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GEOPOLITICAL IMPACT OF CHINA'S SEARCH FOR ENERGY ON THE INDIAN OCEAN AND SOUTH CHINA SEA

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“You got to get yours, but fool I’ve got to get mine“

-Calvin Cordozar Broadus, Jr.

To my parents, without whom I would never have had this experience.

Abstract

This thesis examines the geopolitial consequences of China's search for energy resources on the Indian Ocean and South China Sea. It provides a brief outline of the energy situation of the world as a whole, specifically how it is becoming a more globalized and singular market. This change is occurring at the same time as a pronounced shift away from the traditional measurements of 'power' towards'softer' more subtle definitions. There is a brief section outlining the geopolitical teachings of Alfred T. Mahan, specifically how he advocated seapower primarily for the purpose of providing the stability and security necessary for trade. Chinese analysts have been embracing the teachings of Mahan, but also interpreting them in a way that justifies the naval buildup Beijing has been embarking on in recent years. The paper briefly looks at the potential sources that China could turn to to meet its energy needs, but concludes that it will have to rely on oil for the foreseeable future. It then attempts to define overall Chinese interests, specifically how nearly all of these relate somehow to energy security, thus underlining the importance of this topic to leaders in Beijing. The last half of the work delves into a geopolitical analysis of the Indian Ocean and South China Sea, and how militarization in the region is creating a more multipolar dynamic at the expense of the US hegemony that has existed since World War II. It concludes that this is largely a desirable shift, as the US has engaged in a redefinition of its interests and consequently recognized the need for increased collaboration and cooperation with regional states. China and India, the other two major actors in the area, likewise desire a more multipolar region. While the geopolitics here are undergoing some major transformations, this paper predicts that mutual interests and the consequences of globalization will ensure that this shift is largely peaceful, though tension is to be expected.

Abbreviations

$..................................US Dollars

ASBM………………..Anti-Ship Ballistic Missile

ASEAN………………Association of Southeast Asian Nations

ICBM………………..Intercontinental Ballistic Missile

IEA…………………..International Energy Agency

kWh…………………Kilowatt-hour

NOC…………………National Oil Company

OECD………………Organization for Economic Cooperation and Development

PLAN………………..People's Liberation Army Navy

SLOC………………..Sea Lines of Communication

$..................................US Dolarů

ASBM………………Proti-Lodím Balistická Střela

ASEAN………………Sdružení Národů Jihovýchodní Asie

ICBM………………...Mezikontinentální Balistické Střely

IEA…………………...Mezinárodní Agentura pro Energii

kWh…………………..Kilowatthodina

NOC………………….Národní Ropná Společnost

OECD………………...Organizace pro Hospodářskou Spolupráci a Rozvoj

PLAN………………… Lidově osvobozenecká armáda námořnictvo

SLOC………………...Námořní Komunikační Linky

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I. Introduction

Energy, in its modern manifestation, has been a key consideration in international relations since the 19th century, and it promises to continue to be so well into the 21st century. States depend on energy to fuel their factories, transport their goods, keep their lights on, grow their food, power their militaries, and a host of other equally important tasks. Energy, and fossil fuels in particular, are the literal lifeblood of a state. There are numerous methods of harnessing energy and converting it into useful forms, but a single type has dominated the past century: oil. Oil's dominance looks to continue into the 21st century as trillions of dollars in infrastructure and political investments have grown up around the unique business of finding, extracting, transporting, refining, and utilizing it. States have been forced to communicate and trade with one another in search of steady supplies of oil, and this has resulted in both increased economic interdependence and competition.

Of major concern to many states is the concept of 'energy security', which in itself is an ambiguous term. At its most basic it is derived from the fear that, for a multitude of potential reasons, a state will be severed from the global supply of energy. The problem stems from the fact that energy resources (this term will primarily refer to oil and natural gas) are not distributed throughout the globe equally. Supplies are concentrated in a few key regions, and this has meant that relations with the countries controlling access to these resources have taken on a disproportionate importance to those states whose domestic production cannot meet demand.

Energy security has become the pre-eminent concern for these energy-dependent states. Its impact on foreign policy cannot be over-stated, as it has been at the heart of countless conflicts and political alliances since the 19th century. It has internationalized the energy industry and brought together actors with both similar and conflicting interests. The increasingly globalized nature of politics and economics means that more and more states are becoming enmeshed in this international system, and the growing number of important actors has meant major challenges to the status-quo.

One of the greatest impacts on this dynamic will be the rapid urbanization and industrialization of China, the world's most populous state. China's spectacular economic growth depends on steady access to energy, and thus its needs have

skyrocketed over the past thirty years, turning it into a net energy importer. This has forced China to 'go out' in search of resources, effectively bringing it into contact with an international system that it does not entirely trust. Due to the unequal distribution of energy resources China and many other states have had to create supply lines in order to transport foreign energy resources 'downstream'. In turn, this has meant that the South China Sea and Indian Ocean have taken on massive importance to Beijing, as it is through these waters that so much of its supplies must travel. However, it is not just China that relies on these passageways, Admiral Robert F. Willard, Commander of the US Pacific Command, notes that $5.3 trillion in bilateral trade passes through the navigation lanes of the South China Sea each year (Johnson, 2011). Freedom of navigation in these waters is therefore an essential aspect of both the US and Chinese economies.

All of this has come at a time when the traditional notions of power are being challenged. There is little argument that the United States possesses the most advanced and powerful military in history. By classic definitions of power it should be able to project its influence all over the world, but this has not been the case. In 1999, just a year before he became President, George W. Bush asserted that, "For America, this is a time of unrivaled military power, economic promise, and cultural influence." But as he would soon find out, "military superiority does not constitute the decisive, or even necessarily the leading, determinant of global paramountcy…Other factors have come to rival military power in importance, and one—energy—has acquired unexpectedly vast significance" (Klare, 2008, page 10). While tanks and planes may win wars, they are nothing but expensive paperweights without a means of fueling them.

This transformation of the definition of interests represents a change that the world is still coming to terms with. Under President Obama the United States has begun to accept this revised conception of interests, and this will be an essential aspect of its relations with China and other actors in the Indian Ocean in the 21st century. In a November 2011 article in the *Financial Times*, Thomas E. Donilon, the Obama Administration's current National Security Adviser, said that the United States would pursue a "more broadly distributed, more flexible and more sustainable" foreign policy strategy in Asia. In the same article he goes on to speak of American priorities in the

region largely in terms of multilateralism and 'soft power'. He states that "As part of an open international economic order, nations must play by the same rules, including trade that is free and fair, level playing fields on which businesses can compete, intellectual property that is protected everywhere and market-driven currencies" (Rothkopf, 2011). This tendency to promote the primacy of economic interests has been a noticeable trend over the past several years. It is evident in the words of then-Joint Chief of Staff Admiral Michael Mullen when in 2006 he said, "Where the old 'Maritime Strategy' focused on sea control, the new one must recognize that the economic tide of all nations rises not when the seas are controlled by one [nation], but rather when they are made safe and free for all" (quoted in *Monsoon*, 2010, pg. 292). This emphasis on creating a safe and stable environment on which to promote the mutual economic interests of all states is a radical change from American strategy under President George W. Bush, and it indicates that the US recognizes a broader definition of security interests than it has in the past. And although it is by no means in the same situation as the United States, it appears that China has also embraced this more comprehensive conception of interests as well. Dorraj and Currier note that China no longer views security in terms of strictly national sovereignty. They state that "In addition to traditional military security, national security now includes, among other things, economic security, political security, societal security, environmental security, human security, and technological security (Currier, 2011, page 176). And while this seems like a broad list, energy security is central to all of these terms and concepts.

Still, there are enormous obstacles that must be addressed so as to avoid conflict. China is mistrustful of an international system that it feels is rigged against them, and this mistrust is reciprocated by the region's other important actors. The geographic chokepoints of the Indian Ocean and South China Sea mean that China is essentially reliant on other nations for the free passage of the tankers carrying energy resources to China's eastern coast. This has recently resulted in a pronounced Chinese naval buildup that has put the US, India, and various Southeast Asian nations on edge. China still emphasizes that it wishes to maintain a 'peaceful rise', but separating intentions and capabilities remains one of the most difficult tasks for leaders. However, growing economic interdependence, multilateralism, recognition of common threats, identification

of mutual interests, and the more difficult task of building trust, will help allay fears and promote cooperation between the major regional actors.

The dynamic between the US and China will be the most important in the world with regards to energy. They presently account for a combined 36% of global energy consumption, and that number is expected to rise to 39% by the year 2030 (Klare, 2008, page 325). Both states are highly dependent on foreign imports, which makes them vulnerable and dependent on suppliers. But rather than try to become self-sufficient in this respect, some experts argue that the goal of 'energy independence' should be pursued with the ultimate aim of having supplies that are "not vulnerable" (Yergin, 2011, page 301). This definition of energy independence requires the dismissal of autarkic goals and a faith that the international energy markets will remain open and accessible. However, it also requires the identification of threats to these interests and the means to address them effectively. This thesis will argue that China's search for energy resources, and the steps it takes to secure access to them, will have a profound impact on the geopolitical dynamic of the Indian Ocean. However, large-scale military conflict is unlikely due to the degree of shared interests between China and these actors; the changing nature of international energy politics; and the recognition by all parties of a broader set of mutual interests that eschews violence.

II. Mahan's Geopolitical Framework

Alfred Thayer Mahan was a 19th century American geo-strategist who espoused the idea that naval power is key to a nation's ability to project power. His ideas have influenced the grand strategy of many nations over time, but since World War II US grand strategy has been the primary manifestation of his theories. The United States has developed a naval force capable of projecting power all over the world. To this day it is the single most dominant navy in the world by a wide margin. However, over the past twenty years both China and India have begun to take a renewed interest in Mahan's ideas regarding the primacy of sea power. Given that Beijing and New Delhi appear intent on creating blue water navies capable of protecting interests outside of their borders, Mahan can offer some important lessons to those trying to understand and contextualize China's rise.

Mahan emphasized the importance of command of the seas. He described the oceans as the "wide common, over which men may pass in all directions" (Yoshihara, 2011, page 12). This description emphasizes the transportation aspect of the world's oceans. They were, and continue to be, the ultimate means of commercial and economic growth. Indeed, 90% of global trade and 2/3 of oil travel between producer and importer via tankers and container ships. This is even more pronounced within the Indian Ocean, which 70% of the world's oil supplies must pass through (*Monsoon*, 2010, 7). The guarantee of safe passage through these areas is absolutely essential to global trade. Understandably, states take the protection of sea lines of communication (SLOCs) very seriously. Since the end of World War II the United States has acted as a naval police force, ensuring that global commerce could continue unimpeded. Mahan would argue that the protection of SLOCs in Southeast Asia is indeed a military task, but that military domination of the seas is not the ultimate goal. As Yoshihara and Holmes point out, the task of military sea power lies not in its actual military aptitude, but "in its ability to control the sea-lanes, along with geographical nodes that facilitated or impeded the flow of commercial and naval shipping" (Yoshihara, 2011, page 12). Mahan stressed that naval power was just part of a broader strategy that should ultimately seek to guarantee the safety and security of ocean going commerce, as well as bases to maintain markets abroad. Naval power, argues Mahan, is simply the means of protecting a merchant fleet

that otherwise might fall prey to hostile forces. Yoshihara and Holmes elaborate on some of his ideas, specifically the hierarchy that Mahan puts forth regarding the relative importance of different aspects of sea power. First and foremost they argue, are economic considerations, followed by access to overseas markets and bases. So, while a strong navy may be a valuable tool, and a necessary one for guaranteeing safe passage, it is ultimately just a tool to serve economic interests (Yoshihara, 2011, page 14).

China has embraced Mahan's ideas whole-heartedly, but Beijing's interpretation of his theories is not necessarily in line with what are often considered to be ultimately economically oriented aims. China sees its extreme reliance on the nautical chokepoints of Southeast Asia as a major vulnerability. They do not want to entrust the protection of the Malacca Strait to the United States, which it fears will blockade in the event of a conflict. This purely realist concern coupled with Beijing's equally serious worry about maintaining economic growth have allowed Mahan's ideas to find receptive ears in Chinese policy circles. Yoshihara and Holmes note that:

> "Mahan's appeal to economics resonates with today's China, a nation at once obsessed with economic development and increasingly reliant on seaborne shipments of oil, gas, and other commodities. But so does his call for a navy capable of commanding vital waters. This suggests that China's commerce-driven maritime strategy will assume an increasingly military tincture" (Yoshihara, 2011, page 22).

Chinese theorists do not necessarily view Mahan's texts in the same ways as Yoshihara and Holmes, who see his theories as being more economically oriented. Like any work, Mahan's *The Influence of Sea Power Upon History, 1660-1783* is open to interpretation, and many Chinese theorists have tended to focus on the more military and aggressive aspects of the work. Particularly passages that allude to "that overbearing power on the sea which drives the enemy's flag from it, or allows it to appear only as a fugitive" (Yoshihara, 2011, page 21). But while some Chinese analysts cite words such as these, others embrace more nuanced and thoughtful ones. Professor Ni Lexiong of the Shanghai Institute of Political Science and Law advises that:

> "China should not act by following the traditional sea power theory in pursuing a strong Navy, because today's world situation is different from the time of

> Mahan…the globalization of the world's economy has made various countries' interests interconnected, mutually dependent on each other to a greater degree, and that if a country wants to preserve its life line at sea, the only way to do so is to go through 'cooperation' rather than the traditional 'solo fight.' [To pursue naval parity with the US Navy would be a] self-destructive play with fire" (Yoshihara, 2011, page 89).

That said, China is still far from challenging the US Navy in terms of power projection capabilities. However, in this era of military technology command of the seas does not necessarily require a blue water navy. Access-denial is an equally important term, one that will be elaborated on further in the analysis section.

Regardless of how analysts in China interpret Mahan, his theories set the stage for a more nuanced vision of geopolitics. One which argues against naval conflict purely for the sake of conflict. Mahan argued that "commerce thrives by peace and suffers by war…it follows that peace is the superior interest" of actors (quoted in Yoshihara, 2011, page 39). With this interpretation in mind it is now possible to re-imagine China's rise in light of a new set of geopolitical considerations, ones that emphasize economic security above all else.

III. Neo-Liberal Facets of Geopolitics

Geopolitics is an inherently realist field of international relations due to its focus on various forms of hard power and their interaction with geography. However, given the changing nature and definition of interests alluded to earlier, it is necessary to take a slightly broader and more nuanced view of the subject. This is especially true when examining the geopolitics of energy, since energy is a sector that cuts across military, political, and economic boundaries. It impacts many facets of international relations, and it is therefore important to bear in mind that it may be beneficial to view energy through multiple prisms and approaches.

