensively oriented qualities. The CCP’s survival depends on securing access to the sea lanes, and historical and cultural frames of reference suggest relying on the American-led maritime order is unacceptable. Based on the information presented in this chapter, we can assume that China seeks to redefine the Asian maritime security landscape to one that serves their interests. To do so, the PLAN will build a network of support for its navy around the chokepoints and SLOCs, as well as construct the terminus of overland oil pipelines in the Indian Ocean. The question that remains to be answered is, what type of support network does the Chinese government intend to build?

Chapter VI

Case Study Results

This chapter presents the results of the tests of three hypotheses on selected six case studies as outlined in Chapter 3—Research Methods. The case studies are six port infrastructure projects in the Indian Ocean financed and managed by China. The wider aim is to shed light on China's intents in the Indian Ocean and, by extension in the world. The study first explored immaterial factors, identity-forming beliefs and ideas, to understand the underpinnings of how the Chinese perceive the outside.

In context to the constraints imposed by geography, domestic level drivers of behavior addressed the importance of the Indian Ocean to China and explained the rationale for China's increased presence in the region. Instead of trying to anticipate and explain Chinese actions, the previous chapter highlighted China's unique characteristics to stress the importance of diverging from Western-centered analytical frameworks.

Testing Hypothesis 1 and 2: Port investments are motivated by strategic goals

H1: China intends to use infrastructure projects to gain political and economic influence with the end goal of setting up military bases. (Requirements = Situation + Strength + Resources + Economic and Political Ties)

H2: China aims to create a network of logistical support sites that provide the PLAN access to port facilities. (Requirements = Situation + Resources + High Economic and Political Ties)

Situation

(A) Is the port close to the SLOCs or maritime chokepoints? (See Table 1)

For a site to have value in position, it should be found along SLOCs, with added value if found close to a chokepoint. This research found that six ports are along SLOCs, two in critical proximity to one of the three chokepoints named in the external driver's section. (See Appendix B, Figure 1) Under Mahan's template, Djibouti and Gwadar are highly valued because of their locations by chokepoints. **Djibouti** sits on the western side of Bab-el-Mandeb, and **Gwadar** lies at the mouth of the Gulf of Oman, close to Hormuz. Both positions would help the Chinese to monitor passageways through which the world's oil shipments pass through.²⁵⁸ (See Appendix B, Figure 2) **Hambantota** is situated in the middle of the Indian Ocean, at the midway point of the chokepoints leading to the middle east and the Malacca strait leading to the South China Sea.

Koh Kong Port is removed from major shipping lanes but along secondary shipping lanes in the Gulf of Thailand (See Appendix B, Figure 3) More significantly, Koh Kong is located on the eastern side of the Strait of Malacca and opposite proposed sites of canals that would enable the Chinese to bypass the Strait of Malacca. **Chittagong** and **Kyaukpyu** are locations that are the terminus of overland oil pipelines. Also, these two locations provide access to the Bay of Bengal and imbue a naval force with a footprint there the ability to watch over traffic approaching the Strait of Malacca from the west.²⁵⁹ (See Appendix B, Figure 4)

Viewed in context to the strategic value of a place framework laid out by Mahan, each port is of high value in its situation.

²⁵⁸ Rodrigue, Comtois, and Slack, *The Geography of Transport Systems*, 40.

²⁵⁹ Brewster, *India and China at Sea*, n. Location 1,232.

Strength

(B) Is the port naturally fortified? (See Table 1)

While all ports studied are situated in strategically significant locations, only **Chittagong** has inherent defensive strength due to its physical situation as a natural river harbor, which provides good cover from sea-based attacks as well as natural forces.²⁶⁰ **Gwadar** and its oil terminals are located on the tip of a 12-kilometer-long, hammerhead-shaped peninsula in the Gulf of Arabia. The narrow peninsula measures 2.5 km at its narrowest point, making it vulnerable in its current state to being cut off in the event of a conflict. (See Appendix B, Figure 5) Until the port is readily defensible from sea-fired cruise missiles, the strategic importance of the port is reduced by the lessened practical utility.²⁶¹

Despite natural strength, Chittagong, along with Gwadar, and **Hambantota** are close to India and thus exposed to an enemy with long-range precision strike capabilities.²⁶² The port of Doraleh in **Djibouti** is structurally indefensible in the event of military operations because of its lack of natural fortification as well as its location miles from an American base.²⁶³ (See Appendix B, Figure 6) **Kyaukpyu** and **Koh Kong** are the least developed of the ports in this study, and neither is naturally fortified to protect against attack. For either port to be adequate in a combat situation, they would need the addition of manmade reinforcement.

Gwadar and **Hambantota** could be potentially fortified to protect against attack, but the financial costs would be high given both the site's close range to Indian weaponry.²⁶⁴ Most

²⁶⁰ "Port of Chittagong," *World Port Source*, accessed November 9, 2019, http://www.worldportsource.com/ports/portCall/BGD_Port_of_Chittagong_2102.php.

²⁶¹ Gabriel B Collins et al., *China's Energy Strategy: The Impact on Beijing's Maritime Policies*. (Annapolis: Naval Institute Press, 2012), 127, accessed February 1, 2019, <http://public.eblib.com/choice/publicfullrecord.aspx?p=895859>.

²⁶² Kostecka, *Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean*, 74.

²⁶³ Andrew Jacobs and Jane Perlez, "U.S. Wary of Its New Neighbor in Djibouti: A Chinese Naval Base," *The New York Times*, February 25, 2017, sec. World, accessed September 4, 2019, <https://www.nytimes.com/2017/02/25/world/africa/us-djibouti-chinese-naval-base.html>.

²⁶⁴ Kostecka, *Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean*, 7; Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century*, 47.

importantly, there are political costs to being seen modifying ports for battle sustainability. Sri Lanka has historically and culturally been close to India, but New Delhi has expressed frustration in recent years with Colombo's Chinese financed infrastructure projects that are harmful to India's security. It would not be in Sri Lanka's interest to worsen these frustrations and threaten relations with its most significant trading partner by upgrading ports in a way that questions their intended function.

The analysis of the characteristics of each port reveals a pattern of port projects highly valued for position on the map (situation) yet not sufficient in defensive structure. The study by Yung and Rustici in the literature review identified potential overseas basing models, the two likely scenarios being the Pearls String Model and the Dual Use Logistics Facility Model. The String of Pearls Model calls for a series of bases capable of supporting high-intensity combat scenarios. The ports in this study are unequipped to handle this type of support because of deficiencies in defensive strength. **Therefore, the first hypothesis (China intends to use infrastructure projects to gain political and economic influence with the end goal of setting up military bases) lacks substantial evidence.**

Resources

(C) What technological facilities does the port have planned, or currently have available? (See Table 4)

Christopher Yung and Ross Rustici's study in the literature review of this study compared Hambantota, Gwadar, and Chittagong to the requirements of a naval port in support of combat operations as required by the U.S. Department of Defense (DoD).²⁶⁵ Assuming the Chinese have similar requirements, only Chittagong comes close to fulfilling all the

²⁶⁵ Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century*, 36.

requirements.²⁶⁶ Kyaukpyu SEZ and Koh Kong New Port are early in the developmental phase with construction and dredging of the harbor still underway.

Chittagong is the third busiest port in South Asia and Bangladesh's main artery for seaborne imports and exports. Currently, there are private repair yards and dry dock facilities with the ability to service large vessels.²⁶⁷ Despite the presence of dry-docks and large harbors, Chittagong remains constrained in the scope of the repairs it can currently provide.²⁶⁸ China's focus is the modernization of the port: adding additional dry-docks and deep berths capable of supporting large vessels.²⁶⁹

The PLA could retrofit, Gwadar,²⁷⁰ and Hambantota²⁷¹ by 2035 to meet the standards set by the US Department of Defense. In terms of Gwadar, plans are underway that include a widened and deepened wharf, an LNG terminal, construction of chemical facilities, an industrial zone, steel mills, and refineries.²⁷² The layout of the port facilities and water depth at Gwadar are sufficient for servicing submarines and aircraft carriers.²⁷³ Hambantota has plans for valuable dry dock facilities, bunks for personnel, and refueling stations.²⁷⁴

Koh Kong's proposed deep-water port is potentially large enough to host frigates and destroyers. The PPC plan for Koh Kong includes hospitals and other recreational areas that

²⁶⁶ Ibid.