Traditional geopolitics takes a zero-sum approach to most topics, including energy. In this framework energy is a game in which the gains of one actor inevitably mean losses for another. It turns the field of energy into one that will end in certain conflict as states battle over dwindling reserves. If this were true, the United States and China would be on a path that has a pre-determined and violent end. Every theory offers its own perspective, but given the globalized and economic nature of energy it would seem that a more flexible and liberal approach might provide a more accurate and useful view. Currier and Dorraj agree on this point:

> "[the zero-sum approach to energy] misses the broader context of the global energy market and China's search for energy security. The neoliberal perspective and the emphasis on economic interdependence point to the shared economic consequences if there is a disruption in energy supplies and the shared trans-boundary environmental consequences that emerge from reliance on fossil fuels…the common threat may set the stage for shared challenges in the need to diversify the energy mix, to shift to alternative energy supplies, and to improve energy efficiencies. Such a focus acknowledges the challenges facing energy security on the supply and demand side of the energy equation as it provides a means to avoid the self-fulfilling prophecy of the simplified geopolitical equation" (Currier, 2011, page 41).

While there is no guarantee that either the US or China will be able to break their reliance on oil in the next century, this passage does acknowledge that there are indeed other

options available. The US, for its part, has been at least partially aware of the dangers of viewing energy through this lens at least as far back as 1974. It was then that the International Energy Treaty was signed, which was meant to organize an energy security system that would encourage collaboration and cooperation while discouraging exporters from attempting to use oil as a political weapon (Yergin, 2011, page 303). Other examples abound, but it is important to note that despite concerns about its growing naval power, China has been engaged in primarily economic expansion over the past few decades. Beijing views its strategy in Africa, where it is engaged in numerous oil production projects, as one based on a 'win-win' principle in which both China and its partners benefit from cooperation (Currier, 2011, page 122). This is, of course, rhetoric, but it still indicates that there is at least the potential for a non-zero-sum approach to energy projects.

Of course, none of this is to say that energy will not cause conflicts in the future. It is a highly politicized issue, and therein lies the real danger. Pulitzer Prize winning author, economist, and energy expert Daniel Yergin warns that "commercial competition could turn into a national rivalry that gets cast in terms of 'threats' and 'security,' disrupting the working relationships that the world economy requires…miscalculation and miscommunication can in turn escalate security 'risks' into something more serious—confrontation and conflict" (Yergin, 2011, page 221). States do not always act logically, and threats and interests are not always perceived the same way by different states. Leaders are products of their systems, and the possibility for misunderstandings will always exist.

This is an especially worrying scenario given the increasingly blurred lines between oil companies and state governments. More specifically, the rise in prevalence and power of National Oil Companies (NOCs). The international oil market used to be dominated by the 'Seven Sisters,' which were a collection of American and European private oil companies that controlled most of the world's oil. But they were eventually overtaken by the "New Seven Sisters,' which was a term first used in 2002 by the *Financial Times* to describe the seven major NOCs from countries outside the Organization for Economic Cooperation and Development (OECD). They are the China National Petroleum Corporation; Russia's Gazprom; the National Iranian Oil Company;

Brazil's Petrobras; PDVSA from Venezuela; Petronas of Malaysia; and Saudi Ramco (Romancov, 2011). National Oil Companies represent 9 of the top 10 petroleum-reserve holders in the world, and they control an estimated 81% of all proven reserves (Klare, 2008, page 20). The massive oil wealth these companies represent gives them a great deal of power, and their governments in turn wield this power. It would be foolish to think that these states would not use their oil and gas to gain political leverage, so it is easy to imagine how energy security could quickly become enveloped in conflicts that are not so obviously linked to energy issues.

Whether Beijing subscribes to a Neo-Liberal conception of geopolitics or its more Realist relative is a question that probably does not have a 'right' answer. But armed with these wider definitions of power, interests, and geopolitics, this thesis will examine some of the recent trends and occurrences in Chinese energy policy and attempt to gauge some of the geopolitical impacts of China's search for energy on the Indian Ocean and South China Sea.

IV. History and Context of Chinese Naval Policy

Western history tends to focus on the rise of sea power within its European context. Halford MacKinder, one of the founding fathers of geopolitics, divided the history of the world into three eras based on the mastery of the seas by European states in the 15th century and the invention of the railroad in the 19th century. However, for much of this time China's history was insulated from these changes. This resulted in a different conception of both the role sea power should play and the hierarchy of threats facing the state. That said, it is important to fit current Chinese naval policy within this unique political and historical context. Increased globalization in the 20th century encouraged Beijing to embrace Western conceptions of power and strategy, but the government's policies are also informed by an ancient history and culture that are distinct from the West's.

China used to have a powerful navy that more-or-less roamed the Indian Ocean and South China Sea unchallenged from the early-7th century onwards (*Monsoon*, 2010, page 29). In this time its navy traveled huge distances, making contact with cultures throughout South Asia, East Africa, and perhaps even South Africa. However, unlike recent history in which many states jostle for naval supremacy and see a loss in relative power as a negative development, Beijing actually voluntarily rolled back its naval presence in the 15th century to instead focus on securing itself from land-based threats. The most important personality of this era was Zhang He, the commander of the Chinese Imperial Fleet. His missions were primarily diplomatic or commercial in their intent, they were meant to make contact with other populations and instigate trade (Yoshihara, 2011, page 171). Beijing was attempting to build a merchant network throughout Southeast Asia which, in turn, would allow it to collect tributes from its weaker neighbors (Currier, 2011, page 20). It was fundamentally different than the prevailing Western concept of naval domination however, as the navy was tasked with providing the security necessary for commerce to operate smoothly.

However, China's seaward focus would not last forever. At the time, Beijing did not perceive itself as at risk from the sea. The real threats emanated from within its own borders: political turmoil as elites struggled for power; incompetent leadership; and

corruption (Currier, 2011, page 21). In addition to domestic issues, China was under attack from Turkic raiders throughout antiquity, as evidenced by the commencement of construction on the Great Wall of China in the 3rd century BC. Even during the 20th century land-based threats, notably the Soviet Union in the years after the Sino-Soviet split, were the pre-eminent concern among Chinese leaders. But with the settling of border disputes with Russia, the Central Asian republics, Vietnam, North Korea, and Mongolia there is much less reason for concern among leaders in Beijing than there once was (Yoshihara, 2011, page 24). The noted international relations analyst Robert Kaplan puts China's recent turn towards the sea within this context:

> "China's pursuit of sea power is, first and foremost, an indication that its land borders are not under threat for the first time in quite awhile. Whereas coastal city-states and island nations, big and small, pursue sea power as a matter of course, a continental and historically insular nation like China does so partly as a luxury: the mark of a budding great power…China is right now more secure on land than it has been throughout most of its history" (*Monsoon*, 2010, page 281-2).

This passage indicates that China has now becoming a world power with a set of interests that is beginning to stretch beyond its shores. However, it still lacks many of the key advantages that one might expect a state with massive land and water borders. Fourteen other states share land borders with China while an additional six enclose its maritime region. These twenty states are constituted by six of the world's top ten most populous states; eight of the world's top twenty-five militaries, and four states armed with nuclear weapons. Meng Xiangqing, deputy director of the Strategic Research Institute of the National Defense University of the People's Liberation Army, argues that China has been unable to capitalize on its geographic position as of yet: "although it is a large country that is composed of both the land and the sea, China has never been able to enjoy any benefit from having both the land and the sea" (Meng, quoted in Yoshihara, 2011, page 56). Halford Mackinder said much the same thing when he wrote about China at the end of his famous 1904 article "The Geographical Pivot of History," saying that China "might constitute the yellow peril to the world's freedom just because they would add an oceanic frontage to the resources of the great continent…" (quoted in *The*

Geography of Chinese Sea Power, 2010). This view casts China in much the same light as the United States, a country with vast unchallenged nautical and continental territory. Now that China is unencumbered by continental conflicts (like the US), it can take advantage of its great expanses of both land and coastline.

The past six decades have been marked by a shift in focus for Chinese foreign policy. Under Mao, foreign policy was primarily informed by ideology. But, in the 1980s it began to take on a decidedly more pragmatic look (Currier, 2011, page 28). It was around this time that leaders began to realize that they could not simply ignore the role of ocean-born trade. Deng Xiaoping, an eventual successor to the reins of Chinese power, is credited with advancing a 'go out' strategy that saw China come into more contact with the outside world. This topic is a thesis subject in its own right, but suffice it to say that Deng saw the importance of becoming more internationally engaged to improving China's position in the world.

Military leaders echoed Deng's emphasis on pragmatism and modernization as well. One such adherent was Admiral Liu Huaqing, Commander of the PLA Navy from 1982 to 1988. Throughout the 1950s to 1970s the PLA Navy emphasized coastal defense; there were no real efforts to project power beyond Chinese littoral waters. Admiral Liu rejected Mao's belief in the limited importance of the PLAN (People's Liberation Army Navy) though. He emphasized the centrality of a navy capable of securing SLOCs to maintaining China's 'peaceful rise' (Yoshihara, 2011, page 170). It was a continuation of both Deng's 'go out' strategy and his belief that pragmatism should pre-empt ideology. These ideas were vindicated when it gradually became clear that China could not maintain its rise without access to foreign energy resources. When China first became a net energy importer in 1993 it became clear that it would have to become a more active participant in the world energy market. This was a major turning point for Chinese energy and security strategies, as one Chinese energy expert put it, it was a realization that "You can't be self-sufficient in everything. You import some things, and export others" (quoted in Yergin, 2011, page 229). It was at this time that Chinese oil companies began looking for trade partners and projects throughout the world.

The mixture of economic and military interests that Admiral Liu felt a navy should serve are reminiscent of the strategy employed by Zhang He, which lends both men's tactics a distinctly Mahanian element. In addition to making commercial contacts, He's navy was tasked with safeguarding the flow of goods throughout Asian waters, a role that Mahan would might have said was a navy's most fundamental. Kaplan notes that the ways in which He's navy pursued power in the region was distinct from modern, more Realist conceptions of sea power:

> "…the Chinese navy of the Song and early Ming eras did not seek to establish bases or maintain permanent presences in Indian Ocean ports the way the European powers did later; rather, they sought access through the building of alliances in the form a tribute system. This more subtle display of power seems to be exactly what the Chinese intend for the future...'Access' is the key word, not 'bases' " (*Monsoon*, 2010, page 289-90).

Chinese analyst Lu Ning goes even further by stating that China's (on-going) transformation from a continental to a sea power is evidence that it is becoming a "modern industrial civilization." He says that this turn "is the basis of a historic about face in China…it opens up a distinct, historic path by which China can achieve a national resurgence from 'continental civilization' to 'maritime civilization' in which it relies on sea lines of communication to power its growth." Yoshihara takes this quote as evidence of the Chinese belief that "national destiny and greatness are inextricable from sea power," a belief he calls "unmistakably Mahanian" (Yoshihara, 2011, page 47). Chinese theorists and analysts have begun pushing some of Mahan's ideas regarding the interdependence of economic and military security, and Zhang He has provided a perfect symbol of how they hope to accomplish this. Zhang He spread China's influence throughout the Indian Ocean but he did it in a way that was not overt military dominance. Given the 'peaceful rise' that leaders in Beijing have been assuring the world they are pursuing, He is the kind of figure they can point to in an effort to allay fears of potential conflicts. But while all parties may hope for a peaceful rise, the very fact that China is challenging the status quo could provoke conflicts, depending on how different elements within Beijing, New Delhi and the Washington perceive the issues that arise.

V. Background

Before examining China's energy security in particular, it is first necessary to briefly review the world's energy situation in general. Oil is a truly global resource in that it can be transported from one side of the world to the other relatively easily. Thus, fluctuations in demand or supply reverberate throughout the global energy market. Hypothetically, a surge in demand in the US (or anywhere else in the world) could raise global demand, thus prompting producers to raise prices so as to maximize their profits. In this way oil and natural gas are much like commodities of any other sort. Although certainly ones that are more politicized than most.

Over the course of the past 160 years oil, coal, and natural gas have become essential components of the world's power resources. In 1850 they accounted for just 5% of the world's energy use. By 1957 this number had risen to 93%, and today it is closer to 80% as some 'alternative' sources have come into play, such as nuclear, wind power, geothermal, hydropower, etc. (Yergin, 2011, page 3-4). These fossil fuels, oil, coal, and natural gas, remain an essential part of the global energy industry and look to continue to be so in the 21st century.

Energy resources are responsible for maintaining the world's $65 trillion economy, which is only going to grow as the developing world, and its enormous population, becomes more prosperous. Due to this trend the world economy could double in the next two decades (Yergin, 2011, page 4). The developing world currently uses just a fraction of oil per person as the developed world; an average developing world citizen uses about 3 barrels per year, whereas someone in the developed world averages closer to 14 barrels per year (Yergin, 2011, page 4). Giant states like India and China rely on oil to provide the means by which to keep their staggering economic growth going, and their use has only accelerated in the 21st century thus far. Between 1999 and 2002 world oil demand increased by about 1.4 million barrels a day, but in the next three-year segment it grew by over 4.9 million barrels per day (Yergin, 2011, page 185). A 2010 report by the International Energy Agency (IEA) stated that "the center of gravity of global energy demand growth now lies in the developing world, especially in China and India" (Krauss, 2010). These countries will be some of the major factors affecting the

status quo of the global energy markets, and their rise is sure to cause some tension along the way.

The world market has actually performed admirably in terms of its ability to provide during unexpected surges. But it has come dangerously close to releasing almost all of the strategic reserves that it keeps to deal with just such a situation. The oil industry typically does not operate at absolute maximum capacity, instead opting to leave about 4 million barrels per day of spare capacity, but even this cushion was nearly erased during a surge in 2005 (Yergin, 2011, page 186). If demand exceeds supply it could lead to shortages and the realization of a much more zero-sum idea of energy politics.

The American author and satirist Mark Twain once said, "Lies. Damn lies. And statistics." That is an important piece of wisdom to keep in mind when considering all of these numbers that analysts like to throw around in their reports, but there is an undeniable trend pushing global energy use up, and China is central to it. Oil producers were considering cutting production in the early-2000s in response to low prices, but then Ali al-Naimi, the Saudi Arabian Minister of Petroleum and Mineral Resources, traveled there what he saw convinced him that the world actually needed *increased* production. He and other Saudis saw that China's energy infrastructure, which has historically been built on coal, was gridlocked, overloaded, and unable to keep up with the massive surge in energy demand. Their hypotheses were confirmed in 2004, when Chinese oil demand, which typically grew between 5-6% a year, jumped 16% (Yergin, 2011, page 184). This confirmed a trend in Chinese economic growth that had begun in the early-1990s. From 1993 to 2002 China's demand for oil nearly doubled, while its domestic production grew by only 15%. The US Department of Energy estimates that China was single-handedly responsible for the 40% of the growth in oil demand between 2001 and 2005 (Currier, 2011, page 7).