²⁶⁷ Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and Their Security Implications.," 16.

²⁶⁸ Prostar Publications, *PUB. 150 World Port Index*, n.d., 142.

²⁶⁹ Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and Their Security Implications.," 16.

²⁷⁰ Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century*, 36.

²⁷¹ Ibid.

²⁷² Frédéric Grare, "Along the Road: Gwadar and China's Power Projection," *Carnegie Endowment for International Peace* (July 31, 2018), accessed February 11, 2019, <https://carnegieendowment.org/2018/07/31/along-road-gwadar-and-china-s-power-projection-pub-77217>.

²⁷³ Small, *The China Pakistan Axis: Asia's New Geopolitics*.

²⁷⁴ Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, chap. 11.

theoretically could host PLA crews.²⁷⁵ Supporting allegations that the Koh Kong developments have a military tilt, satellite images of a nearby airstrip built by a Chinese company, Union Development Group, reveal a runway that is longer than Cambodia's international airport in Phnom Penh, and capable of supporting any Chinese military aircraft.²⁷⁶ (See [Appendix B, Figure 7](#)) Toward the end of the research phase of this study, reports broke that China signed an agreement with Cambodia allowing the PLAN to use Ream Naval Base, further confirming suspicions that China has been targeting Cambodia as a future place to base naval operations.²⁷⁷

(D) Is the port being developed in line with China's Ports-Parks-City (PPC) model?

Official BRI documents refer to **Kyaukpyu, Hambantota, and Gwadar** as PPC development schemes, but the **Koh Kong New Port, Djibouti, and Chittagong** also fit the criteria.²⁷⁸ All the ports examined effectively fall under China's Ports-Parks-City model of development, some explicitly and others by the structure of the development scheme attached to the port.

Gwadar provides a clear illustration of how these PPC infrastructure arrangements could be well positioned to provide support to Chinese fleets stopping by to make a port call. The China Pak Investment Corporation announced a "\$150 million gated master community" with a shopping boulevard, a mall, an airport, restaurants, schools, parks, and other community facilities.²⁷⁹ The development aims to house half a million Chinese citizens by 2022 who

²⁷⁵ Devin Thorne and Ben Spevak, "Harbored Ambitions," 55.

²⁷⁶ Charles Edel, "Hiding in Plain Sight: Chinese Expansion in Southeast Asia," *War on the Rocks*, May 9, 2019, accessed May 15, 2019, <https://warontherocks.com/2019/05/hiding-in-plain-sight-chinese-expansion-in-southeast-asia/>; "Sentinel-Hub EO-Browser," accessed September 23, 2019, https://apps.sentinel-hub.com/eo-browser/?lat=10.89000&lng=103.25178&zoom=13&time=2019-04-29&preset=1_TRUE_COLOR&datasource=Sentinel-2%20L1C.

²⁷⁷ Jeremy Page Taylor Gordon Lubold and Rob, "Deal for Naval Outpost in Cambodia Furthers China's Quest for Military Network," *Wall Street Journal*, July 22, 2019, sec. World, accessed August 4, 2019, <https://www.wsj.com/articles/secret-deal-for-chinese-naval-outpost-in-cambodia-raises-u-s-fears-of-beijings-ambitions-11563732482>.

²⁷⁸ *Vision for Maritime Cooperation Under the Belt and Road Initiative*.

²⁷⁹ *First-Class Investment Opportunities in International Port City Gwadar*, n.d., accessed September 29, 2019, https://www.youtube.com/watch?time_continue=41&v=DQnvMpTUzVA.

ostensibly will assume control over the port and other industries established through CPEC.²⁸⁰ Some scholars liken China's PPC development model to the first wave of European colonization, whereby the Europeans established cities secluded from the local populations and controlled the region's most lucrative industries.²⁸¹ These arrangements support the first civilian, later military strategies expressed by Chinese academics in the literature review.

Each port, to some degree, falls under the Ports-Parks-City model of development. This development model feeds each port with an inbuilt source of Chinese engineers, mechanics, and other highly skilled workers to implement the "first civilian, later military" strategy described in the literature review. The PPC strategy also further integrates the maritime interests of China and the hosts' economic future. As far as available facilities for providing logistical support, the ports that are built, have the required capabilities to serve as logistical support points. **In conclusion, all six ports in this study fare well in two of three of Mahan's indicators of the strategic value of a place.** Specifically, the strategically located ports are enhanced by the potential resources but weak currently not defensible against India or the United States. This indicates that **the sites are unsuitable as a naval base site if China were pursuing a structure of basing as the string of pearls hypothesis suggests.**

Economic and Political Ties

The next set of indicators mark the degree of (inter)dependence between potential future naval base host and China. (See Table 3) These factors reflect both the economic influence, and the soft power of China in each nation. China's power in each country heightens its ability to convince the political leadership to concede to use their territory in some capacity for military purposes. None of the factors are symptomatic on their own, and any limitations, or

²⁸⁰ Logan Pauley and Shad, Hamza, "Gwadar: Emerging Port City or Chinese Colony?," *The Diplomat*, May 10, 2018, accessed January 15, 2019, <https://thediplomat.com/2018/10/gwadar-emerging-port-city-or-chinese-colony/>.

²⁸¹ Ibid.

absence of one metric, does not eliminate the threat of China using the facilities for naval operations in the future. These supplements the three Mahanian factors previously considered in evaluating the likelihood of the PLAN using a location as a base.

Military Cooperation and Arms Trade

(E) Do the host and China cooperate on security and/or trade arms?

Like their pursuit of port infrastructure projects, a combination of commercial and strategic interests drives Beijing to supply weapons to South Asian countries. India plays a role in the strategic rationale for supplying arms to both **Pakistan** and **Myanmar**. By providing the Pakistanis with technical assistance in the early stages of their nuclear program in the 1980s, China greatly complicated India's strategic situation, keeping them distracted by a hostile and well-armed neighbor. In Myanmar, the same rationale exists, by providing the regime with weapons and arms, New Delhi's strategic landscape becomes increasingly complex, and the ability to focus on Beijing's activity diminishes.

Just as weaponizing India's foes is attractive to China, in countries such as **Sri Lanka** and **Bangladesh**, traditionally states friendly to India, China uses arms sales to draw the governments out of India's orbit. In Sri Lanka, when concerns over human rights abuses prompted the United States and other western counties to suspend weapons transfers, China moved in to provide the regime with "fighter aircraft, armored personnel carriers, anti-aircraft guns, air surveillance radar, missiles, and rocket-propelled grenades."²⁸²

Pakistan is the largest client of China purchasing 5 billion of China's total of eight billion of arms sales in the Indo-Pacific in 2018.²⁸³ Apart from participation in bilateral military

²⁸² Nilanthi Samaranyake, "Are Sri Lanka's Relations with China Deepening? An Analysis of Economic, Military, and Diplomatic Data," *Asian Security* 7, no. 2 (May 2011): 139; Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, chap. 11.

²⁸³ *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2019*, 27.

drills,²⁸⁴ Pakistan seems eager to host a naval base.²⁸⁵ The Pakistani Defense Minister at one point stated that the Chinese were helping to develop Gwadar into a base, an assertion Beijing denied.²⁸⁶ The technological aspect of the CPEC is an overlooked element of the China-Pakistan axis. Pakistan alone has access to China's Beidou satellite navigation system for missile guidance, and ship and aircraft navigation.²⁸⁷ China's hopes to eliminate reliance on the American run GPS-network, over concerns the Americans would deny them access during a conflict. Pakistan could rely on to enter into a long-term agreement that involves "more comprehensive supplying, replenishment, and large-scale repairs of shipboard weapons."²⁸⁸

Bangladesh is the only country that has signed a formal defense cooperation agreement with China.²⁸⁹ China could invoke the defense pact to use the harbor at Chittagong and Cox's Bazaar (facilities for the People Liberation Army's Air Force).²⁹⁰ Emphasizing this partnership, China is Bangladesh's largest supplier of weaponry,²⁹¹ selling Dhaka two MING class submarines in 2016 and two Type 053H3s frigates in 2017.²⁹²

²⁸⁴ Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century*, 28.

²⁸⁵ Small, *The China Pakistan Axis: Asia's New Geopolitics*, 125.

²⁸⁶ Yung et al., *Not an Idea We Have to Shun': Chinese Overseas Basing Requirements in the 21st Century*, 28.

²⁸⁷ Maria Abi-Habib, "China's 'Belt and Road' Plan in Pakistan Takes a Military Turn," *The New York Times*, December 19, 2018, sec. World, accessed May 16, 2019, <https://www.nytimes.com/2018/12/19/world/asia/pakistan-china-belt-road-military.html>.

²⁸⁸ Small, *The China Pakistan Axis: Asia's New Geopolitics*, 188.

²⁸⁹ Joyeeta Bhattacharjee, "Decoding China-Bangladesh Relationship," *ORF*, n.d., accessed September 2, 2019, <https://www.orfonline.org/expert-speak/41935-decoding-china-bangladesh-relationship/>.

²⁹⁰ David Scott, "The Great Power 'Great Game' between India and China: 'The Logic of Geography,'" *Geopolitics* 13, no. 1 (February 15, 2008): 1–26.

²⁹¹ Sudha Ramachandran, "How Bangladesh Learned to Love the Belt and Road," *The Diplomat*, accessed August 4, 2019, <https://thediplomat.com/2019/07/how-bangladesh-learned-to-love-the-belt-and-road/>.

²⁹² *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2019*, 27.

This study found that **Djibouti**,²⁹³ **Pakistan**,²⁹⁴ **Myanmar**,²⁹⁵ **Cambodia**,²⁹⁶ **Bangladesh**,²⁹⁷ and **Sri Lanka**²⁹⁸ rely on the Chinese for most of their arms procurements. In Djibouti,²⁹⁹ Sri Lanka,³⁰⁰ Myanmar, Cambodia,³⁰¹ and Pakistan, China engages in joint military exercises and high-level exchanges of military officers on top of arms sales.³⁰² Pakistan, Bangladesh, and Myanmar made up three of the top five arms importers from China and bought a combined 52 billion USD of arms since 2013.³⁰³ China sells weapons at prices cheaper and without the political “strings” attached to western sales. Unable to attain weapons from the West due to embargoes, Beijing is the lone source of arms for Myanmar (and with certain technologies also for Pakistan).³⁰⁴ In summary, military cooperation and arms transfers are consistent factors of relations between China and the six countries in this study.

Reliance on The Chinese Market

(F) Does the host government rely on open trade with the Chinese market for a significant amount of their exports or imports?

²⁹³ Erica Downs, Jeffrey Becker, and Patrick DeGategno, *China’s Military Support Facility in Djibouti: The Economic and Security Dimensions of China’s First Overseas Base* (Center for Naval Analyses Arlington United States, 2017), 23.

²⁹⁴ *Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China 2019*, 27.

²⁹⁵ Samaranayake, “Are Sri Lanka’s Relations with China Deepening?,” 133.

²⁹⁶ Prak Chan Thul, “China Pledges over \$100 Million Military Aid to Cambodia,” *Reuters*, June 19, 2018, accessed May 15, 2019, <https://uk.reuters.com/article/uk-cambodia-china-idUKKBN1JF0L0>; Andrew Nachemson, “Is Cambodia’s Koh Kong Project for Chinese Tourists – or China’s Military?,” *South China Morning Post*, March 5, 2019, accessed August 1, 2019, <https://www.scmp.com/week-asia/geopolitics/article/2188558/cambodias-koh-kong-project-chinese-tourists-or-chinas-military>.

²⁹⁷ Samaranayake, “Are Sri Lanka’s Relations with China Deepening?,” 133.

²⁹⁸ Ibid.

²⁹⁹ Downs, Becker, and DeGategno, *China’s Military Support Facility in Djibouti: The Economic and Security Dimensions of China’s First Overseas Base*, 23.

³⁰⁰ Shantanu Roy-Chaudhury, “India-China-Sri Lanka Triangle: The Defense Dimension,” *The Diplomat*, accessed September 4, 2019, <https://thediplomat.com/2019/07/india-china-sri-lanka-triangle-the-defense-dimension/>.

³⁰¹ Chan Thul, “China Pledges over \$100 Million Military Aid to Cambodia.”

³⁰² Scobell et al., *At the Dawn of Belt and Road*, 63.

³⁰³ “Importer/Exporter TIV Tables,” Database, *Stockholm International Peace Research Institute - SIPRI Arms Transfers Database*, accessed September 25, 2019, <http://armstrade.sipri.org/armstrade/page/values.php>.

³⁰⁴ Daniel Byman and Roger Cliff, “China’s Arms Sales,” Product Page, last modified 1999, accessed September 29, 2019, https://www.rand.org/pubs/monograph_reports/MR1119.html.

China is the largest trading partner of **Bangladesh**,³⁰⁵ **Cambodia**,³⁰⁶ and **Myanmar**.³⁰⁷ China accounts for 26% of **Pakistan**'s exports,³⁰⁸ behind the United States and Great Britain, but is the largest source of total imports.³⁰⁹ Besides being Cambodia's largest trade partner,³¹⁰ China is the largest source of FDI, accounting for 70 percent of total industrial investment in the country.³¹¹ In **Sri Lanka**, China is just behind India, accounting for 19% of total exports in comparison to India's 20 percent.³¹² **Djibouti**'s economy is underdeveloped in comparison to the other five countries surveyed and primarily relies on its strategic location to generate GDP growth. Although the amount of exports and imports with China is negligible, Chinese money finances 40% of current investment projects in Djibouti.³¹³

Ideological and Moral Support

(G) Does the continued existence of the governing regime rely on the support of China in some way?

This support may come via legitimization of their rule or international backing in IOR and other multilateral forums. **Myanmar, Bangladesh, Cambodia, Sri Lanka, and Pakistan** have relied on support from China at times when they found themselves isolated politically or

³⁰⁵ Marantidou, "Revisiting China's 'String of Pearls' Strategy: Places 'with Chinese Characteristics' and Their Security Implications."

³⁰⁶ "Cambodia - China Relations," *Global Security*, n.d., accessed August 4, 2019, <https://www.globalsecurity.org/military/world/cambodia/forrel-prc.htm>.

³⁰⁷ "Myanmar - Trade At a Glance," *Worldbank Trade Statistics*, accessed September 4, 2019, <https://wits.worldbank.org/countrysnapshot/en/MMR>.

³⁰⁸ "Pakistan - Trade Summary," *Worldbank*, accessed September 4, 2019, <https://wits.worldbank.org/CountryProfile/en/Country/PAK/Year/LTST/Summary>.

³⁰⁹ "Pakistan - Trade at a Glance," *Worldbank Trade Statistics*, last modified September 14, 2019, accessed September 4, 2019, <https://wits.worldbank.org/CountrySnapshot/en/PAK>.

³¹⁰ "Cambodia - China Relations."

³¹¹ "Why Cambodia Has Cosied up to China - the Giant's Client," *The Economist*, January 21, 2017, accessed August 4, 2019, <https://www.economist.com/asia/2017/01/21/why-cambodia-has-cosied-up-to-china>.

³¹² "Sri Lanka - Trade Summary," *Worldbank*, accessed September 4, 2019, <https://wits.worldbank.org/CountryProfile/en/Country/LKA/Year/2017/Summary>.