This trend has been a long time in the making. It has its roots in policies designed to lift huge numbers of Chinese citizens out of poverty. Reforms began in 1979 and have since raised nearly 600 million people above the poverty line, with as many as 300 million people now part of China's middle class. The link between these policies and the economy is clear when one sees that over this same period the Chinese economy has grown by a factor of 15. At the beginning of the 1990s China was actually an oil

exporter, its domestic demand simply wasn't high enough to use it all. But through the course of its rapid modernization it became dependent on foreign sources for about half of its oil supply. This trend is continuing as well, between 2000 and 2010 oil consumption grew by over 100% (Yergin, 2011, page 217). For China to continue its massive economic growth it will require steady access to energy, energy which it is clear it cannot obtain domestically, at least in the next few decades. The IEA estimates that Chinese energy demand will grow another 75% by 2035, which will account for nearly a third of global consumption growth (Krauss, 2010). To put this in perspective, the additional energy China will need between now and 2030 is equivalent to the current energy use of the entire European continent (Klare, 2008, 101). All this from just one country. Therefore, it seems logical that the responsibility of securing access to resources will largely fall into the realm of foreign policy. This task will be made even more difficult given the fact that China is not the only massive industrializing nation in the region.

VI. Geopolitics of Alternative Energy

During a speech to British Parliament in 1913 Winston Churchill provided an important insight into the nature of energy security, he said, “On no one quality, on no one process, on no one country, on no one route, and on no one field must we be dependent…Safety and certainty in oil lie in variety and variety alone” (*Ensuring Energy Security*, 2006). China has embraced this creed with gusto, and even expanded it to include alternatives to oil. Beijing has made energy security and diversity the backbone of its energy and foreign policies. Beijing’s 12th Five Year Plan (adopted in 2011) pushed for disproportionate investment and research into alternatives to oil and coal. These included renewable resources such as wind, hydropower, and solar, as well as other non-renewable types such as nuclear power and natural gas (Yergin, 2011, page 225). Derek Scissors, an economist at the Heritage Foundation’s Asian Studies Center, argues that the plan is overly-ambitious and that China will not be able to curtail its coal usage by as much as it says it will, but only time will tell how realistic Beijing’s plan really is (Kirkland, 2011). What is important to note about this Five Year Plan though is that it encourages the pursuit of alternatives to oil and coal, not just alternative providers of oil and gas. There is a global movement to find cleaner sources of energy and Beijing is expecting to be a major part of it.

With this in mind, it is important to consider some of these alternative sources and the potential impacts they could have on the geopolitics of the Indian Ocean. Oil is a global industry, but so is energy in general. If a state can generate all of its energy from an alternative source (for example geothermal power) then it no longer needs to be a consumer in the global market. This will lessen demand and reduce the incentive for that state to protect energy interests beyond its shores. That said, oil will continue to be the primary means by which Beijing meets its growing demand, but these alternatives to oil also have the potential to have a geopolitical impact.

China is adding new energy capacity every year, and the makeup of these additional resources can say a lot about what direction its energy policy is leaning. In 2009 about 22% of new capacity was hydropower, 11% wind, natural gas 2%, and coal 65% (Yergin, 2011, page 251). Coal has always been a massive source of Chinese energy and this will clearly continue into the future. China has massive coal reserves, the

third largest in the world, but there is a growing concern about its viability (Klare, 2008, page 75). Due to its abundance coal has always been the preferred means of producing electricity in China. Throughout the 1950s, 1960s, 1970s, and even 1980s China abhorred reliance on outside energy. It was an insular society and due to relatively low energy demand it could afford to rely on its own resources. Due to its domestic abundance and low cost, coal is still a popular choice with Chinese leaders. It costs about $1 per kWh as opposed to about $6-7 per kWh of oil (Currier, 2011, page 47). But coal is rapidly becoming less popular than it was in the past. China was once self-sufficient in coal, but domestic production has been unable to keep up with skyrocketing demand. Consequently China has become the world's second largest coal importer (Yergin, 2011, page 251). Even the still-massive amounts of domestic coal are becoming less attractive as energy sources, since they are often of low quality or located far away from the industrialized population centers on its East Coast (Yergin, 2011, page 89). And there is of course the issue of carbon dioxide and other greenhouse gases, which coal is a major producer of.

But despite the drawbacks of coal it will continue to constitute a major portion of China's energy profile. China is still the world's third-largest producer (after the US and Russia) and this alone makes it tempting to continue relying on it. The US Department of Energy estimated that Chinese coal use will rise 130% between 2004 and 2030, which would mean that China alone would constitute about half of the world's coal consumption (Klare, 2008, page 75). Still, despite Beijing's reliance on coal it is by no means a popular choice on which to base its energy sector. The negative environmental impact will ensure that leaders come under both domestic and international pressure to move towards cleaner sources. In addition, there is disagreement as to just how much coal is left in the world. A report by the Energy Watch Group for the German Parliament stated that, "there is probably much less coal left to be burnt than most people think" (quoted in Klare, 2008, page 78). Despite these factors, coal will continue to be an important energy resource for China, at least in the short-term. However, with regards to China's relationship with international markets, oil is still a more important factor (Yergin, 2011, page 219). This has been especially true over the past year as the price of coal has increased globally while the Chinese government has capped the prices that

utilities are allowed to charge their customers. China Power International warned that 20% of China's 436 coal-based power plants could go bankrupt if they are not allowed to raise rates. One such utility estimated that the prices they charged for electricity should have been about 13% higher than what they were actually able to charge consumers (*China's Utilities Cut Energy Production, Defying Beijing*, 2011). Consequently, many of these companies have begun simply not producing enough electricity, resulting in economy-slowing blackouts throughout the country. So, while coal will remain central to Chinese energy security, oil will be the primary way in which Beijing's policies affect the geopolitics of the Indian Ocean and South China Sea.

Another option that Beijing has been pursuing more vigorously in recent years is nuclear power. Little needs to be said about the heated debates that have surrounded civilian nuclear power for the past sixty years. Nuclear power plants were born from research on nuclear weapons and due to the relative ease with which the current generation of uranium-based civilian nuclear programs can be used for military purposes, they will always cause unease, both domestically and internationally. Several high-profile nuclear accidents over the past forty years coupled with the potential apocalyptic consequences of a major nuclear meltdown are other factors contributing to the stigma attached to nuclear power. However, its upside is often understated. It provides a source of cheap, abundant, greenhouse gas-free energy.

Nuclear energy currently accounts for about 16% of global energy production, and the OECD expects this number to rise to 22% by 2050 (Ryder, 2011). The problem with estimates such as these though, is that they cannot predict the radical swings in policy that accompany changing public opinion on nuclear power. For instance, after the Fukashima nuclear meltdown in Japan, Germany opted to close all of its nuclear power plants by 2022. While there were surely multiple factors that went into this decision, the proximity of the announcement to the meltdown is telling. But in Asia, nuclear is not seen as just another energy source. As opposed to simply offering a means of clean energy, Asia sees it as "fundamental" to its growth. Dr. T.S. Gopi Rethinaraj of the Lee Kuan Yew School of Public Policy in Singapore states, "My feeling is that governments in this region don't see an alternative to nuclear power to keep economic growth going" (Ryder, 2011). Oil is already a highly politicized issue and as these states continue their

modernization they will stress the global markets even more. Nuclear simply offers another direction.

As of March 2011, China had 13 nuclear power plants in operation and an additional 25 under construction. The goal was to increase nuclear electrical production from 10.8 gigawatts today to over 86 gigawatts by 2020 (Areddy, 2011). This policy was in the works before the Fukashima disaster, but Beijing did not take the drastic steps that Germany did. Beijing ordered a temporary suspension in nuclear project approvals, but it has not killed their nuclear sector by any means. Daniel Yergin says the disaster has simply prompted China to build more third-generation nuclear plants (which are inherently safer and include passive safety features), and that there will be as many as 60 to 70 new nuclear plants by 2020. This would put Chinese nuclear power production on par with the United States, making China's civilian nuclear program the most aggressive in the world (Yergin, 2011, page 466). Given the importance that China and other Asian states attach to energy security it should not be as surprising that they are willing to take the political and physical risks associated with nuclear power. Environmental issues are especially salient in the Chinese political dialogue, as the country is riddled with smog and various other types of environmental damage. Beijing has set clean air goals that it hopes to link with its alternative energy development policies. Experts tend to agree that it is "difficult to see how China could achieve its clean-air goals without significant investment in nuclear power" ("China Halts Plant Approvals in New Nod to Safety Issues," 2011). While not perfect, nuclear power does have the potential to kill (or at least injure) two birds with one stone. The 'birds' in this case being air pollution and the various problems that come with being reliant on the global oil market.

But nuclear power still requires resources, uranium in this case. To this end, in 2006 then-President Wen Jiabao signed an agreement with Australian leaders for the eventual delivery of up to 20,000 tons of uranium per year. This is double Australia's current exports to all foreign customers. The deal showcased China's continued willingness to 'go out' in search of energy security, as well as Australia/the West's overcoming of its historical reluctance to trust China on sensitive issues such as nuclear power (Klare, 2008, page 80). If China becomes more reliant on nuclear power, as its

leaders appear willing to do, then the relationship between China and Australia could become one of the most important in Southeast Asia.

While nuclear power and coal could play important roles in China's energy security in the coming decades, the growth in popularity of renewable resources has also provided a major new possibility for energy production, as well as offering some other major advantages. China has whole-heartedly embraced the renewable resources movement. In 2010 it overcame Denmark, Germany, Spain, and the US to become the largest producer of wind turbines in the world. In addition it also recently became the world's largest solar panel manufacturer. China wants wind, solar, and biomass to account for 8% of its electrical generation by 2020, which is double its current makeup (Bradsher, 2011). It is not just the utilization and development of renewable resources that has Beijing rushing forward with wallets open though, there is a very important economic factor at work as well.

Clean energy represents a brand new industry that China is poised to make a massive impact in. China largely missed the boat on the tech revolution of the 1990s and it does not want to be left behind if we are indeed entering an energy revolution this century. Beijing has sought to attract foreign investment and technology. Vestas, a Danish wind turbine company recently built the world's largest wind turbine factory in Northeastern China. Said Jens Tommerup, President of Vestas China, "You have to move fast…Nobody has ever seen such fast development in a wind market" (Bradsher 2011). Beijing also recently created the Chinese Renewable Energy Industries Association in an effort to keep track of the rapidly growing industry. They estimate that since it began this sector has produced over a million jobs, and that 100,000 more are being added each year (Bradsher, 2011). This issue linkage, in this case employment and energy production, is a double bonus for Beijing, which is primarily concerned with energy security due to its importance to economic growth.

China is also devoting efforts to develop the next generation of nuclear power, one based on thorium reactors. These fourth-generation reactors have a number of advantages over their uranium counterparts, but the actual advantages need not be discussed here. Suffice it to say that the US considers Chinese thorium research a threat to US economic competitiveness. In a presentation at Oak Ridge, the Mecca of US

nuclear research, Jim Kennedy, the CEO of a thorium-based nuclear research company, said that "If we miss the boat on this, how can we possibly compete in the world economy?...What else do we have left to export?" While the US drags its feet in this field, China has made it clear that it plans to go forward quickly with research. The Chinese Academy of Sciences announced that it will develop and control intellectual property relating to thorium research, and that "this will enable China to firmly grasp the lifeline of energy in its own hands" (Martin, 2011). Due to their interdependence, an emphasis on economic growth is as central to the Chinese government's concerns as energy security. It has a massive impact on Beijing's foreign policy, and thus the geopolitics of the greater Indian Ocean region. But the pursuit and development of alternative energy are unlikely to have as large an impact on the geopolitical dynamic of the Indian Ocean as that of traditional sources like natural gas and oil. Robert Kaplan summarizes the geopolitical future of energy in the Indian Ocean by saying that:

> "Above all, China's demand for energy motivates both its foreign policy and national security policy: the need for an increasing, uninterrupted flow of energy to sustain its dramatic economic growth. Despite its increasing emphasis on coal, biomass, nuclear power, and other alternatives, China requires ever more oil and natural gas…" (*Monsoon*, 2010, page 282).

Leaders in Beijing view energy security as inherently linked with a number of interests, which in turn are interdependent with one another. The recent rise in blackouts hammered home the point that any threat to economic growth is itself a domestic security concern. Leaders view continued economic growth as the best means with which to "tamp down the social and political turbulence that could otherwise ensue in such a fast-changing society" (Yergin, 2011, page 219). The Marxist/Communist utopia "is no longer appealing to the Chinese and the Chinese economy is now more capitalist than socialist. Beijing has a persistent sense of internal crisis. It faces a number of explosive issues, especially the widening gap between the rich and the poor, mass unemployment, and rampant corruption" (Currier, 2010, page 178). Due to its centrality to both internal and external security and stability, Chinese analysts allege that economic development (and thus energy security) is the "ultimate solution" to the problems Beijing will face

throughout the 21st century (Chu Shulong and Wang Zaibang, quoted in Currier, 2010, 178).

This discussion of alternative energy sources is meant to highlight the fact that energy is not necessarily all about oil. China has taken some very serious steps towards eventually getting away from oil, and it is difficult to tell exactly how scientific breakthroughs might play out. For now, petroleum is the main resource that will affect geopolitics in the region, but China maintains a broad view of energy security. If it is able to decrease its reliance on the world energy markets there is markedly less threat of conflicts or tension arising.

VII. Defining Chinese Interests

At the heart of geopolitics is the identification and analysis of interests. Based on these, hypotheses can be formed and, hopefully, threats and conflicts distinguished before they become 'hot' or unavoidable. This thesis has already elaborated on the expanded set of interests that make up the geopolitics of energy, but to quickly summarize let it be said that energy is a field that cuts across the traditional boundaries of politics, armed forces, and economics. The modern world is increasingly globalized and states are beginning to realize that power is no longer limited to the military field. Strong economies and the ability to project 'soft power' are becoming more and more important, and thus states' conception of their interests are changing. China's interests in the greater Indian Ocean region are varied and diverse. They range from military concerns regarding naval chokepoints to those connected to maintaining domestic stability and economic growth. This section seeks to identify and elaborate on these interests, as well as present them in such a way so that their relative importance can be determined.

Recent policy decisions have made it clear that Beijing endeavors to become a much more active seafaring nation. While Chinese analysts and theorists have been delving into Mahanian concepts of sea power, the PLA Navy has been busy expanding. This shift in emphasis from the continent to the seas was covered earlier, but it is an on-going transition. In a telling statement, Wu Shengli, the PLA Navy Commander in Chief, said that China was an "oceanic nation" due to its expansive coastline, islands, and oceanic territory. He recently called on Chinese citizens to become more aware of their oceanic status in order to begin the "great revitalization of the Chinese nation" (quoted in Yoshihara, 2011, page 23). One would expect the commander of a navy to support a more seaward-oriented outlook, but Shengli's sentiments are echoed throughout the Chinese government. The "China's National Defense in 2004" white paper called on the PLAN to develop and acquire the equipment, expertise, and technology to ensure command of the sea (Yoshihara, 2011, page 28). In 2006, President Hu Jintao reiterated this strategy, telling a meeting of naval officers that China should "endeavor to build a powerful People's navy that can adapt to its historical mission during a new century and a new period" (Chase, 2011). This rhetoric has been backed up with concrete action as well. Over the past ten years China has introduced new classes of nuclear and diesel

submarines, destroyers, guided missile systems, stealth planes, and even an aircraft carrier. The next section's analysis will cover the geopolitical consequences of these developments, but for now it is important to note this naval buildup primarily for what it can say about China's evolving conception of its interests in the Indian Ocean. It is this naval expansion that has the United States, India, Southeast Asia, and others, worried. But the reasons behind this enlargement are unclear, it is therefore necessary to try and define Chinese interests as a means of understanding their intentions.