³¹³ Downs, Becker, and DeGategno, *China's Military Support Facility in Djibouti: The Economic and Security Dimensions of China's First Overseas Base*, 4.

financially from western states. Cambodia relies on the Chinese to act as a counterweight to Vietnam and as a hedge against the political conditions attached to Western aid.³¹⁴ Flush with Chinese money by way of loans, prime minister Hun Sen can afford to brush off western objections to his autocratic regime.³¹⁵

Sri Lanka and China have both been vocally supportive of each other's political choices. For example, China had used its position on the United Nations Security Council to keep Sri Lanka off the agenda in 2009 when allegations of human rights abuses began to intensify.³¹⁶ After Hu Jintao conveyed support for Sri Lanka's sovereignty and territorial integrity, President Rajapaksa returned the supportive gesture by expressing that his country always has and will always support the one-China policy.³¹⁷

Western sanctions following the Burmese military's suppression of democratic movements forced Naypyidaw to turn to China to fund desperately needed infrastructure. The post-2012 warming of relations between Myanmar and the West hit another obstacle following the Rohingya crisis, due to concerns over ethnic cleansing. China once again stepped in to fulfill the country's need for investment and currency inflows, continuing its support for the dictatorship amid other nation's demands to hold the Burmese accountable for ethnic cleansing.

In each of the six countries in this study, China fills some void left by the absence of western countries. China provides indispensable goods and services these countries are unable to get elsewhere, such as weaponry and military knowledge, legitimization and support, or financial help in places where the west and western lead international institutions are unwilling or unable due to policy principles, moral obligations or financial prudence. China now has significant sway in each country analyzed. None of the countries are indebted to Beijing in a

³¹⁴ "The Giant's Client."

³¹⁵ "China 'to Help' Cambodia If EU Implements Trade Sanctions," *Al Jazeera*, n.d., accessed August 4, 2019, <https://www.aljazeera.com/news/2019/04/china-cambodia-eu-implements-trade-sanctions-190430001935041.html>.

³¹⁶ Samaranayake, "Are Sri Lanka's Relations with China Deepening?," 136.

³¹⁷ *Ibid.*, 135.

way that cedes complete agency in their capacity to make decisions. Chinese influence in each nation is present enough so that politicians will make decisions carefully to avoid upsetting their benefactor in Beijing. The PRC sought to create an atmosphere advantageous to its growth in each of the countries and, in the long term, a position accommodating to their naval ambitions. They accomplished this goal to varying extents.

Testing Argument Three – The BRI is a “Win-Win” Scenario

The final set of variables test if China’s rhetoric aligns with observable facts. The Chinese claim that the BRI presents an advantageous opportunity for all parties involved, with “win-win” economic gains, and no geostrategic motivations at play. Implicit in these claims is that benefits from projects will be equally distributed, debts taken to fund projects are sound, and the sovereignty of each targeted county will remain intact. The next section will examine the data for each of these factors by addressing the following questions: *Are the terms of the project transparent? Are the benefits from projects distributed equitably? Has China issued debt that will be a burden to repay? Has China acquired an equity stake in the port or signed a lease in the port?*

Distribution of Benefits and Transparency

(H) Are the terms of the agreement accessible?

Of **all the port projects** investigated in this study, none of the agreements are accessible. There are limited details on the status of negotiations, companies involved, the organizational structure of projects, and the progress of developments.³¹⁸

(I) Are the benefits from projects distributed fairly?

³¹⁸ Devin Thorne and Ben Spevak, “Harbored Ambitions,” 32.

In **Gwadar**, Chinese companies reap the benefits of CPEC projects as China sets the price of various initiatives, which then are contracted out to Chinese companies, who employ Chinese workers, and send the bill (in the form of a loan) to Pakistan. In Pakistan, citizens are left in the dark as to what the CPEC is costing, even the governor of Pakistan's state bank has admitted he does not know how the money for infrastructure is distributed to different projects.³¹⁹ Gwadar's profit-sharing structure is organized under a so-called "Build-Own-Operate" financing model, under which the China Overseas Ports Holding Company Pakistan (COPHC) keeps 91% of the port's profits throughout the course of its 40-year lease.³²⁰ In the adjacent economic zone, COPHC will take 85 percent of the revenue.³²¹

Hambantota was financed under a so-called "Supply, Operate, and Transfer" model. When Hambantota was turned over to the Chinese under the terms of a 99-year lease, the terms included an additional 15,000 hectares of land to develop a free trade zone.³²² This sparked a public outcry of Sri Lankan citizens concerned that their country's sovereignty was being undermined.³²³ To put an end to the controversy, China and the Sri Lankan government announced that a newly founded joint venture would handle port management and security, controlled equally by a Sri Lankan port authority and an independent Chinese company, Gainpro Resources.³²⁴ Later investigations and leaks of documents revealed that Gainpro

³¹⁹ Ibid., 39.

³²⁰ Iftikhar A. Khan, "China to Get 91pc Gwadar Income, Minister Tells Senate," *DAWN.COM*, last modified November 25, 2017, accessed September 25, 2019, <https://www.dawn.com/news/1372695>.

³²¹ "Pakistan Gives China a 40-Year Lease for Gwadar Port," *The Maritime Executive*, accessed September 25, 2019, <https://www.maritime-executive.com/article/pakistan-gives-china-a-40-year-lease-for-gwadar-port>.

³²² "Sale of Hambantota Port – A Fair Deal?," *Daily FT*, November 16, 2019, accessed January 5, 2019, <http://www.ft.lk/columns/sale-of-hambantota-port-a-fair-deal/4-580215>.

³²³ "China's 'Silk Road' Push Stirs Resentment and Protest in Sri Lanka," *Reuters*, February 2, 2017, accessed August 4, 2019, <https://www.reuters.com/article/us-sri-lanka-china-insight-idUSKBN15G5UT>.

³²⁴ Devin Thorne and Ben Spevak, "Harbored Ambitions," 46.

Resources was a subsidiary of China Merchant Ports, giving a controlling stake to a Chinese state-owned company.³²⁵

Koh Kong New Port makes up part of a larger development project, the “Cambodia - China Comprehensive Investment And Development Pilot Zone.”³²⁶ The deal grants a Chinese company, Tianjin Union Development Group (UDG), development rights to 33 square kilometers of Cambodia’s coast, which amounts to 20 percent of the country’s total coastline.³²⁷ The deal potentially impedes Cambodia’s ability to profit from coastal industries such as fisheries, shipbuilding, and tourism as the country grows.³²⁸ Furthermore, the agreement concedes the use of the land at rates that indicate Hun Sen’s administration has valued the land at “30 USD per hectare,” suggesting there are other considerations at play.³²⁹ According to reports, the agreement allows UDG “to develop the Pilot Zone for ten years completely free of charge” with options to extend the agreement.³³⁰ While the project has potential in terms of revenue, Cambodia’s citizens and environment shoulder the burden from the proposal. The project is located within the protected Botum Sakor National Park, and in order to progress with development, thousands of families have been forcibly removed and 100 square kilometers cleared, some of it protected land.³³¹

³²⁵ Ibid., 48.

³²⁶ “Project Progress,” Corporate Website, *Union Group Cambodia*, last modified September 9, 2019, accessed December 12, 2019, <http://www.union-groupcompany.com/index.php/Ch/En/Xmjz/index#page2>.

³²⁷ Leila Haddou, James Kynge, and Michael Peel, “FT Investigation: How China Bought Its Way into Cambodia,” *Financial Times*, September 8, 2016, accessed December 12, 2019, <https://www.ft.com/content/23968248-43a0-11e6-b22f-79eb4891c97d>.

³²⁸ Devin Thorne and Ben Spevak, “Harbored Ambitions,” 62.

³²⁹ Ibid.

³³⁰ Ibid.

³³¹ Hul Reaksmey, “Preparation on Chinese Mega-Project in Koh Kong Advances,” *The Cambodia Daily*, last modified August 10, 2010, accessed December 12, 2019, <https://english.cambodiadaily.com/news/preparation-on-chinese-mega-project-in-koh-kong-advances-101654/>.