As noted earlier, China has diverse interests in the Indian Ocean. The naval expansion the PLA Navy has been pursuing over the past decade is largely a response to very real geopolitical vulnerabilities. Foreign policy is the product of a constant effort to discern international actors' capabilities versus their intentions. To this end, Beijing's renewed focus on building its naval capability is partly a consequence of the vulnerability it faces as a result of the many chokepoints its energy shipments must traverse on their way from the Middle East to China's coast.

First and foremost among these risks is the so-called "Malacca Dilemma". This is a narrow 800-kilometer stretch of water in-between Indonesia and Malaysia through which a huge amount of international shipping must pass as it travels between the Indian Ocean, South China Sea, and Pacific Ocean (Figure 1: Left, Google Maps). The Malacca Strait is an absolutely essential SLOC for energy shipments bound for major Chinese, Japanese, and Korean population centers. This has been true for centuries. Robert Kaplan notes that even during the Silk Sea Route era a common saying was that "Whoever is lord of Malacca has his hands on the throat of Venice" (*Monsoon*, 2010, page 7). The strait is created by the Malaysian Peninsula and the Indonesian island of Sumatra, which create a wall of land through which this strait is one of the only SLOCs. This narrow passageway

is the most direct route for cargo ships and tankers from the oil-rich Middle Eastern states on their way to markets in East Asia, so it has taken on significant strategic value as these states have come to rely more and more on imported energy. At present, more than half of China's GDP and 75% of its oil imports rely on uninhibited access to the Malacca Strait (Yergin, 2011, page 239). As much as 85% of the China's total natural gas and imports must pass through the Indian Ocean and Malacca Strait, and there is little hope for decreasing this geographic reliance through pipelines (*Monsoon*, 2010, page 282-3). So, as long as China relies on foreign oil imports this geographic chokepoint will continue to be a major vulnerability. The task of leaders in Beijing then, is to minimize the risk as much as possible

China is well aware of the role the Malacca Strait plays in its economy. In 2003, a few months after the US invaded Iraq, President Hu Jintao made a point of bringing up the importance of solving the "Malacca Dilemma" at a Communist Party conference. He alluded to the danger of unilateral American actions at the conference, stating that "certain powers have all along encroached on and tried to control navigation through the strait" (Yergin, 2011, page 239). Due to its importance to continued economic growth, energy security is an absolutely essential aspect of China's perception of its interests, and the Malacca Strait is the most obvious geographic chokepoint that Beijing worries about. While there have been few indications that the US would ever blockade Malacca, there is a distinct fear among Chinese leaders that these "certain powers" would do so in the event of a conflict.

The United States has been the traditional guarantor of safe passage through the world's oceans, but leaders in Beijing are wary of accepting this dynamic. The feeling in China is that, despite the fact that the US Navy has protected Asian shipping for the past six decades, "its benevolent posture could change radically, and it could do so almost overnight. Washington might threaten the flow of Chinese resources in times of crisis, holding the Chinese economy hostage. Chinese strategists fret over the prospect of an American naval blockade" (Yoshihara, 2011, page 25). This mistrustful stance is informed by a reluctance to trust outside powers. The negative experience with imperialism is still fresh in the collective consciousness of the nation, and this in turn impacts China's foreign policy decision-making (Currier, 2011, page 19). Essentially,

China does not want to entrust its most critical security concern to outsiders, who have historically taken advantage of it.

Chinese leaders view the Malacca Strait as an absolutely essential part of their geopolitical security, so entrusting its protection to a nation with whom its relations are often tense is not a favorable position. Relying on another state for security is not a new dynamic, many countries have relied on the United States as a guarantor of security over the past sixty years (Western Europe during the Cold War is one notable example), but given the state of energy affairs it is difficult to ignore the potential for a growing rivalry between the US and China. This would put Beijing at a considerable disadvantage should a conflict arise with the United States. And given the still-unresolved issue of Taiwanese independence and the two sides' drastically different stances on the issue, the potential for energy politics to become embroiled in unrelated issues is high. Specifically, China fears that the US would use its naval advantage to blockade the Malacca Strait should Beijing ever take action to resolve the Taiwan issue in its favor. Ye Hailin, a member of the Chinese Academy of Social Sciences explains the situation:

> "No matter how much China desires a harmonious world and harmonious oceans, it cannot possibly rely on other countries' naval forces to guard the safety of its SLOCs. A big country that builds its prosperity on foreign trade cannot put the safety of its ocean fleet in the hands of other countries. Doing so would be the equivalent of placing its throat under another's dagger and marking its blood vessels in red ink" (quoted in Yoshihara, 2011, page 24).

This is a largely Realist conception of the Malacca Strait dilemma, but the possibility of a US-led blockade of the passage is also a very real threat to Chinese interests. As elaborated on in prior sections, the major danger to Chinese energy security is the potential for them to become entangled in other, more traditional security threats. By this logic, any conflict would quickly spread from the realm of military interests to economic interests. China's reliance on the Malacca Strait is a major disadvantage, and one that would almost certainly be exploited of by an actor equipped with the motivation and means of setting up a blockade. Erica Downs, an expert on Chinese energy expansion at the RAND Corporation, notes that, at the moment, China does not have the naval capabilities to protect its energy shipments, which it views as a major strategic

vulnerability (Klare, 2008, page 183). Due to the likelihood that an actor (in this case, the United States) would attack both military and economic interests in the event of a conflict, it is difficult to separate the two. Any Sino-US conflict involving military action against China would most-likely result in an attempt to cut-off China's energy supply, which in turn is an attack on its economic interests. All of this is just to show that, due to the geographic disadvantages inherent in China's energy import paths, a threat to one sphere of Beijing's interests is almost certainly an attack on the others as well. There is a historical precedent for such geopolitical concerns. In 1950 US Secretary of State Dean Acheson noted that China was essentially hemmed-in by a series of US allies. He called this the "defense perimeter of the Pacific." The American containment strategy has been a major issue for Chinese defense analysts, and it has been a major goal to implement strategies designed to break American uni-polarity and hegemony in the Indian Ocean (Currier, 2010, page 33).

Yoshihara and Holmes note that this geographic containment is viewed in much the same way by current Chinese strategists, as an "American rampart blocking Chinese maritime operations. The economic implications are plain to Chinese eyes" (Yoshihara, 2011, page 25). But this view is not unanimous. Jin Canrong of Renmin University argues that "Many of us believe that what America is doing is somewhere between engagement and hedging, but not containment." He goes on to say that Chinese belligerence in the South China Sea is not a reaction against containment, but rather the product of domestic factors. He notes that, despite the fact it is not a democracy, Chinese leaders still have to contend with domestic constituencies that demand that their leaders not come across as weak ("China and America in Southeast Asia: Dance of the Giants, 2011). Domestic pressures force leaders to try and keep their constituencies content, which in turn means they must do everything in their power to ensure continued economic growth. These guarantees are essential to the continued success of any state, but this is especially true for Chinese leaders for a number of reasons. Specifically, members of the Politburo view continued economic growth as a requirement for maintaining domestic stability. Kaplan notes that:

> "China may not be democratic in a formal sense, but its system admits to intense, vibrant debates over policy and the direction of the society. There is even the

> possibility that China will face some sort of internal upheaval that will result in splits in the leadership, and delay by years or longer China's march to great power status. Just as Kremlinologists of the 1970s got the Soviet Union wrong in projecting the Cold War lasting several more decades, I among others may be getting China wrong by even assuming in the first place China's continued economic growth" (*Monsoon*, 2010, page 280).

He goes on to reason that "If you governed China, with the responsibility of lifting hundreds of millions of Chinese into an energy-ravenous, middle-class lifestyle, you, too, would seek a credible navy in order to protect your merchant fleet…" (*Monsoon*, 2010, page 282). Lacking the means of legitimizing itself via democratic means, the Communist Party in China has essentially staked its legitimacy on its ability to maintain its phenomenal economic growth. In the past few years government officials have become much more worried about the regime's long-term viability. According to some sources, more worried than at any time since the Tiananmen Square massacre (Christensen, 2011, Paragraph 17). This adds another dimension to the significance Beijing places on attaining economic growth, and thus energy security.

But despite the primacy of economic interests that this thesis is espousing, the fact remains that pursuing these economic interests might invariably result in real geopolitical changes for actors in the Indian Ocean. Stephen Walt, the renowned Neo-Realist theorist, argues that the logical conclusion of Chinese interests would be the creation of a sphere of influence within Southeast Asia that essentially excludes the US. He says that "a prudent Chinese strategist would *want* to have the capacity to safeguard vital sea lines of communication *and* affect the political calculations in other key areas" (Walt, 2011). This is a very real possibility that the US must contend with and plan for, but it is not necessarily the ultimate endgame of Beijing's grand strategy. Walt concurs on this point, stating that:

> "Unfortunately, economic interdependence has never been a completely reliable barrier to security competition. Even if an intense rivalry would harm both countries, economics is not the only thing that matters to states and neither Washington nor Beijing can be sure that prudence and cool heads will always prevail" (Walt, 2011).

There is no clearer evidence for Walt's assertion that China will eventually develop interests beyond its borders than the fact that it already has. This is the ultimate challenge and benefit of globalization, increased interdependence and a wider array of potential clashing interests. Basic economics says that every market requires the existence of both importers and exporters, and this is no different for international energy markets. China is obviously a net importer, but the effect of recent destabilizing events in the Middle East and Africa on oil prices and supplies has proven that the stability of resource-producing countries is just as important to energy security as SLOCs.

As elaborated on earlier, the global nature of the energy market means that any event that cuts into the global supply can raise prices. Of course, supply and demand do not necessarily operate in a vacuum, a wide array of political and geographic issues also factor into oil and gas prices. But overall producer stability is general benefit for energy importers, since secure states generally produce predictable amounts of oil and gas for the world market. Instability is a major deterrent to oil production, as evidenced by a number of recent occurrences. Detrimental to China in particular were the issues plaguing the Trans-Afghanistan Pipeline in the 1990s, which was meant to transport Central Asian gas East to China. Due to the rise of the Taliban and al-Qaeda in Afghanistan the project was abandoned by its Western sponsors and remains shelved to this day (Yergin, 2011, page 90). It is important to note however that it is often not important who controls the oil, but rather simply that it is available to the world market. Yergin notes that this was the aim of American-led war invasion of Iraq in 2003 (Yergin, 2011, page 166). In June 2004, *Petroleum Intelligence Weekly* said that attacks in Iraq had "reduced exports of around 1.6 million barrels per day to zero with no immediate prospect that they will resume. While bad enough for Iraq, the export outage has left world oil markets with a tiny sliver of spare capacity concentrated in Saudi Arabia…" (quoted in Yergin, 2011, page 180). The "String of Pearls" strategy that many allege China is pursuing is dependent on the stability of Beijing's foreign partners. More will be said in the next section about the port at Gwadar in Pakistan, but it is important to note here that the rampant instability and violence in this region has had an adverse effect on China's interests there. Kaplan elaborates: "…there is no guarantee that China will have ready access to the very port facilities it is building. It will all depend on the political circumstances between China

and the host country at the desired moment. China might eventually find itself in the same frustrating position as the United States, with ports and bases it cannot use in time of need because of unforeseen political tensions" (*Monsoon*, 2010, page 196).

Although it is not explicitly connected to the military aspects of defending its SLOCs, Beijing has made it clear that it considers developing multi-polarity within the Indian Ocean an important facet of ensuring its overall security. The American sociologist Janet Abu-Lughod notes that the Indian Ocean has historically been a multi-polar environment, its "natural condition" was for "several locally hegemonic powers to coexist" (quoted in *Monsoon*, 2010, page 31). Kaplan contends that the region is "too vast even in the jet age for one power to gain real sway over it" (*Monsoon*, 2010, page 65). China is uncomfortable with an American presence that it feels could potentially act unilaterally to cut-off its energy supplies, and it is especially worried given the recent American propensity to act without international approval. The ongoing engagement in Iraq is a constant reminder to leaders and analysts in Beijing that the US will intervene militarily if it perceives that its interests are at risk.

In conclusion, Chinese interests are ambiguous and expansive, but at the root of almost all of them is a desire to sustain the tremendous economic growth that has propelled it into the 21st century as one of the world's most important actors. Beijing has a number of interlinked military, domestic, and economic interests and there is no surefire way of predicting how US, Indian, Chinese, and other actors' policies will interact or affect the geopolitics of the Indian Ocean. The next section will evaluate some of the interests identified in this section and how they have shaped the current situation, as well as how they could potentially turn out in the near future.

VIII. Geopolitical Analysis of China's Rise on the Indian Ocean

In a continuation of Deng's 'ideology,' Chinese leaders tend to approach foreign relations and geopolitics from a very pragmatic direction. Rather than making political decisions and alliances based strictly on how they affect the balance-of-power, leaders take a wider set of interests and considerations into account. Consequently, the financial repercussions of policies weigh heavily on leaders in Beijing. So, while China would like to dilute US force and create a more multilateral world order, it cannot afford to make decisions based strictly on traditional geopolitical concerns. Evan A. Feigenbaum, a former Deputy Secretary of State for Central and Southeast Asia, argues that China has been increasingly balancing "the political, and especially financial, risks to its interests" and that "global trends suggest that Beijing is becoming vastly more sensitive to investment constraints and macroeconomic conditions" (Feigenbaum, 2011). However, this does not mean that traditional geopolitics has deserted the Indian Ocean and South China Sea all together. As evidenced in earlier chapters economics and energy security go hand in hand to form the basis of China's concerns, and in this respect traditional geopolitics still plays a major role. This chapter will provide an overview of the primary actors in the region and how China's rise, both economically and militarily, has changed the geopolitical status quo.

The specifics of China's military build-up will be discussed throughout this chapter, but it is important to note here the reactions of various actors to its rise. First and foremost in the Southeast Asian geopolitical equation, despite its geographic distance, is the United States. The US has the world's largest navy, and there is little chance of this changing in the near future. The US Navy currently has eleven aircraft carriers in service throughout the world's oceans, with another three under construction. To provide some context, no other country in the world has more than two. In terms of outright power projection, the United States would seem to be well ahead of any other power. However, despite this advantage, there has been a great deal of discussion about what the addition of a new aircraft carrier to the PLA Navy will mean to the geopolitical dynamic of the region. The ship, named *Shi Lang*, was purchased from Ukraine in 1998 but only renovated to a working state in 2011. It is expected that it will begin sea trials at some

point this summer, though at the moment it still lacks engines (*Relax, China's First Aircraft Carrier is a Piece of Junk,* 2011).

Aircraft carriers are the ultimate military power projection tool, and in this regard the US has an overwhelming advantage in the Pacific region. The United States currently has five nuclear-powered carriers in the area, plus an additional six assault boats. All together they displace a combined 700,000 tons and have the ability to hold 600 aircraft. The *Shi Lang* on the other hand is only 60,000 tons and can carry only 40 aircraft. Said former Secretary of State Robert Gates, "Our Navy can carry twice as many aircraft at sea as all the rest of the world combined"(quoted in *Relax, China's First Aircraft Carrier is a Piece of Junk,* 2011). Gates' quote provides context to a development that many analysts tend to exaggerate in terms of its actual importance. China's naval build-up has provoked a massive amount of literature, much of it focused on how the US Navy's pre-eminence is being challenged. However, most US officials do not seem all that concerned. Admiral Robert Willard, the commander of US Pacific forces, stated before the US Senate that he thought the "change in perception by the region will be significant," but that he was "not concerned" about *Shi Lang's* actual military impact (quoted in *Relax, China's First Aircraft Carrier is a Piece of Junk,* 2011).

One of the most basic reasons for possessing an aircraft carrier is the ability to launch jets and helicopters from international oceanic territory. It allows a navy to essentially take an air wing with it, drastically improving both its defensive and offensive capabilities. The United States Navy has fully grasped this concept, spending an average of $15 billion each year on new airplanes. The planes represent a number of different functions, which allows the Navy to adapt to whatever situations it is presented with:

> "Today, a Navy super-carrier sails with a 70-strong air wing. F/A-18 fighters, EA-6B or EA-18G radar-jamming planes, E-2 radar planes, C-2 cargo-haulers and H-60 helicopters are all part of the mix. The aircraft work as a team, patrolling, tracking and attacking targets below, on and above the surface and moving people and supplies to and from the carrier. *Shi Lang* will not possess anything close to that mix of aircraft and capabilities" (*Relax, China's First Aircraft Carrier is a Piece of Junk,* 2011).

In addition to *Shi Lang*, China has also been consciously developing its submarine force. In this respect the US and its allies are slightly more worried, as Chinese submarines have begun patrolling far more often than in the past. The construction of a submarine pen on the southern island of Hainan signals Beijing's ambition to create a more proactive naval

force (Wines, 2011). Hainan (Figure 2: Above, Google Maps) sits at the northern end of the South China Sea, making it a perfect base of operations from which to project power throughout Southeast Asia. This puts the PLAN in a better strategic position to intervene in the event of a conflict in the Malacca Strait or South China Sea. On a related note, and one that will be addressed later in this chapter, are the possible consequences associated with an increased Chinese naval presence in the disputed territories of the South China Sea. For now though, Hainan is simply another base from which to launch some of the PLA Navy's sixty submarines.

These craft have taken on a renewed importance of late, as evidenced by their increasingly active patrols. In 2005 not a single one of China's diesel or nuclear powered submarines went on a patrol. In 2007 they managed a few, but now they are doing so regularly (Axe, 2011). However, the increase in Chinese submarine patrols has allowed American forces to learn more about their exact capabilities, and in this case, weaknesses. The current generation of Chinese submarines is, for lack of a better word, noisy. American surveillance efforts have found that they can be detected inside the "first

convergence zone," which extends in a 25-mile (40 kilometer) radius from the submarine (Axe, 2011). Although China has several Russian-made submarines which are not as loud as their domestically produced counterparts, the US still has a huge advantage in both technology and numbers. Beijing has actually begun decreasing the number of submarines it is producing, while the US has doubled its production rate (Axe, 2011). So, while the PLAN indeed seems bent on asserting itself more than it has in the past, the US still has a huge advantage, and this looks to be the case for the foreseeable future.

While *Shi Lang's* entry into active duty and the addition of more submarines may be a sign of things to come, they are certainly not the harbingers of US naval decline that many make them out to be. Admiral Willard's downplaying of Beijing's acquisitions is just part of a broader theme in which the US military tends to not view China as a credible military threat. Michael Schiffer, the US Deputy Assistant Secretary of Defense for Asia, said of Beijing's military advancements, "There's nothing particularly magical about any one particular item" (quoted in Ackerman, 2011). The 2011 Department of Defense report on China's military reinforces this nonchalant attitude, calling the PLAN "regionally focused" and stating that "China has made less progress on capabilities that extend global reach or power projection…Outside of peacetime counter-piracy missions, for example, China's Navy has little operational experience beyond regional waters" (quoted in Ackerman, 2011). But despite this lack of concern about Beijing's current naval capabilities, there are still very real threats to continued US military dominance in the region. At 282 active ships the US Navy is currently the smallest (in terms of number of ships) it has been since World War I (Yoshihara, 2011, page 73). While it is still much more powerful than any other navy there seems to be a gradual bridging of the gap by other rising naval powers.

But the biggest advantage for the US Navy is what strategists term the "First Island Chain," which extends from Japan and down through the Philippines; essentially flanking the eastern edge of the South China Sea (Figure 3: Next Page, globalsecurity.org). In an essay in the *China Military Science* journal, Senior Colonel Feng Liang and Lieutenant Colonel Duan Tingzhi of the Naval Command College argue that "these islands obstruct China's reach to the sea. . . . The partially sealed-off nature of China's maritime region has clearly brought about negative effects in China's maritime

security.... Because of the nature of geography, China can be easily blockaded and cut off from the sea, and Chinese coastal defense forces are difficult to concentrate” (quoted in Yoshihara, 2011, page 57). During the Cold War the US made a conscious effort to make allies throughout the Asian sub-continent, making it difficult for the Soviet Union to gain access to the open seas of the Indian Ocean and Pacific. China fears that the US is employing a similar strategy now, containing Beijing’s ability to project power beyond its coastal waters. The US, of course, denies that this is a conscious aspect of US geopolitical strategy.

President Obama recently visited Australia to announce a new military partnership that will see up to 2,500 US Marines stationed in Northern Australia. The US insists that this is not part of a containment strategy though. Instead, the US insists it is one meant to reassure its Southeast Asian allies that the US will continue to be a major military presence in the region. Beijing, understandably, does not see it this way. In response to this announcement a Chinese spokesman gave an ominous warning that “it may not be quite appropriate to intensify and expand military alliances and may not be in the interest of countries within the region” (*We’re Back: America Reaches a Pivot Point in Asia,* 2011). No matter how either side perceives this move, it is clear that it sends a message. Huang Jing, a foreign affairs analyst and professor at the National University in Singapore says that it is an action designed to show Beijing that the US “still [has] the power to overwhelm them, that they still can prevail if something really wrong happens…it’s a hedging policy” (Johnson 2011). The US, for its part, contends that the Australia program is just part of a broader and more benign shift in strategy. But

regardless of how either side perceives the 'island chain,' it is an undeniable aspect in both China and the United States' policy designs.

However, the US has some less-tangible geopolitical advantages that Beijing lacks. The American Navy has been instrumental in the geopolitics of Southeast Asia because it has acted as a means of upholding order in places far away from its shores. Given the importance of SLOCs to global commerce and American interests it is clear that the US takes their protection very seriously. And despite its distance from major ones such as the Straits of Malacca and Luzon, the US will continue in its capacity as 'global policeman.' Although he was referring to the Strait of Hormuz in the Arabian Peninsula, Former Dick Cheney's promise to "keep the sea lanes open" and "stand with our friends in opposing extremism and strategic threats" is one which the US takes very seriously (quoted in Klare, 2008, page 298). Its naval power give the US the ability to act effectively in Southeast Asia. John Lee, Director of Foreign Policy at the Center for Independent Studies in Sydney, argues the US actually profits from its distance:

> "To maintain its military bases in the region and thus remain the pre-eminent strategic power in Asia, the United States requires other key states and regional groupings to acquiesce to its security role and relationships...This interdependent relationship means that America is not so powerful that it can easily ignore the wishes of Asian states. In contrast, if China were in the dominant strategic position…[it] would not need the same level of regional acquiescence...one more reason why America is trusted to provide the public and security goods in Asian sea lanes while China is not" (Lee, 2011).

The multilateralism that the US is forced to adopt in the region is evident in the alliances it is more-or-less forced to adopt with allies throughout Asia. Historical ties to Japan, Australia, and South Korea are major examples of this, but the US has also recently cultivated closer ties with states like Vietnam, Thailand, Indonesia, and other members of ASEAN. Taken together these represent a major re-orientation in US foreign policy, one in which Asia becomes the primary region of concern. The importance of this 'pivot' has been reinforced by many members of the Obama Administration. Newly-appointed Secretary of Defense Leon Panetta ruled out the possibility of reducing US naval commitment in the Pacific, and Secretary of State Hillary Clinton has made a point of

further developing relationships with Asian states such as Japan, South Korea, India, and Indonesia (Johnson, 2011). A January 2012 joint report by President Obama and the Pentagon further clarified this turn, stating that the US will "*of necessity rebalance toward the Asia-Pacific region* [original emphasis]" (Sustaining US Global Leadership: Priorities for the 21st Century, 2012, page 2). And as its engagements in Afghanistan and Iraq wind down it is assured that the US will focus even more on Southeast Asia.

This pivot represents an acceptance of a new type of interests that were not previously emphasized under previous administrations. They will be evaluated throughout this chapter, particularly with regards to how they either conflict or converge with the Chinese interests identified in the previous chapter. But suffice it to say for now that many American interests in the region are the same as those of other actors', including China's: free and unimpeded access to essential SLOCs, political stability in oil producing states, and non-proliferation of piracy and terrorist threats.

In keeping with Mahan's belief in the mercantile purpose of naval power and the recognition by the Obama Administration that economic interests should be pre-eminent, the United States has re-oriented its geopolitical strategy. Economic interests are at the heart of many of the more specific interests of China, the US, and other actors in the region. However, the pursuit of these economic interests manifests itself differently for each actor. The United States has begun to "recognize the deep and essential interplay between [its] economic and security interests," and this has resulted in some very important geopolitical changes that can often be attributed to other interests (Rothkopf, 2011). Perhaps most importantly to the geopolitics of Southeast Asia is the emergence of a more multilateral and consensus-based security structure. As stated before, the past six decades of naval geopolitics have been dominated by the US Navy, which took it upon itself to act as 'global policeman'. However, power projection is expensive and the wars in Afghanistan and Iraq have been major expenses for the administrations of George W. Bush and Barack Obama, both in terms of political and economic costs. Recent changes have signaled a changing military order though, one which recognizes the danger of unilateral power moves and the existence of a more complex world than American foreign policy has typically recognized. David Rothkopf, a prolific writer on global economic and political trends, points out that the Obama Administration has realized that

the "foundations of US national security are also economic and so too are some of [its] most potent tools" (Rothkopf, 2011). The stationing of up to 2,500 Marines in Darwin is just a piece of this broader movement. In November 2011 President Obama joined sixteen other regional leaders at the sixth East Asia Summit meeting in Bali, marking the first time an American president had ever attended the gathering. The US used to view Asian regional groups skeptically, generally believing them to be a limit on its ability to act. However, Obama's willingness to engage in dialogue with them indicates an effort to embrace multilateralism in the region (Johnson, 2011). There are a number of reasons for this but one of the most blatant is that the US is simply no longer either willing or able to impose its will unilaterally throughout the world. By placing economic interests at the top of its agenda the US has begun to alter the reigning conception of its place in the international community. The US welcomed its role as the world's sole superpower following the end of the Soviet Union, but this time is coming to an end. This does not signal a decline, but rather the acceptance of a more multilateral geopolitical situation, one based on mutual interests and shared responsibility.

During a 2009 speech at the US-ASEAN Business Council's 25th Anniversary Gala Dinner, Lee Kwan Yew, the elder statesman and figurehead of Singapore, stated that President Obama's announcement that the G-8 would be replaced by the G-20 was an implicit acknowledgement that post-World War II world order was over. He said that it was an example of the President taking "a realistic view of the changed world." He tempered his comments by nothing that the US will remain the world's sole superpower for at least the first half of the 21st century, but he noted that in that time America's "core interest requires that it remain the superior power on the Pacific. To give up this position would diminish America's role throughout the world" (Yew, 2009). Yew's view of the geopolitics of the Pacific and Indian Oceans envisions a situation in which the US is the first power among equals. Its massive navy ensures that, at least on paper, the US remains the most powerful force in the world, but in the coming years it will be joined by other supporting actors. But the rise of these other actors (and in particular India and China) is just part of the story. The United States is also facing an economic crisis that has reminded it that it is not invulnerable. Domestic pressures eventually led to the announcement that the Department of Defense would cut its budget by $78 billion over

the next five years. In addition, the debt-ceiling debate threatened to cut this budget by an additional $350 billion. This has forced Washington to "rediscover the virtues of multilateralism and a restrained foreign policy" (Parent, 2011, Paragraph 2). While Leon Panetta assured the US' Southeast Asian allies that its commitment to the region would not decline, these developments signify a gradual shift in strategy. Part of this is also simply a recognition of the new nature of geopolitics. In a 2009 speech former Secretary of Defense Robert Gates called Obama's defense budget proposal the "nation's first truly 21st century defense budget" (Gates, 2009). He would go on to elaborate on the asymmetrical nature of conflict that he felt would define the 21st century; these changes will be discussed with relation to Beijing's military buildup later in this chapter.

An embracement of multilateralism has benefits beyond US economic interests though. In an essay entitled "The Wisdom of Retrenchment" published in *Foreign Affairs*, Joseph Parent and Paul MacDonald argue that rolling back US military commitments in favor of partnerships with other actors could have huge benefits for the United States. They make the historical argument that powerful states were typically better able to "navigate the shoals of power politics" when they scaled back their ambitions, as opposed to those that attempted to cling to "expensive and overly ambitious commitments" (Parent, 2011, Paragraph 4). There are a number of reasons why those states possibly fared better. In the case of the US, the policies it pursues to ensure global power projection create a number of problems that could be eliminated or minimized by taking a more multilateral and cooperative approach. Examples include anger among local populations that are resentful of a US military presence on their territory and the general ill will associated with becoming involved in the affairs of other nations. Due to the number of overlapping interests (peace, stability, democracy, etc.) that many US allies share, responsibility could be divvied up. Cooperating with other states would allow the US to focus on more critical interests, such as its economy. This would have the added bonus of allowing more geographically proximate actors to take greater stake in their region and use their (presumed) deeper knowledge of local challenges to address them more effectively (Parent, 2011, Paragraph 28). Parent and MacDonald argue that the unilateral, military-centric approach to geopolitics that the US has pursued since the end of World War II is no longer the best way to ensure a stable and peaceful world.