Debt Burden

(J) Has China issued debt that poses an economic burden to repay?

When assessing debt sustainability, the International Monetary Fund considers various indicators, including debt-to-GDP ratio, foreign debt to exports, government debt to current fiscal revenue, the share of foreign debt, short-term debt, and concessional debt in the total debt stock. Developing countries with infrastructure needs can be expected to take on public debt to finance their infrastructure needs, leading to higher debt-to-GDP ratios. But generally, debt-to-GDP ratio forecasted to continue to rise beyond the 50-60 percent level, can inhibit future economic growth.³³²

In addition to the problem of multiple means of assessing debt, loans issued by China are challenging to monitor. Chinese loans are used to finance projects developed by Chinese companies that do not release details of projects, effectively creating a "closed financing system."³³³ A new report shows that due to the "circular lending" of China's lending programs in low-income countries, these countries face a "hidden debt" that eludes monitoring by international organizations.³³⁴

The study of BRI debt by Hurley considers debt in BRI countries by focusing on two things, "the general risk of sovereign debt distress that individual BRI countries are facing today" and the "degree to which BRI financing will add to the risk of debt distress."³³⁵ The study found that eight countries, in particular, were risking debt distress direct due to loans taken from China – the Maldives, **Djibouti**, Lao People's Democratic Republic, Montenegro,

³³² John Hurley, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective" (n.d.): 13.

³³³ Sebastian Horn, Carmen Reinhart, and Christoph Trebesch, *China's Overseas Lending* (Cambridge, MA: National Bureau of Economic Research, July 2019), 15.

³³⁴ *Ibid.*, 1.

³³⁵ Hurley, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective," 44.

Tajikistan, Mongolia, Kyrgyzstan, and **Pakistan**.³³⁶ China's past behavior regarding loaner countries suffering from debt distress reveals the PRC handles each case individually on an ad hoc basis. The only estimate as to how China might react to a future situation of debt distress comes from various pieces of anecdotal information of past behavior.³³⁷

Gwadar port is unprofitable, averaging 1.5 ships a month.³³⁸ To fund the expansive CPEC, Pakistan has taken large amounts of debt from China EXIM Bank at rates as high as 5 percent, (unlike comparable ventures given "concessional rates" of 2-2.25 percent).³³⁹ The IMF projects Pakistan's external debts to GDP to be 67 percent for 2018.³⁴⁰ The government spending on infrastructure projects that are postponed or canceled has further undermined Pakistan's weak economy, and it will probably not grow quickly enough to repay its debt.³⁴¹

Djibouti's Doraleh Multi-purpose Port has the potential to be commercially successful – the degree to which depends, in large part on other projects such as the Addis Ababa–Djibouti Railway finding their footing. Separate from Doraleh, the amount of debt that Djibouti has borrowed from China has prompted the IMF to warn that the country faces a high risk of debt distress mainly caused by externally funded infrastructure projects.³⁴² Djibouti, for example, has an estimated debt-to-GDP ratio that rose from 50 to 85% in recent years, and when recalculated for "hidden debts," the amount of debt-to-GDP reaches 100%.³⁴³ A majority of this debt, around 1.4 billion, is owed to the China EXIM Bank.³⁴⁴

³³⁶ Ibid., 17–18.

³³⁷ Ibid., 18.

³³⁸ Devin Thorne and Ben Spevak, "Harbored Ambitions," 40.

³³⁹ Hurley, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective," 18.

³⁴⁰ Ibid., 20.

³⁴¹ Devin Thorne and Ben Spevak, "Harbored Ambitions," 45.

³⁴² Daniela Gressani, Vitaliy Kramarenko, and Paloma Anós Casero, "Staff Report for the 2016 Article IV Consultation—Debt Sustainability Analysis" (n.d.): 1.

³⁴³ Hurley, "Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective," 15.

³⁴⁴ Horn, Reinhart, and Trebesch, *China's Overseas Lending*, 14.

China has made significant through direct investment and official loans to Sri Lanka's infrastructure development. Yet, not all these loans taken were wise considering Sri Lanka's financial situation. Sri Lanka's 2017 debt-to-GDP ratio, 84.6 percent, places it well above comparable in emerging market economies (with a median of 53 percent, not including oil exporting countries).³⁴⁵ **The IMF considers Sri Lanka highly risky in terms of public debt sustainability**, with an amount owed to China equal to 5.8 percent of GDP.³⁴⁶

Hambantota remains unprofitable, and in 2017, the port only saw 175 cargo ships arrive.³⁴⁷ Hambantota presents an extreme case in terms of unsustainable lending and borrowing practices. President Mahinda Rajapaksa relied on Chinese money and, as previously mentioned, arms deals, through the final years of the country's civil war. Chinese loans to Sri Lanka to build the port and Hambantota, came long after the country was deeply indebted to Beijing. The government's rising debts and coexisting gross financing needs leave few options for a government quickly running out of the capital to operate. After Rajapaksa's left office, his pro-India successor, faced with few options, has continued to take loans from China.³⁴⁸

The Burmese government's 30 and 50 percent stake in the Kyaukpyu port and SEZ, respectively, drive the country's debts to China to 5 percent of GDP - half of the total public debt.³⁴⁹ Myanmar's debt-to-GDP ratio is about 16 percent, and the IMF assessments assessed

³⁴⁵ International Monetary Fund and Asia and Pacific Dept, *Sri Lanka 2018 Article IV Consultation and the Fourth Review Under the Extended Arrangement Under the Extended Fund Facility-Press Release; Staff Report; and Statement by the Executive Director for Sri Lanka.*, 2018, 63, accessed November 3, 2019, <http://proxy.library.carleton.ca/login?url=http://elibrary.imf.org/view/IMF002/25275-9781484362310/25275-9781484362310/25275-9781484362310.xml>.

³⁴⁶ *Ibid.*, 29.

³⁴⁷ "Last Year 183 Ships Arrive at Sri Lanka's Hambantota Port," *Hellenic Shipping News Worldwide*, last modified February 26, 2018, accessed August 20, 2018, <https://www.hellenicshippingnews.com/last-year-183-ships-arrive-at-sri-lankas-hambantota-port/>.

³⁴⁸ Maria Abi-Habib, "How China Got Sri Lanka to Cough Up a Port."

³⁴⁹ Michael J Green, "China's Maritime Silk Road: Strategic and Economic Implications for the Indo-Pacific Region," *Center for Strategic & International Studies (CSIS)* (2018): 6.

the country as having a “low risk of external debt distress.”³⁵⁰ Importantly, in Myanmar, debtors such as Japan and the Asian Development Bank have loaned significant amounts to other projects in the country, which limits China’s clout.³⁵¹

Myanmar learned from the experience of Sri Lanka and Pakistan and reassessed the risks of the Kyaukpyu project and decided to scale back the size from \$7.3 billion to \$1.3 billion.³⁵² However, if the government cannot come up with funds to finance its stake in the project, the risk is that they might turn to China for additional funds. The projects at Kyaukpyu and Koh Kong and the future profitability of either project depends in large part on their accompanying economic zones. With Hambantota and Pakistan, it is tenable that China is taking the long view per the assessment of the Economist in the literature review.

Bangladesh’s debt amounted to 14.3 per cent of GDP in 2018.³⁵³ Dhaka has seen an influx of foreign investment in the last few years, with China accounting for around 1/3 of investments. **However, in Bangladesh,³⁵⁴ as in Cambodia,³⁵⁵ loans from China are not at high risk of default because the overall debt level is low.**³⁵⁶

³⁵⁰ International Monetary Fund, Asia and Pacific Department, and IMF e-Library - York University, *Myanmar 2018 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Myanmar*. (Washington, D.C.: International Monetary Fund, 2019), 69, accessed November 3, 2019, <http://ezproxy.library.yorku.ca/login?url=http://elibrary.imf.org/view/IMF002/25919-9781498307093/25919-9781498307093/25919-9781498307093.xml>.