They say that "these ties could be sustained through bilateral political and economic agreements, instead of the indefinite deployments and open-ended commitments of the Cold War" (Parent, 2011, Paragraph 32). The specific South Asian actors that the US could forge partnerships with will be touched upon in this chapter, but Parent and MacDonald's argument is basically that geopolitics no longer needs to be seen as a game in which the US must pursue its goals on its own. The more multilateral, regional approach they advocate is challenge to traditional geopolitics, and it is important because it indeed seems to be what the US is pursuing.

The established field of geopolitics is changing, but so too is the military situation that typically defines it. Whereas 'power' is often measured in terms of fleet tonnage, power projection capability, or some other yardstick of military capacity, new technologies have rendered these measurements somewhat irrelevant. Naval power is still extremely important to the geopolitics of the Indian Ocean and South China Sea, but it is also increasingly becoming difficult to predict how ships could realistically impose the wills of their countries. Parent and MacDonald explain this shift:

> "…current trends will make it harder for the United States to continue to purchase hegemony as easily as it has in the past. Changes in military tactics and technology are eroding the United States' advantages. The proliferation of anti-ship cruise missiles makes it harder for the U.S. Navy to operate near adversaries' shores. Advanced surface-to-air missiles likewise raise the cost of maintaining U.S. air superiority in hostile theaters…U.S. defense dominance is getting more expensive at a moment when it is becoming less expensive for other states and actors to challenge the sole superpower" (Parent, 2011, Paragraph 8).

It is interesting that the authors end this thought on an economic note, lending more credence to the notion that the lines between economic and security interests are becoming increasingly blurred. But the most important element this passage brings up is the proliferation and development of anti-ship cruise missiles. These weapons are extremely important to the geopolitics of the region, not because they increase a state's ability to project power, but because they limit the ability of other states to do so. Anti-access/area denial strategies, in terms of their geopolitical relevance, are a development made possible largely by the advent of land-based missiles capable of striking and

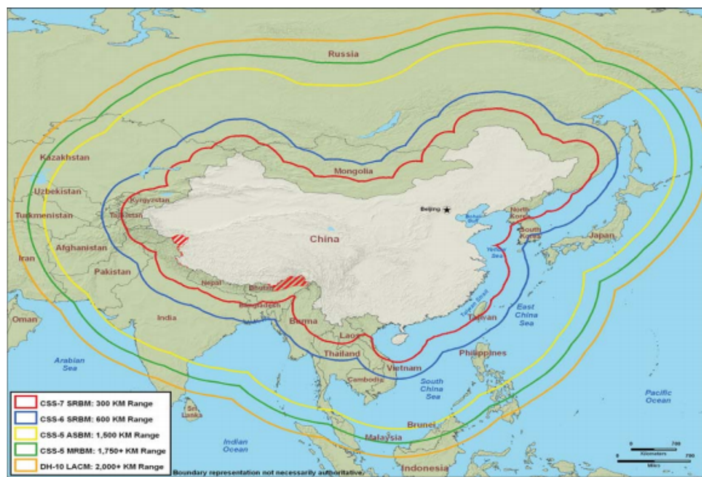
sinking ships far out at sea. With regards to the United States' situation in the Indian Ocean, South China Sea, and Pacific Ocean, an effective anti-access strategy is any one which denies its forces "from deploying to a position in theater from which they can conduct effective operations against Chinese forces" (Yoshihara, 2011, page 10). This is a change in the concept of power because it discounts the importance of a states maintaining symmetrical forces in favor of simply blocking adversaries from acting within a certain distance of their coasts. It forces analysts to look at *how* a potential enemy would act in a conflict rather than simply making assessments based on the size and technological level of their adversaries.

China has embraced access denial weaponry whole-heartedly over the past two decades. The PLAN is not in a position to project power beyond its regional waters like the US Navy is, so regional defense is still the major guiding principle of Chinese military strategy. Building a navy is an enormously expensive and time-consuming process, as evidenced by the fact that Beijing has only just gained an aircraft carrier (not to mention its technological inferiorities). ASBMs have become the focal point of China's access denial strategy because they offer a far-less expensive option for deterring US military action (at least within the missiles' range). ASBMs are "regarded as a means by which technologically limited developing countries can overcome by asymmetric means their qualitative inferiority in conventional combat platforms, because the gap between offense and defense is the greatest here" (Yang, 2009, page 53). These missiles are relatively inexpensive to make and do not require the advanced technology that an aircraft carrier does. Yet, at least in theory, they can destroy ships with the same effectiveness as a symmetrically sized navy.

The beginnings of Chinese missile defense development took root in the 1970s. In 1972 Vice Premier Zhang Chunqiao declared, "We are continentalists. Now guided missiles are well developed. Installed on shore, they can hit any target, and there is no need to build a big navy" (quoted in Yang, 2009, page 55). China clearly felt that naval development was important for other reasons, as evidenced by Beijing's acceptance of Admiral Liu's idea that a strong navy was essential to development. But the ASBM idea did not die out by any means, and has indeed picked up again in recent years. Beijing began developing ASBMs in earnest in the 1990s as a consequence of the 1995-96

Taiwan Strait Crisis in which China performed missile tests near Taiwan in an effort to intimidate its leaders and population. In response the US dispatched two aircraft carrier battle groups to the region, a message that the US would resort to violent force should China continue its belligerent acts. The helplessness China experienced during this conflict convinced its leaders of the importance of denying the US access to its regional waters, and the ultimate outcome was the development of these ASBMs. In March 2010 Admiral Robert Willard announced that China was indeed "developing and testing a conventional anti-ship ballistic missile…designed specifically to target aircraft carriers" (quoted in Erickson, 2010). These missiles are presumably primarily designed to be used in a cross-Strait crisis, but due to their range they could presumably be employed in the event of a crisis in the Malacca Strait (Figure 4: Above, from Yang, 2009, page 54). Given the current estimates of the ASBMs range they could likely deny the US access to the South China Sea, which would give China a huge advantage. That said, these weapons are still hypothetical, and the success of their tests has not been confirmed. The US is regarded as the most technologically advanced military in the world, but even it lacks such a weapon (Yoshihara, 2011, page 98). Nevertheless, it is important to discuss the role these weapons will likely play in the region should they become operational, which many experts feel is inevitable.

MAXIMUM RANGE OF A DF-21/CSS-5 ASBM FROM LAUNCH LOCATIONS IN MAINLAND CHINA



The United States has been well aware of Beijing's efforts to develop anti-access capabilities, and has taken efforts to counter their potential geopolitical impact. One of the most important US defensive weapons is its Aegis Ballistic Missile Defense System, which is designed to shoot down incoming threats. Currently, sixteen of the American Navy's eighteen Aegis-equipped ships are deployed in the Pacific theater, a clear indication of where the US feels threats to its navy emanate (Yoshihara, 2011, page 117).

Like the Chinese ASBM program, the Aegis System is constantly improving, essentially creating an arms race between Chinese offensive and American defensive weapons. Since there have not been any conflicts between the two sides there is no telling which side's capabilities would prove victorious, but there have been important developments that should be noted. One essential one was the US Navy's successful test destruction of an orbiting satellite. According to Yoshihara and Holmes, this prompted several conclusions by Chinese analysts. First, the Aegis System exceeded the expectations of what it was originally designed to do, an indication that it might be capable of intercepting intercontinental ballistic missiles (ICBMs). Second, they showed the United States' ability to destroy its adversaries satellites, an extremely important capacity in an era in which digital communication is so important to military success. And third, the test acted as a warning to China that its development of ASBMs would not deter the United States from maintaining its pre-eminent naval position in the region (Yoshihara, 2011, page 119). However, Beijing has made serious efforts to make its missiles difficult to bring down. These include putting weights in the missile body that shift back and forth, altering the missiles trajectory and making it more difficult for Aegis radars to track them (Yang, 2009, page 70). It is unclear exactly what the dynamic between Aegis and ASBMs would be, but any such conflict in which the use of either was necessitated could quickly escalate to the realm of nuclear confrontation. Yang and Erickson note that since no early-warning system can as of yet distinguish between nuclear and ballistic missiles, an ASBM attack on an American ship would likely prompt a pre-emptive nuclear attack (Yang, 2009, page 69). If this theory holds true then ASBMs are largely a deterrent to overt US offensive maneuvers, not so much an actual tactical weapon.

There are other ways in which the US has readied itself for the potential of a Chinese access denial defensive strategy. There are currently new aircraft carrier designs being researched that would focus on speed and numbers rather than overwhelming power, as well as efforts to expand aircraft ranges. This would allow aircraft carriers to operate effectively beyond the range of Chinese missiles (Cropsey, 2010). Perhaps more pertinent to the next few years of geopolitics in the region though is President Obama's new defense budget, which advocates the construction of two new submarines a year. Submarines, due to their ability to evade radars, are perhaps the best option for avoiding

Chinese ASBMs (Erickson, 2010). They of course lack the power projection capabilities of aircraft carriers but Obama's decision clearly indicates a belief in the utility of a heterogeneous naval presence.

The geopolitical consequences of China's anti-access missiles are greater than those associated with its aircraft carrier, though the *Shi Lang* seems to have gained more media attention. However, it is difficult to decipher exactly what these consequences will be, owing to the fact that technological advancements could take each side's weapons a great way in between now and the date of a hypothetical conflict. However, there will certainly be a great number of changes when compared to the status quo of naval power in the region for the past sixty years. For one, barring American success to develop aircraft capable of a range greater than Chinese ASBMs, its aircraft carriers will have to operate within Beijing's missile range. But, as Yoshihara and Holmes note, "until the ASBM enters service, the only vague conclusion possible is that Beijing's naval buildup is pushing the culminating point for U.S. naval action farther offshore, raising the costs of entry for the U.S. military into Asian waters" (Yoshihara, 2011, page 105). If access denial is the only purpose for Beijing's naval buildup (which this thesis argues is *not* the case) then these missiles could render an actual navy redundant. ASBMs reinforce the notion of China as a continental power, albeit one that "uses the land to control the sea" (Yang, 2009, 77). However, Chinese leaders seem to be developing both aspects of their military power, alluding to interests that are not purely military in nature. These missiles appear to be a weapon meant to respond to threats arising from Taiwan, not those having to do with territorial disputes in the South China Sea or Malacca Strait. The problem is that they have the capability of being used in these theaters, therefore the possible scenarios they present must be considered.

But even without ASBMs China can influence the geopolitics in the South China Sea and Indian Ocean. There are a number of other military advancements it has made (or at least is rumored to have made). Of note is the purported prototype of the Chengdu J-20 stealth fighter jet. Photos claiming to be of this aircraft were posted on the internet in late-December 2010, but the US still seems unfazed by its possible existence. For one, even if the pictures are of an actual stealth jet prototype it takes years to bring a design to full-scale production. Not to mention there are serious doubts as to whether the pictures

are even real (*Is This China's First Stealth Fighter?,* 2011). Former Secretary of Defense Robert Gates noted that by 2020 the US would have an estimated 2,500 manned combat aircraft, and that 1,100 of these would be advanced fifth generation F-35s and F-22s. China, on the other hand, will probably not have *any* advanced aircraft like these. And by 2025, this gap is expected to widen (Gates, 2009). Regardless of whether the US will manage to maintain such a huge aircraft advantage, the lack of a major American response indicates a new attitude regarding conceptions of power and geopolitics. Gates explains:

> "…other nations have learned from the experience of Saddam Hussein's military in the first and second Gulf wars – that it is ill-advised, if not suicidal, to fight a conventional war head-to-head against the United States: fighter-to-fighter, ship-to-ship, tank-to-tank. They also learned from a bankrupted Soviet Union not to try to outspend us or match our overall capabilities. Instead, they are developing asymmetric means that take advantage of new technologies – and our vulnerabilities – to disrupt our lines of communication and our freedom of movement, to deny us access, and to narrow our military options and strategic choices" (Gates, 2009).

It seems then, that China has also recognized this modern conception of the military's role in geopolitics. Leaders in Beijing are aware that their interests are largely economic, and that they are also in line with the United States,' particularly freedom of navigation and open SLOCs. That said, it should be noted that China's military developments are not necessarily offensive in nature. Beijing is not actively preparing for a war with the United States. The ASBM is largely designed as a deterrent to American power projection in regions that China considers core territorial interests. Missiles, submarines, and advanced fighter jets are relatively cheap ways for China to make it less politically and economically feasible for the United States to become immersed in potentially violent situations. MIT professor Barry Posen argues that, due to China's proximity to the region, it is relatively easier for it to create a 'contested zone' that the United States might be reluctant to send its forces into (Yoshihara, 2011, page 76). Conflict would only occur should the US seriously endanger a major Chinese interest, such as a blockade of the Malacca Strait, and this would conceivably only happen should China pose a major

offensive threat to the US or its allies (most likely Taiwan). Chinese military advancements are part of a deliberate effort to construct a deterrent formidable enough so that Beijing "will not actually have to use force to secure its interests" (*The Geography of Chinese Power*, 2010). Yang and Erickson go even further, stating that "Chinese leaders do not seek war. Rather, they want to defend what they perceive to be their nation's core territorial interests and to ensure a stable environment for domestic economic development…[they] hope to achieve deterrence without going to war" (Yang, 2009, page 77). Assuming the primacy of economic interests that this thesis has argued for, war is a highly undesirable outcome for all actors, and would most likely come about as a result of poor communication or miscalculation. However, should Chinese or American actions threaten the core interests of the other then conflict is of course a possibility.

Military developments are an important aspect of geopolitics in the Indian Ocean and South China Sea, but so are alliances, partnerships, and other less overt means of power projection. Traditional notions of 'balance of power' typically require states to come together in blocs, which serve as sufficient deterrents to overly aggressive actions by other states or blocs. To some degree this has happened with states throughout South Asia. The potential threat China poses some members of ASEAN was made clear over the past few years, as territorial disputes have prompted hostile rhetoric and actions by all sides.

At the heart of these territorial issues is the status of the South China Sea. This body of water is important for a huge number of reasons, the two biggest being the Malacca Strait and the natural resources within its waters. The South China Sea accounts for as much as 1/10th of the world's annual fishing catch; half of its intercontinental shipping (in terms of tonnage); and perhaps most pertinent, it harbors potentially huge energy deposits (*The Devil in the Deep Blue Detail*, 2012). Competition over these resources has become more pronounced over the past few years, as China's quest for energy leads it to flex its political and military might. The exact amount of energy resources is not known, but states with territorial claims salivate at the prospect that the sea might potentially harbor more oil than Iran and more natural gas than Saudi Arabia (Zhou, 2010). Ownership of the essentially barren islands and reefs that constitute the Spratly and Paracel Islands have become a major point of contention between China and

its southern neighbors. There is a long history of conflicting territorial claims between the states in the region, but for the purposes of this thesis only recent ones will be discussed.

China has typically espoused the peaceful aspects of its rise to great power status, but its assertive territorial claims have resulted in some heated political tensions with its neighbors. This was a particularly salient point issue in 2009, when in an effort to halt Vietnamese oil exploration in the sea, China submitted a map to the UN that claimed almost the entire territory for itself (Figure 5: Left, from Mellgard, 2010).

Beijing then reportedly warned Exxon Mobil and British Petroleum not to engage in exploration projects with Southeast Asian states, as China considers the entire area part of its sovereign territory (Zhou, 2010). The United States, mindful of the geopolitical implications of allowing China to exclusively control one of the world's most important transit routes, became engaged in the dialogue. At an ASEAN regional forum meeting held in Hanoi in 2010, Secretary of State Hillary Clinton offered the United States' services as a mediator, and made it clear that it opposed "the use of threat of force by any claimant" (Caryl, 2010). Chinese Minister of Foreign Affairs responded by telling the US not to "internationalize" the issue, calling her comments "virtually an attack on China." Consequently, Beijing opted to label the South China Sea a "core national interest," putting its importance on par with Tibet and Taiwan (Caryl, 2010). The importance of this move was confirmed by Admiral Robert Willard, who noted that China is showing "an increased willingness to confront regional nations on the high seas and within the contested Island chains" (quoted in *China's Assertiveness at Sea: Choppy*

Waters, 2010). Beijing's willingness to intimidate its neighbors is well documented by now. After warning the US that it would not tolerate interference in this issue China began making more tangible geopolitical moves. These include either flying or sailing into Philippine territory no less than six times in 2011, even going so far as to fire in the direction of a Philippine fishing boat (Johnson, 2011). This has provoked a number of responses from states in the region, which do not want to cede any territory to their giant neighbor. Philippine President Benigno S. Aquino III responded to China's moves by stating that "Our message to the world is clear: What is ours is ours." One of his top military men, Major General Juancho Sabban, employed even more bellicose rhetoric at the commencement of military exercises in the sea: "The mere deployment of missiles or sound of cannons will not scare us from protecting our own territory." The often-nationalistic Chinese newspaper *Global Times*, responded that "if these countries don't want to change their ways with China, they will need to prepare for the sound of cannons" (quoted in Jacobs, 2011). These over-the-top words are more a product of nationalism than an omen of conflict, but they do suggest that Beijing's notion of its role is changing. Foreign Minister Yang Jiechi backed this up when he responded to American efforts to resolve the issues diplomatically by stating that "China is a big country and other countries are just small countries, and that's just a fact" (quoted in Cropsey, 2010). There is certainly truth to Mr. Yang's words, but there are many factors that complicate the situation. The fact remains that the US still retains huge amounts of influence in Southeast Asia, and this fact is not lost on these smaller states.

The balance of power in Southeast Asia is shifting as a consequence of Chinese assertiveness. The ASEAN states, often reluctant to cooperate militarily with the United States, have embraced a greater American presence in the region. The US has begun cultivating closer ties with a number of the states. Hillary Clinton traveled to Manila in November 2011 and, from the deck of the guided missile cruiser the U.S.S. Fitzgerald, stated that the US would ensure that its "collective defense capabilities and communications infrastructure are operationally and materially capable of deterring provocations from the full spectrum of state and non-state actors" (quoted in Whaley, 2010). This follows a 2005 strategic framework agreement signed with Singapore, which was subsequently expanded in 2011 to include sending US combat ships to its regional

waters (Haddick, 2011). Lee Yuan Kew, Singapore's de facto leader, has publically urged the US to stay engaged in the region both diplomatically and militarily. And even Indonesia, typically reluctant to appear too close to the US on account of alienating its Islamic allies, has tried to use the US as a hedge against growing China. While strict 'balance-of-power' considerations cannot explain every facet of the region's geopolitics, it is clear that many states in Southeast Asia are hoping to find strength in unity.

However, while these strengthening alliances may appear to be the opening salvos of a potential global conflict in the South China Sea, they are really just part of a larger geopolitical transition. China, recognizing that it has very little to gain from outright conflict, has done much to allay fears of what its rise may mean. The territorial issues have certainly been scary reminders of what the situation has the potential to devolve in to, but in the grand scheme of geopolitical relations in the region they are but minor occurrences. Hiccups which, by some accounts, have demonstrated to Chinese leadership the danger of pursuing a more hawkish and assertive strategy in the South China Sea. The backlash from its territorial incursions may have shown that a "tactical retreat is wiser than risking stiffening resistance in the region" (Haddick, 2011). There have been disagreements about what states control what parts of the sea for centuries, but this has not stopped China from historically maintaining a relatively peaceful relationship with its neighbors (Miks, 2011). The danger, as with many of the geopolitical issues of the region, is allowing territorial issues to become entangled in other ones.

China seems to have realized this, and has adjusted its strategy accordingly. Due to its economic interests, leaders in Beijing recognize that China must do all it can to make its rise peaceful and smooth. According to David Shambaugh, a US expert on the topic, China's diplomacy has historically been flexible and effective and "as a result, most nations in the region…see China as a good neighbor, a constructive partner, a careful listener, and a non-threatening regional power" (quoted in Caryl, 2010). Obviously these views can change in the face of perceived belligerence, but it goes to show that China does indeed possess the capacity to rise peacefully. Even territorial disputes, perhaps the most salient point of contention in the region, are generally dealt with diplomatically (*The Devil in the Deep Blue Detail*, 2012). But the fact remains that its military buildup has China's neighbors worried. Chinese Defense Secretary Liang

Guanglie is quick to point out that China's military modernization "is not aimed to challenge or threaten anyone." In the same speech he declined to repeat the assertion that South China Sea was a 'core interest', a clear nod to China's more nuanced and careful new strategy of not worrying its neighbors (Haddick, 2011).

While less visible than the overt displays of power and bellicose rhetoric employed by media sources and leaders, economic cooperation is perhaps the most important determinant of the geopolitical situation in the region. China is the single most important trade partner for a number of Southeast Asian states, and this looks to grow only more true as ASEAN and China are predicted to become each other's largest trade partners by 2015 (King, 2012). These economic relationships have been an over-riding consideration for both China and its neighbors. Philippine President Aquino III, the same one that employed such vicious rhetoric over Chinese territorial claims, took 200 Philippine business leaders on a diplomatic trade mission to China in search of investments just a year later (Jacobs, 2011). Balancing the economic and political interests of a state can be difficult, and the Philippines is currently doing its best to do just that. It requires a clear understanding of the relationship between security and economic interests, which can become easily entwined with one another. But, as Chinese Deputy Foreign Minister Zhou Wenzhong said, "Business is business. We try to separate politics from business" (Zweig, 2005). It is precisely this type of strategy that will allow economic interests to triumph and curtail the possibility of real conflict in the region. The economic importance of China to its neighbors tends to make these states want amicable relations. The Philippines in particular have been careful to avoid angering Beijing; opting not to the 2011 Nobel Peace Prize award ceremony at which jailed Chinese dissident Liu Xiaobo was honored.

The geopolitics of the South China Sea therefore are not as blatant as some theorists might argue. The future of the region will not be marked by massive naval stand-offs, but rather by subtle power moves and policies designed to create more favorable environments. This does not mean that these changes will be smaller or less important than more tangible military ones, simply that one must broaden the scope of changes being taken into consideration to get a true idea of what is going on. One trend that seems inevitable at this moment in time is the increased multilateralism that could

one day define the geopolitical dynamic of the region. As noted earlier, the United States has become much more open to cooperating with regional partners and sharing the burden of responsibility with other actors. Unilateral enforcement has simply become too expensive, not to mention the political costs associated with promoting unpopular policies in countries thousands of miles from American territory. But perhaps the biggest benefit the US would gain from increased multilateralism is the message that it would send that US interests in Southeast Asia and the Indian Ocean are in line with those of other nations, as opposed to actions only associated with furthering American interests. China, for its part, certainly desires less American presence so close to its shores. And even the ASEAN states find total dominance by either the US or China undesirable. To maintain this balance and maintain relatively friendly relations with both sides so as not to become a "ball in the middle being kicked by both sides" (Whaley, 2011).

This tendency to play the powers off of one another is exceptionally obvious in the case of Burma, which has recently become an important strategic partner for the US, China, and India. Burma sits at the confluence of the Indian Ocean, China, and India (Figure 6: Below, Google Maps), and is therefore a potentially important strategic partner for countries throughout the region. China covets Burma's abundant reserves of oil, natural gas, uranium, coal, hydropower, zinc, copper, and timber (*Monsoon*, 2010, page 217). But should China ever manage to gain a massive amount of influence within its territory, it could provide an overland route to the Indian Ocean, which would negate the Malacca Dilemma that currently plagues Chinese strategists. Should China gain a foothold in Burma and construct a pipeline or port, it would be able to shave 3,000 km. off of the trip its ships must make from China's coast to the Indian Ocean. Chinese strategists,

recognizing the advantages of such a route, have been cultivating closer relations with the Burmese government. These ties have resulted in a number of joint projects, such as an 85-meter jetty on Great Coco Island, which lies just 18 km. from the Indian-controlled Nicobar Islands (Currier, 2011, page 176). However, Chinese natural resource plundering has angered much of the Burmese population and made them reluctant for increased cooperation. Burmese leaders have taken this into consideration, suspending an unpopular Chinese-backed dam project on the Irrawaddy River in September 2011. Thus, while China has operated largely unchallenged in Burma in the past, the past year has witnessed distinct Burmese government efforts to diversify its trade and diplomatic relations.

For its part, the US has largely resisted developing deep relations with Burma on account of the regime's strict authoritarian grip on power and terrible human rights record. China tends to follow a diplomatic strategy of non-interference, which has allowed it to cooperate with countries that much of the West eschews. However, Burma's strategic importance has made it difficult for the US to discount cooperation on humanitarian or moral grounds. Over the past decade the US preoccupation with al-Qaeda and Islamic extremism has made Burma a strategic afterthought, but the Obama Administration's pivot towards Asia has brought its importance back into focus (*Monsoon*, 2010, page 229). Last year a quadrennial Pentagon review paper identified Burma as one of several countries in Southeast Asia that the US should pursue strategic partnerships with. Subsequently, the US began to restore bilateral ties after cutting them off nearly fifty years ago (Johnson, 2011). Hillary Clinton's official visit at the end of November 2011 signaled a recognition by both sides that China's rise poses a challenge for both states, one that outweighs the US' moral duty of promoting human rights. However, Burmese leaders are not simply switching sides, as just days before Mrs. Clinton's visit the Burmese army chief traveled to Beijing to promote the countries' 'comprehensive strategic partnership of cooperation" (*Myanmar and America: A New Great Game,* 2011). Essentially, Burma is trying to play both sides off of one another, ensuring that it will always have options in dealing with the outside world, as well as the benefits that come from closer ties with the world's two biggest economies.

China and the US are not the only actors with interests in Burma though. India has begun competing with China there, providing aid and improving bilateral military relations in an effort to keep China from gaining a "veritable province" on its doorstep (*Robert Kaplan's Journey to the Center of the New Universe*, 2010). The prospect of the PLA Navy having direct access to the Indian Ocean is unnerving for Indian strategists, and they have reacted accordingly.

Much like the "Island Chain" dilemma, which some Chinese leaders feel is an American-backed design to prevent its rise and ability to project power, India faces its own containment issues. It terms China's efforts to gain influence throughout the Indian Ocean the "String of Pearls". This term was first coined by the consulting firm Booz Allen Hamilton in a 2005 report entitled "Energy Futures in Asia" in which the company detailed Chinese efforts to develop ports and listening posts ("pearls") throughout the Indian Ocean. This 'string' wraps all the way from Southeast Asia to East Africa, and potentially presents an opportunity for China to enhance its ability to project power into the Asian subcontinent and protect its interests at sea (Venugopalan, 2011). These manifestations of Chinese power have rankled Indian leaders and added to an already-tense relationship between the world's two most populous states.

China's quest for energy and the military modernization it has wrought have received massive amounts of international attention. But India is in much the same position. Srikumar Banerjee, Chairman of India's Atomic Energy Commission noted that nearly 40% of India's population lacks regular access to electricity, and that "it is essential for us to have further electricity generation" (quoted in Timmons, 2011). India has been competing with China for much of the same energy sources, and this has resulted in a huge military buildup in Mumbai as well. A 2011 report concluded that India had become the world's largest arms importer, accounting for 9% of the world's arms transfers between 2006 and 2010. It is expected to spend about $45 billion over the next twenty years on 103 new destroyers and submarines, while China is expected to spend around $25 billion for 135 ships over the same period (Keating, 2011). The Indian Navy wants to have two aircraft carriers by 2015 and three by 2022, a telling sign of the militarization of the region as a whole (*Monsoon*, 2010, page 126-7). Like China, the Indian Navy does not pose an immediate risk to the United States, and indeed the US has

historically been supportive of a more proactive and capable Indian military. This stance still prevails; a 2010 Pentagon Quadrennial Defense Review welcomed Indian efforts to play a "more influential role in global affairs." The report generally concluded that India's military modernization would allow it to "contribute to Asia as a net provider of security in the Indian Ocean and beyond." The report concluded much the same for China, but added the caveat that the "lack of transparency and the nature of China's military development and decision-making processes raise legitimate questions about its future conduct and intentions within Asia and beyond (quoted in Rajghatta, 2010). While China's rise is a source of great anxiety for the US and many of its allies, it takes a positive stance on India's ascent due to the fact that India can act as a natural balance in the region without any additional US commitment (*Robert Kaplan's Journey to the New Center of the Universe*, 2010). In keeping with its recognition of the importance of sharing responsibility, this would allow the US to cut back on its expenditures in the region while still ensuring its interests. India too would prefer a more collaborative approach to security in the Indian Ocean. The analyst Parag Khanna notes that its historical cooperation with the US was born more of necessity owing to the meteoric rise of China, something which India has watched jealously (*Monsoon*, 2010, page 129). India would prefer to occupy a place between the US and China, relying on neither but instead acting as a "bridging power." This term and concept was coined by the scholar Sunil Khilnani. It envisions India's role as "something between America and China, between a global power and a regional power, between hard power and soft power, between the emerging power of its economy and navy and the poverty of many of its people and its weak borders" (*Monsoon*, 2010, page 133). While this does not yet seem to be the case, it gives a hint at how India perceives its eventual role in the international system. It also lends credence to the idea that the Indian Ocean, in keeping with its history, will eventually become a multi-polar region with a number of non-hegemonic but still powerful actors.