³⁵¹ Michael J Green et al., *China’s Maritime Silk Road: Strategic and Economic Implications for the Indo-Pacific Region* (Center for Strategic & International Studies, 2018), 12.

³⁵² Kliman et al., “Grading China’s Belt and Road,” 17.

³⁵³ *Bangladesh: 2019 Article IV Consultation Staff Report*, Debt Sustainability Analysis (International Monetary Fund, May 10, 2018), 4, accessed October 2, 2019, <https://www.imf.org/en/Publications/CR/Issues/2019/09/17/Bangladesh-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48682>.

³⁵⁴ Zafar Ahmed, “Bangladesh’s Per Capita External Debt Is Tk 17,000 but Not Alarming,” *Bangladesh News 24*, last modified January 18, 2019, accessed August 4, 2019, <https://bdnews24.com/economy/2019/01/18/bangladeshs-per-capita-external-debt-is-tk-17000-but-not-alarming-govt>; Sudha Ramachandran, “How Bangladesh Learned to Love the Belt and Road.”

³⁵⁵ Hurley, “Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective,” 10.

³⁵⁶ *Ibid.*, 12.

Erosion of Sovereignty

China creates the opportunity for continued influence long after the completion of projects through various combinations of equity agreements, management of the port, or leasing agreements.³⁵⁷ Apart from the question of potential leverage, a pattern of unnecessary involvement in port operations would be contrary to the narrative that geopolitical considerations do not drive projects.

(K) Has China, either directly or through an SOE, acquired an equity stake, or signed a lease agreement in port infrastructure projects?

China has taken a 99-year lease and a 100% equity stake in **Koh Kong** in Cambodia,³⁵⁸ a 23.5% equity stake in **Djibouti**,³⁵⁹ and a 99-year lease and a 70% equity stake in the port of **Hambantota** in Sri Lanka.³⁶⁰ Myanmar awarded China's CITIC a contract to dredge the **Kyaukpyu** port and develop the exclusive economic zone.³⁶¹ Also, CITIC took a 70% equity stake in the port and a 51% stake in the industrial park, down from the original 85% stake in the port that was initially proposed.³⁶² CITIC owns the right to operate the port for 50 years.³⁶³ In Pakistan's **Gwadar** port, China's Overseas Ports Holding Company took a 40-year lease and an unknown equity stake.³⁶⁴ In Bangladesh, China Harbor Engineering has a 70% share in **Chittagong's** adjacent industrial zone.³⁶⁵ **In all the ports observed, the recipient government**

³⁵⁷ Devin Thorne and Ben Spevak, "Harbored Ambitions," 30.

³⁵⁸ Ibid.

³⁵⁹ Ibid.

³⁶⁰ Ibid.

³⁶¹ Kliman et al., "Grading China's Belt and Road," 17.

³⁶² Yuichi Nitta, "Myanmar Cuts Cost of China-Funded Port Project by 80%," *Nikkei Asian Review*, September 28, 2018, accessed August 5, 2019, <https://asia.nikkei.com/Spotlight/Belt-and-Road/Myanmar-cuts-cost-of-China-funded-port-project-by-80>.

³⁶³ Kliman et al., "Grading China's Belt and Road," 17.

³⁶⁴ Devin Thorne and Ben Spevak, "Harbored Ambitions," 30.

³⁶⁵ Mark O'Neil, "How Bangladesh Makes Careful Use of China's BRI Money," *EJ Insight*, last modified February 5, 2019, accessed June 17, 2019, <http://www.ejinsight.com/20190502-how-bangladesh-makes-careful-use-of-china-s-bri-money/>.

relinquished some degree of control over critical infrastructure as a result of the projects undertaken.

Summary of Case Study Findings

When viewed through a Mahanian framework of strategic value, the case study ports seeing Chinese investment in the Indian Ocean are placed favourably in terms of situation. They lie along the regions SLOCs, important oil terminus, and chokepoints. The sites also score highly in terms of resources due to the nature of the Belt and Road development models. They are weak, however, in terms of their ability to withstand an attack in the event of a conflict. This indicates that China is not pursuing a “string of pearls” strategy of American style bases. Therefore, the possible strategy that remains is one that constitutes a “places not bases” strategy of logistical support sites because this approach relies on bilateral ties, enhanced connections between China and potential hosts as demonstrated.

This study used the degree of military cooperation and arms sales, economic market integration, and political support to assess the degree to which individual countries could be persuaded by the Chinese to allow the PLAN to use facilities. The data demonstrated considerable arms transfers, military cooperation, and high levels of economic integration. And in certain countries, the reliance on China’s support on the international stage. The bottom line is that China retains, and continues to accumulate, influence in potential host countries through a variety of coercive tools that would allow PLAN to use ports for military functions.

An environment ripe for coercion or the existence of ports capable of supporting military functionality does not prove Chinese intent in the region. However, if the proclaimed intentions of the Chinese do not prove plausible, the alternative explanation is that strategy plays a role. In order to test the Chinese representations of the Belt and Road as a “win-win”

framework devoid of zero-sum objectives, this study investigated the existence of unequally distributed benefits, the erosion of sovereignty and burdensome debt of infrastructure projects.

Chapter VII

Conclusion

One of the main objectives of this thesis was to provide a set of analytical tools to better understand the role that specific Indian Ocean sites play in China's strategic calculations. This study explored the historical and cultural approaches of studying China in combination with predominant realist and liberal theories to capture a more comprehensive understanding of China's naval ambitions. The overall aim of this research was to advance understanding of China's naval ambitions by identifying the most probable motivation for China's port infrastructure investments in the Indian Ocean.

In the context of the Indian Ocean, the specific research objectives (RO) of this study were as follows:

(RO1) Determine the prevailing narratives concerning China's intentions for investing in maritime infrastructure in the Indian Ocean including any possible connection to China's current naval expansion.

(RO2) Evaluate the geography of the region to determine how China currently views the region in relation to its grand strategic ambitions and how specific feature may influence the development of China's maritime strategy.

(RO3) Investigate the role of other, often overlooked factors that influence foreign policy objectives, such as history, culture, and domestic concerns.

(RO4) Assess the strategic value of Indian Ocean port projects in the context of the Chinese foreign policy objectives mentioned previously.

(RO5) Identify the narrative of Chinese intentions in the Indian Ocean that best reflects the findings of the study.

Research Objectives: Summary of Findings and Conclusions

The following section will revisit the research objectives, summarize the findings of the research, and offer specific conclusions to each stated objective. Recommendations for future research on the topic will then be addressed.

Drivers of China's Strategic Planning and Foreign Policy Decisions

The geography of Asia and the maritime orientation of China's economy have necessitated a shift of focus in China's strategic orientation from the land to the sea. The Indian Ocean, as a semi-closed body water, has a limited number of entry and exit points that create an environment of intense competition to control vital sea lanes and chokepoints. Conclusion: geo-strategy suggests that China will focus its maritime efforts on expanding its ability to control the three chokepoints of the Indian Ocean: the Strait of Malacca, the Strait of Hormuz, and the Strait of Bab-el-Mandeb. The land-based geography of South Asia restricts the number of natural corridors linking the Indian Ocean to the rest of the continent. Therefore, China should be expected to attempt to open alternative overland routes to alleviate some of the pressure on maritime chokepoints.

China's history has ingrained a sense of injustice at a perceived century of humiliation at the hands of stronger, western maritime powers. A seemingly contradictory sense of entitlement and Sino-centric worldview also form the past. These collective beliefs compel the nation to seek to maximize its sea power. Moreover, domestic concerns—namely ensuring the CCP's survival—drive the PLA to ensure continued access to SLOC and energy imports that are critical to keeping the economy growing, on which the legitimacy of the CCP rests. Fear of the United States who they believe is determined to keep China down makes the current status quo of American

dominance unacceptable. Additionally, a desire to return to their “rightful” place as the leader of Asia fuel naval ambitions for sea power.

The Strategic Value of Port Projects

The expansion of China’s naval ambitions necessitates building a system of support for naval vessels operating hundreds of miles from home. Different basing strategies require different characteristics of potential locations of a base. The two most likely scenarios China is likely pursuing are either a permanent network of Chinese overseas forward bases, or a system of dual-use facilities in friendly countries that allow the PLAN access on an ad hoc basis. The first strategy requires a strategic location, ample resources available, defensive strength, and a strong relationship with the country hosting the base. The second requires the same except for defensive capabilities as dual-use ports would not face attack in a war scenario. The study assessed six bases for these qualities and found most of the potential bases lacking in defensive strength but the other qualities present for the most part. **Suggesting that the Chinese, are not likely currently pursuing a network of permanent bases at the ports studied.**

Competing Narratives of Chinese Motivations in The Indian Ocean

Due to the inherently dual-use nature of port infrastructure and similarities between defensive and offensive actions in maritime strategies, economic motivations could explain China's activities in the IOR. The final section of this study assessed the veracity of China's claims of economic motivations. China's official reports state that the Belt and Road is guided by principles of "mutual benefits," "openness," and rejection of "zero-sum" thinking. The following questions evaluated these statements:

1. “openness” – are the terms publicly available?

2. “mutual benefits” – are benefits from projects equally distributed and debts not burdensome?
3. “win-win” gains or the lack of “zero-sum” geopolitical maneuvering – do projects erode the sovereignty of host governments?

The study found that all six ports are characterized by unclear conditions, unavailable terms of funding, closed bidding processes, uncertain status and a continuous shift in project scope. With the information available in the literature, projects are skewed to benefit China, and the liability of risks has fallen excessively on target countries, especially in terms of debt sustainability. Additionally, in all the ports, some degree of sovereignty in terms of control over vital infrastructure was surrounded as a result of engaging in BRI projects, either through equity taken by Chinese SOE's, long-term lease agreements, or control over management.

All these factors endow China with a significant amount of influence in each one of these infrastructure projects that originate in the bidding process and by design, persists long after construction completes. The evidence indicates that strategic considerations motivate China, and the facilitation of economic growth and mutual benefits are of secondary concern. there is no evidence to suggest that China has embarked on a concerted strategy of entrapping recipient countries with untenable loans with the intent of leveraging debt to meet their strategic goals.

Limitations

For the task of discerning the military-strategic value of a port, topography, and hydrography play a considerable role in underwater operations. Water depth and transparency, the seabed character, temperature, tides and salinity are all factors that determine the degree to which submarines can operate undetected or to which enemy

submarine presence can be detected.³⁶⁶ In a semi-enclosed sea, such as the Indian Ocean, the principal factors are the water depth, seabed morphology, and the “proximity and configuration of the coast.”³⁶⁷ Hydrological data that is consequential to underseas warfare (namely, temperature and salinity), if known, is closely guarded by national governments, and therefore its analysis was beyond the scope of this thesis.

Recommendations for Further Research

One additional element of the geographic makeup of the Indian Ocean that merits attention is its subsurface features. The Indian Ocean’s unique underwater topography and hydrology, in addition to the presence of “clustered and bustling littorals,” presents a theatre of operations well suited for underwater combat.³⁶⁸ Underwater warfare, particularly submarines, will play a critical role in China’s medium-term maritime strategy of “offshore defense” and the protection of vital SLOCs. China's growing use of submarines in the Indian Ocean demonstrates an emerging policy of relying on the asymmetric strength against adversaries such as the United States with its fleet of aircraft carriers.^{369 370}

Beijing is using seabed surveillance to strengthen anti-submarine warfare (ASW) capabilities to deter U.S. submarines hiding nearby Chinese ports and track the location of their submarines. Securing the western side of the Malacca Strait will soon be a priority for Beijing, and their underwater activities in the Bay of Bengal should be of

³⁶⁶ Vego, *Naval Strategy and Operations in Narrow Seas*, 56.

³⁶⁷ *Ibid.*, 34.

³⁶⁸ Marantidou, “Revisiting China’s ‘String of Pearls’ Strategy: Places ‘with Chinese Characteristics’ and Their Security Implications,” 64.

³⁶⁹ Khurana, “China’s String of Pearls in the Indian Ocean and Its Security Implications,” 23.

³⁷⁰ Brewster, *India and China at Sea*, n. Loc. 387.

future focus.³⁷¹ A post that is geographically positioned in a place to acquire “information about shipping routes, telecommunication signals, and basing can be useful in the PLAN's submarine warfare aimed at disrupting opponents' SLOC.”³⁷²

Hormuz deserves close attention in this regard. Reports claim that the PRC has established a listening post at Gwadar from which they can monitor maritime traffic passing through the Strait of Hormuz.³⁷³ The natural deep harbor has been augmented by an artificial widening of berths - providing an optimal place for China to service, station, and launch submarines at the mouth of a critical gulf to deter the United States and India.³⁷⁴ Also, the Pakistani navy already owns and operates Chinese submarine technology, embedding Gwadar critical resources in terms of human expertise and parts commonalities.

As China's submarine force continues to expand, so will its need for sites to support and replenish submarine fleets. IOR ports will become necessary in the case of breakdowns or emergency maintenance situations.³⁷⁵ In the context of evaluating the strategic utility of Indian Ocean ports, nuclear submarines are vulnerable during ingress and egress activities, and a site that provides quick access to deep water, where submarines operations can be conducted without detection could be an added consideration when assessing ports strategic value.³⁷⁶

³⁷¹ Lyle Goldstein and Shannon Knight, “Wired for Sound in the ‘near Seas,’” in *US Naval Institute Proceedings*, vol. 140, 2014.

³⁷² Ji, “Dealing with the Malacca Dilemma,” 485.

³⁷³ Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, 211.

³⁷⁴ Marantidou, “Revisiting China's ‘String of Pearls’ Strategy: Places ‘with Chinese Characteristics’ and Their Security Implications.,” 18; Iskander Rehman, “Drowning Stability: The Perils of Naval Nuclearization and Brinkmanship in the Indian Ocean,” *Naval War College Review* 65, no. 4 (2012): 13.

³⁷⁵ Devin Thorne and Ben Spevak, “Harbored Ambitions,” 28.

³⁷⁶ Iskander Rehman, *Murky Waters: Naval Nuclear Dynamics in the Indian Ocean*, vol. 9 (Carnegie Endowment for International Peace Washington, DC, 2015), 23.