China and India have their own set of issues with one another though. Unlike the US, which is geographically removed from the region and only projects power there to protect its interests, these two rising superpowers have conflicting interests owing to their proximity. Specifically, India feels it that China is building this "String of Pearls" around

it. Robert Kaplan compares New Delhi's perception of the Indian Ocean to the United States' Monroe Doctrine, which basically defined all of North and South America as spheres of exclusively American interests (*Robert Kaplan's Journey to the Center of the New Universe*, 2010). The two giant Asian nations have had tense relations, especially following India's 1998 nuclear weapon tests, after which Indian Defense Minister George Fernandez declared China "potential threat number 1" (Klare, 2008, page 121). Unlike Sino-American relations, which have an obvious potential flashpoint in Taiwan, China and India are employing more subtle power plays. The most important, or at least the

most noticeable at this point, is the port China is financing at Gwadar, in the region of Baluchistan, on Pakistan's coast (Figure 7: Left, Google Maps). Gwadar lies just 72 km. from Iran and just 400 km. from the Strait of Hormuz, one of the most important energy chokepoints in the world. This Pakistani-Sino project was first agreed to in 2001, and since then has been a major strategic consideration for both countries. Gwadar offers Beijing the possibility of an outlet to the Indian Ocean from which it could build an overland pipeline to Eastern China, thus negating the Malacca Dilemma. Beijing has traditionally been an ally of Pakistan, owing to its tense relationship with China's giant southern neighbor. Historically, Pakistan has served several purposes for Beijing: it contains Indian continental expansion; provides economic trade for China's poor western provinces; and keeps the US from exercising too much influence in Central Asia (Feigenbaum, 2011). China has thus far invested $200 million in building an ultra-modern deepwater port at Gwadar, something that makes Indian officials very uncomfortable. This "pearl" on India's western coast combined with Chinese efforts to gain one in Burma essentially boxes in New Delhi. However, Gwadar has been plagued with insecurity and violence stemming from the local population's dissatisfaction with Islamabad. It is one of the most tumultuous regions in Pakistan and the local insurgency has undermined the stability needed for such a major energy project (*Monsoon*, 2010,

page 76). Regardless, China's efforts are perceived with major skepticism in New Delhi. Gwadar is considered just part of a broader strategy that includes upgrading Chinese ports in Burma, Bangladesh, and Sri Lanka. As a result, India has taken to countering Chinese expansion, enlarging its own naval base at Karwar, 500 km. to the south of Mumbai (Kaplan, 2011). And, like the US, India has begun building closer ties with Australia, Japan, Singapore, and Vietnam, states that are also weary of China's militarization (Feigenbaum, 2011). It has also taken to building listening and staging posts throughout the eastern Indian Ocean on the islands of Madagascar, Mauritius, and the Seychelles (*Monsoon,* 2010, page 128).

These subtle, territorial 'arms races' have the potential to appear as blatant containment efforts, but China has taken steps to assure its neighbor that that is not their purpose. Ignoring the security obstacles currently preventing Gwadar from being a strategically viable asset, perhaps the most important element is that it will be a commercial port and not a naval one. In addition to the massive financing costs, a naval base on foreign territory would involve substantial political commitment on China's part. And, given the massive economic interests China has in maintaining the perception that its rise will be non-hegemonic and peaceful, the possibility of Gwadar posing a military threat is a "distant prospect" (Venugopalan, 2011). The past few years have witnessed a reluctance on Beijing's part to antagonize India by supporting Pakistan unconditionally. The two states are still very close: China is Pakistan's largest trading partner and it recently sold Islamabad 50 fighter jets, but Beijing has recently become careful not to support Pakistan's more bellicose moves (Venugopalan, 2011). This indicates that, while traditional geopolitical concerns are still important, Beijing is increasingly recognizing the pre-eminence of its relationship with India and the US, as well as the importance of being perceived as a responsible international actor. This was evident in reports that Beijing has been privately telling Pakistan to repair its relationship with the US, words presumably meant to avoid dragging China into political conflict with the US and India (*Unsafe Pakistan: Wishful Thinking*, 2011). India and China have the potential to soon represent the world's largest bilateral trading partnership so both sides have enormous incentive to make efforts to re-assure one another of their peaceful intentions for the future (Kaplan, 2011).

In 2008 Indian Prime Minister Manmohan admitted that Sino-Indian relations would were defined by "increasing competition" with regards to energy security (quoted in Currier, 2011, page 184). Despite this recognition the states have at least set a precedent for how they might pursue joint energy projects, which would both improve their energy security and (according to Neo-Liberalism) decrease the risk of conflict by enhancing economic interdependence. Recognizing the detrimental effects of conflict, Indian Defense Minister George Fernandez and Prime Minister Atal Bihari Vajpayee traveled to Beijing on a diplomatic mission in June 2003. They came away with a pledge from Beijing that neither side would view each other as security threats, and promised to resolve disputes peacefully (Currier, 2011, page 181). While these are obviously just words, it does show that both sides recognize at least the potential for conflict and that it is undesirable.

A more tangible and substantial area of cooperation is energy relations though. In this sector, India and China have some important structural similarities. Each has multiple NOCs that consider overseas projects as a vital part of their energy security. Since neither state has sufficient domestic resources, these companies tend to bid for projects in the same host countries, namely Angola, Kazakhstan, Ecuador, and Burma (Currier, 2011, page 166). However, they managed to at least reduce the potential for conflict by signing the "Memorandum for Enhancing Cooperation in the Field of Oil and Natural Gas" in January 2006. This document identified areas of potential cooperation: upstream and downstream production, research and development, refinement, the promotion of environmentally friendly energy options, and marketing. But perhaps the most important part of the agreement was the formation of an apparatus to allow their NOCs to enter agreements with one another in third countries, thus limiting the potential that they would end up bidding against one another (Currier, 2011, page 167). The two states are also inclined to cooperate by virtue of the fact that these oil companies are under strict control of their governments. They have a mutual mistrust of market forces, which they feel are too tightly controlled by private Western oil companies (Currier, 2011, page 183). According to a zero-sum view of energy, India and China are prime candidates for conflict, however their ability to at least superficially cooperate is an indication that such an outcome is not inevitable. As Indian General Deepak Kapoor puts

it; "even though we can't deny China's capability, China is our neighbor and we have to get along" (quoted in *Monsoon*, 2010, page 129).

This inclination towards cooperation rather than conflict is based on mutual interests and the recognition that war will help no one. For one, India might simply lack the power projection capabilities to ward off Chinese influence outside of its littoral waters. Ranjit Singh Kalha, former Indian Minister of External Affairs, argues that because of this India will most likely go out of its way to ensure it does not provoke a conflict. Doing so, he argues, might spark a Chinese response, which India would not be able to respond to adequately. Subsequently resulting in a serious loss of face for the world's second most populated country. He also points out that China has a few points of leverage that it could exploit should it need to. The most important is the unsettled border the two countries share. China could intrude several kilometers across the line India maintains is the actual border. Kalha is assured in his belief that "there is clearly room for creating mischief" (Kalha, 2011). So, while this may explain some reasons why India would be wise to avoid conflict, Robert Kaplan notes other reasons why conflict is unlikely:

> "the rivalry between India and China will play a big role in defining the geopolitical character of Eurasia in the 21st century. But this rivalry actually has no bad history behind it. India and China really have had very little to do with each other throughout history. They've been two great civilizations that have developed on their own, separated by the impenetrable barrier of the Himalayas. No, this is a rivalry that has a lot to do with the shrinkage of distance caused by the advance of military technology and trade technology. Indian fighter jets, Indian warships, and Chinese fighter jets, Chinese warships -- their zones of influence increasingly overlap" (*Robert Kaplan's Journey to the Center of the New Universe*, 2010).

What Kaplan lays out is a much more nuanced and complicated vision of the future of geopolitics in the Indian Ocean. One marked not by overt military buildups and clashes, but by subtle rivalries resulting from increased contact. But underpinning the relative peace will be the mutual interests the major actors in the region share: open sea-lanes, stability, and security. As Kaplan goes on to say: "we've lived in a multi-polar world in

economic terms since, say, the mid-1990s or so—but we're entering a multi-polar world in military and political terms as well" (*Robert Kaplan's Journey to the Center of the New Universe*, 2010).

The biggest problem facing the US, India, China, and much of Southeast Asia, is mistrust. States simply cannot afford to take each other at their word. This means that intentions must be determined based on an analysis of that state's policies and what capabilities they are trying to develop. So, while China says its naval buildup is an honest effort to defend sea-lanes and contribute to the overall security of the Indian Ocean and South China Sea, its actions will be scrutinized carefully. Michael Schiffer, the American Deputy Assistant Secretary of Defense for East Asia, said that American concerns about China's buildup were a "combination of the lack of understanding that's been created by the opacity of their system, but it is also because there are very real questions given the overall trends and trajectory in the scope and the scale of China's military modernization efforts." China reciprocates these sentiments, during a May 2011 visit to the Pentagon General Chen Bingde, a top Chinese official, stated that China did not want to challenge the US military, and asked why Beijing's actions were raising so many concerns while the US military's actions were never questioned (Bumiller, 2011). Stephen Walt argues that if peace in the region is to be maintained it is essential that efforts be made to "ensure that Beijing is not unduly alarmed" (Walt, 2011). Indeed, the US has recently been trending in this direction. George W. Bush originally dubbed China a 'strategic competitor', but the US has now come to recognize the important role that Beijing plays in the international system and the benefits of collaboration (Yergin, 2011, page 244).

There is little that can be done to completely mitigate the gap between intentions and capabilities, but states can pursue strategies that are less likely to concern their neighbors. Much of the anxiety about China's rise stems from 2010, the year it made vast territorial claims in the South China Sea and employed unchecked nationalist rhetoric. However, it seems as though the backlash from that strategy has shown Beijing that provoking conflict is a poor way of protecting its interests. A 2011 Pentagon report stated that since that time China has shown a "desire to avoid generating opposition and countervailing responses from regional and major powers" (quoted in Ackerman, 2011).

The fear in Beijing is that by provoking its neighbors it will push them into tighter alliances, both between themselves and with outside powers such as the United States. The closer relationships with the US that states like the Philippines and Vietnam began building are evidence of this. By dialing back on their territorial claims and rhetoric China hopes to avoid galvanizing these blocs. Subsequently, it has painted its naval expansion in a new light, re-purposing the historical image of Zhang He to fashion a new identity (Yoshihara, 2011, page 163).

There is no doubt that China wants to increase its naval power, it is simply how it goes about it that it has altered. They are trying to portray their rise as inherently peaceful, a strategy that Beijing hopes will allay fears about its militarization while still allowing it to build the capability to protect its interests. Yoshihara and Holmes even go so far as to suggest that its ASBM program is an effort to build power in less obvious and noticeable ways. They argue that, despite their geopolitical potential, these missiles are a means of increasing Chinese power without worrying the US or Southeast Asia to the same extent as nuclear weapons or powerful aircraft carriers (Yoshihara, 2011, page 131). In other words, by decreasing the perception of its geopolitical threat Beijing hopes to continue its 'peaceful rise'.

But regardless of the trust issues between the various actors in the Indian Ocean and South China Sea the most important barrier to conflict is the increasingly integrated interests they have. As laid out at the beginning of this work, the world energy market is a global one. President Hu Jintao and Vice President Joe Biden seem to recognize this as well as anyone. At a G8 meeting in 2006 President Hu re-imagined energy security as an issue that only really has two sides; energy importers and energy exporters. This renders the US, India, and China interdependent in that they all have a major interest in keeping prices low and supply constant (Yergin, 2011, page 243). Joe Biden called on the US and China to "recognize the similarity of our oil dependency status…[and] begin to talk more directly about this growing global competition for oil so that we can each develop national policies and cooperative international policies…before the competition becomes truly hostile" (Currier, 2011, page 469). China once sought to be self-sufficient in every regard, but it has come to embrace the single world energy market. An energy strategist in Beijing confirmed this when he admitted that "there's no other solution but to rely on

the marketplace" (quoted in Yergin, 2011, page 243). This recognition of a single market helps simplify energy relations in some ways. Yergin says that because of this, "Security resides in the stability of this market" (Yergin, 2011, page 309). States will obviously jostle for influence within oil producing countries in an attempt to secure access, but this is simply part of doing business. Just because someone outbids you does not mean going to war is the best option. The power that exporting countries hold was recognized by the G8 states in 2009, and in an effort to band together and present a more united front importing states created the International Energy Forum. This group called on "both producers and consumers to enhance transparency and strengthen their dialogue…[and move] toward a more structured dialogue…[among] producing, transit and consuming countries (quoted in Yergin, 2011, page 307). As net energy importers the US, China, and India all share an interest in stable oil-producing regions. So, while China may have been satisfied with the US-led wars in Afghanistan and Iraq since it kept attention away from their region, they should desire stability in the Middle East as much as anyone (Currier, 2011, page 75).

IX. Conclusion

Geopolitics within the Indian Ocean and South China Sea are bound to change with the rise of India and China coupled with the relative decline in American power projection. The region will become increasingly defined by multi-polarity and shared responsibility for protecting these essential waters from piracy, terrorism, and any other threat that might appear. The increasingly globalized world has changed the nature of international relations and given rise to a world order in which conflict is not inevitable, but the product of misunderstandings and misinterpretations. States' interests are far too inter-connected, and conflict far too dangerous to risk sparking minor conflicts that could escalate into major wars. China's rise is largely a consequence of its ability to tap into the global energy market, and this does present some challenges. But it is also this integration into the market that melds Chinese and American interests and brings their ultimate goals more in line with one another.

The problem now is that politics is getting in the way of interests, which in the case of these three major actors are very much based on energy security and stability throughout the rim of the Indian Ocean. Mutual mistrust is a major issue but it can be overcome if states focus on mutual understanding and clearly stating their objectives and interests in a given situation. By virtue of the fact that the US and India surround it, China will not be able to create a hegemonic navy, indeed this does not appear to even be their intent. However, the future remains murky due to the fact that it is not known who will take over from President Hu Jintao in 2012, or what their strategy will be. Chinese interests largely overlap with those of the US, India, and Southeast Asia at the moment, but Beijing does not want to appear to be acceding to American wishes so it resists greater cooperation on some major issues (Christensen, 2011). With further cooperation and understanding hopefully the states can overcome their political differences, but the effects of domestic pressure are anything but predictable.

Many analysts and leaders fear what the future will bring when the US is no longer a hegemonic power in the region, and others fear what it will look like should China take that mantle. However, this changing dynamic should be welcomed by all parties involved. For the US it means that once these other states have recognized the

massive overlapping interests they share, it will no longer have to 'go it alone'. If India continues its rise it will finally be able to take a position somewhere in between China and the US. And China, hemmed in by what it perceives as American containment efforts, will have to become a more proactive member of the international community. The necessity of securing access to energy has brought China into an international system that is defined by certain norms of behavior and interests. In the conclusion to *Monsoon*, Robert Kaplan argues that despite the ongoing geopolitical power plays on the part of nearly everyone involved, "these activities will be framed more and more by a global civilization, the product of a new bourgeoisie that in and of itself constitutes a moral force with which to be reckoned" (*Monsoon,* 2010, page 323). That global reach is the ultimate consequence of globalization. It has created a single energy market that spans the entire Earth, and increasingly a global set of standards and norms that important states are expected accept. There will surely be conflict in the future, but the importance of the Indian Ocean coupled with the slow realization that the world is effectively shrinking, should ensure that these conflicts are relative hiccups compared to the global wars of the 20th century. So, China's search for energy has essentially made it a part of the international system, whether it meant for that to happen or not. Globalization has shifted the nature of interests and as long as this new dynamic is recognized, it should dampen any potential conflicts and promote cooperation and diplomacy.

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