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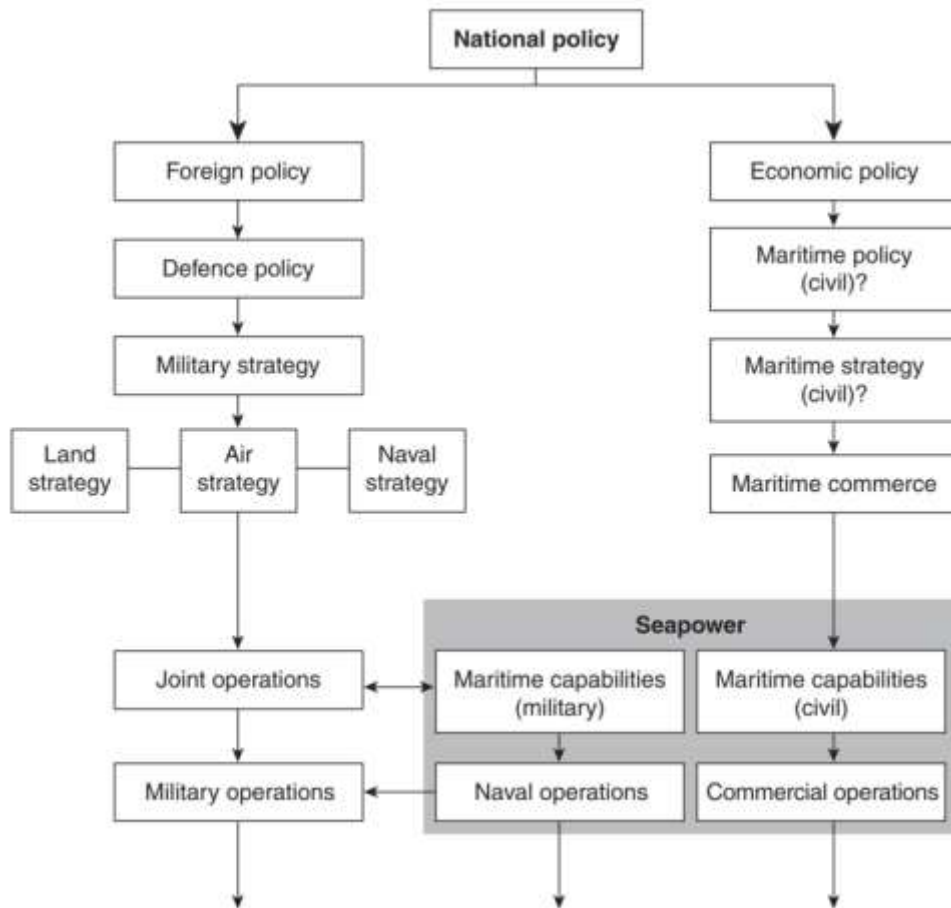
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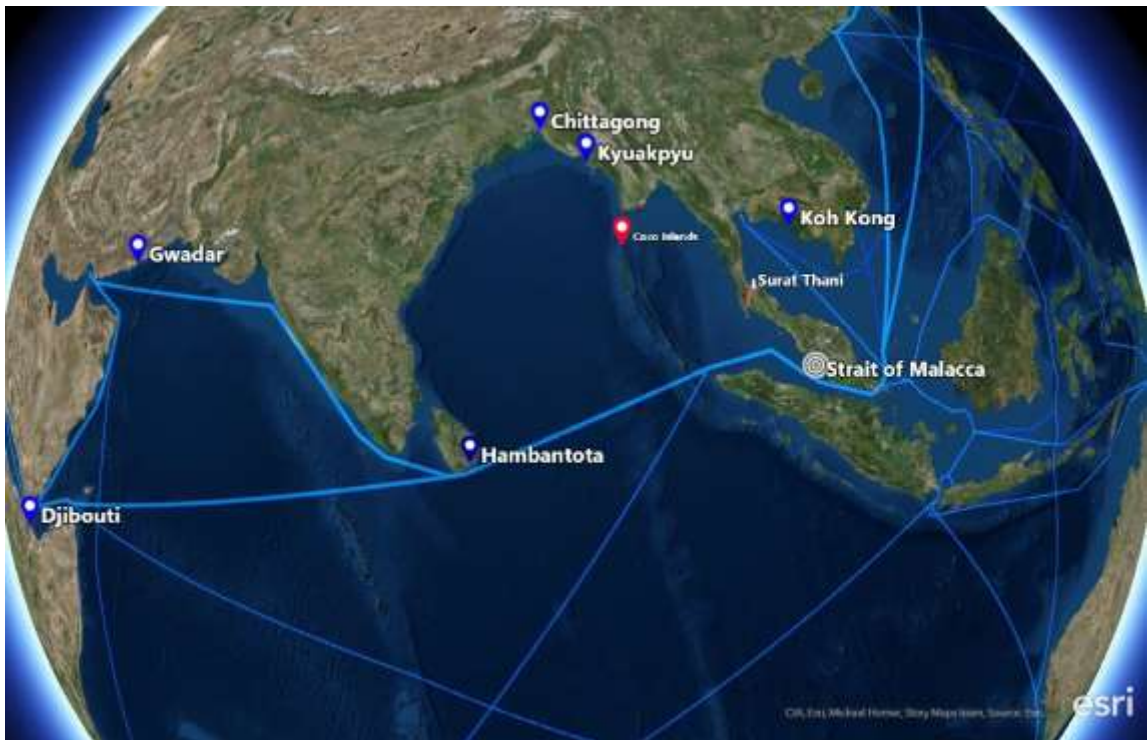
Appendix A - Setting sea power within maritime and naval strategies



Source: Mapping China's "One Belt One Road" Initiative, 1st edition., International political economy series (New York, NY: Springer Science+Business Media, 2018).

Appendix B – Geospatial analysis of port projects

Figure 1 SLOC and Chinese Investments



Source: Author using GIS by esri

Figure 2 Gwadar, Djibouti and Hambantota Locations Relative to Maritime Shipping Traffic



Source: Author using GIS by esri

Figure 3 Koh Kong's location opposite proposed canals



Source: Author using GIS by esri

Figure 4 Chittagong, Kyuakpyu, and Koh Kong relative to maritime traffic and the Strait of Malacca



Source: Author using GIS by esri

Figure 5 Gwadar's geographic vulnerability



Source: Author using GIS by esri

Figure 6 Djibouti's location next to American forces



Source: The Washington Post

Figure 7 Military size runway located in Dara Sakor, Cambodia, near to Koh Kong



Source: Author using GIS by esri

Appendix C – Summary of Case Study Analysis

Table 1 - Situation and Strength

Port	Along SLOC or chokepoints	Natural Defenses
Chittagong	Yes, access to the Bay of Bengal	Yes
Koh Kong	No (but opposite the proposed Thai canal)	No
Djibouti	Yes, close to Bab-el-Mandeb	No
Kyaukpyu	No (but the entry point for a pipeline)	No
Gwadar	Yes, close to the Strait of Hormuz	No
Hambantota	Yes, the midway point between Hormuz and Malacca	No

Table 2 – Transparency, Distribution of Benefits, and Sovereignty

Port	Transparency	Unequal Distribution of Benefits	Debt Burden	Erosion of Sovereignty
Chittagong	No	Yes	Debt sustainable	Unknown
Koh Kong	No	Yes	Debt sustainable	Yes - lease and equity stake
Djibouti	No	Yes	High	Yes – equity stake
Kyaukpyu	No	Yes	Moderate	Yes - operating rights and equity stake
Gwadar	No	Yes	High	Yes - lease, unknown equity stake
Hambantota	No	Yes	High	Yes – lease and equity stake

Table 3 - Economic and Political Ties

Port	Do the host and China cooperate on security or trade arms?	Reliance on the Chinese market	Ideological and moral support
Chittagong	Yes	Yes	No
Koh Kong	Yes	Yes	Yes
Djibouti	Yes	Yes	No
Kyaukpyu	Yes	Yes	Yes
Gwadar	Yes	Yes	Yes
Hambantota	Yes	Yes	Yes

Table 4 - Resources

Port	Is the port being developed in line with China's Ports-Parks-City (PPC) model?	Adequate facilities requirements for a combat – now or in the future according to plans?
Chittagong	Yes	Dry dock with support for large vessels, deep seaport. Meets almost all DoD port requirements
Koh Kong	Yes	In development. Proposed deep-water port, potentially large enough to host frigates and destroyers. Nearby runway long enough to support military aircraft
Djibouti	Yes	No, but deep-water port
Kyaukpyu	Yes	In development. Deep-sea port and SEZ still in preliminary stages of development
Gwadar	Yes	Most. By 2035 potential to meet DoD requirements for a port
Hambantota	Yes	Not currently, potentially by 2035 could meet most of DoD requirements for a port

Table 5 - Recommended Naval Port Infrastructure according to US DoD

Three berthing spaces 1,000 linear feet each
Minimum water depth of 35 feet
30–45 acres of open storage
Four rail offloading spurs of 1,000 feet of straight track each
Four rail/truck end ramps
Gatehouse/security
Access to port-owned interchange yard to support switching two trains per day
Suitable area to land/service helicopters (~5 acres)
Two container handlers
Adequate interior roadways to port facilities
Office space with adequate utilities and communication service
Processing area for 30 trucks
Wash rack that meets USDA requirements
Terminal Access
Close proximity (<10 miles) to interstate highway system
Access to at least one major commercial rail carrier
Water channel access width of 500 feet and depth of 35 feet
Access to commercial rail interchange yard (if port-owned facilities are inadequate)