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The Emerging Geopolitics of the Indian Ocean Region

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In a world in which Asia plays an increasingly important economic and geopolitical role, the Indian Ocean provides the foundation for the trading systems that underpin Asia's economic rise. The Indian Ocean is the basin in which trade from Europe, Asia, the Middle East, and Africa connects. It is also the energy lifeline on which several of the world's major economies depend. Littered with maritime chokepoints, the geopolitical outcomes that will determine the region's future have yet to be decided.

Three essential pieces are visible in the geopolitics and economics of the Indian Ocean Region.

First, the Chinese economy depends on access to this region. Energy imports from the Middle East, resources from Africa, and trade with Europe must transit the Indian Ocean in order to reach China. To make things more difficult, Indian Ocean shipping towards China must pass through the two-mile-wide Strait of Malacca. Former PRC Chairman Hu Jintao termed this chokepoint 'the Malacca Dilemma', both because of the difficulty of transiting trade back to China through this narrow waterway, and also because of its vulnerability to blockade or maritime interdiction. As such, China must deal with a very difficult geography in the region which it depends on for economic survival and growth. .

Second, the region is home to a rising India which possesses much more advantageous geography than China does when it comes to maritime trade and security. As China builds up its expeditionary naval forces to embark on a 'two-ocean strategy' that focuses on the Pacific and Indian Ocean, India, in its most recent maritime strategy, made clear that it considers the Indian Ocean, from the Cape of Good Hope to the Lombok Straits, as its primary area of interest. The Indian Navy plans to field three aircraft carrier groups, one which will patrol the Eastern Indian Ocean, a second for the Western Indian Ocean, and a third to be held in reserve. Chinese naval visits to Indian Ocean nations such as Sri Lanka and Pakistan, two essential nodes on China's 'Maritime Silk Road', have led to discomfort in New Delhi.

Third, while the Indian Ocean is increasingly the realm in which the geopolitics of China-India relations will take shape in the coming decades, many other nations are also dependent on its waterways for commerce, and it is increasingly becoming a feature in national strategy documents, where the 'Asia-Pacific' often becomes the 'Indo-Pacific' as nations measure their global and regional strategic interests. If the Pacific links the Americas to Asia, the Indian Ocean links East, South, Southeast, and West Asia, as well linking Asia to Africa and Europe. It is the waterway that makes an Asian trading system possible, and with it the possibility of a world with Asia increasingly at its economic center. As such, while access to the Indian Ocean is essential to many, domination of the Indian Ocean by any single power is likely to be resisted.

Dr. Jonathan Ward, Founder of the Atlas Organization, explains that "The Chinese economy depends on access to this region. Energy imports from the Middle East, resources from Africa, and trade with Europe must transit the Indian Ocean in order to reach China."

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In this vital region, initiatives that attempt to secure access and influence are already underway. China’s ‘One Belt, One Road’ (OBOR) initiative, half of which is focused on Indian Ocean trade routes from China to Africa to Europe, aims to build infrastructure that will link these other continents more tightly with China. While ‘OBOR’ is marketed as an economic project, key places on the ‘Maritime Silk Road’ have also been used for military purposes. China’s most recent defense strategy emphasizes that the People’s Liberation Army (PLA) must ‘safeguard the security of China’s overseas interests’, as well as tasking the PLA Navy to ‘shift its focus from “offshore waters defense” to the combination of “offshore waters defense” with “open seas protection”’. In addition to building military infrastructure in the South China Sea, China has begun construction of its first overseas military base in Djibouti, on the Horn of Africa, at the opposite end of Indian Ocean sea lines of communication that are vital to China. In addition to visits by Chinese naval assets to the East African coast during anti-piracy operations, underway since 2008, Chinese submarines docked in Pakistan in 2015, and in Sri Lanka in 2014, at a Chinese owned terminal in the port of Colombo. This month, three Chinese warships arrived in Pakistan where a joint naval exercise is scheduled. A Chinese naval officer said of prior exercises with Pakistan in November, 2016 that they would ‘improve the naval capability of both countries to protect Gwadar port activities’ – Pakistan’s Gwadar is a hub on OBOR’s ‘Maritime Silk Road’.

Chinese investment in Indian Ocean countries has been rising, leading to concerns over indebtedness to China by smaller Indian Ocean states including Sri Lanka, the Maldives, and Djibouti. The possibility of an Indian Ocean Rim constructed of heavily indebted poor countries (HIPCs) beholden to China should not be overlooked as the geopolitical future of this vital region takes shape.

The military dynamics of the Indian Ocean Region are evolving rapidly, particularly as China and India build up expeditionary naval forces, and each one supplies partner nations with military material. China has agreed to provide Pakistan with eight diesel-electric submarines, exercising with Pakistan’s navy last year in the East China Sea, and this month in the Indian Ocean. India has upgraded its relationship with Vietnam to a ‘comprehensive strategic partnership,’ and has found substantial partners in the United States and Japan. Meanwhile, India has extended its naval relationships across the Indo-Pacific, inaugurating bilateral naval exercises with Japan, Australia, and Indonesia.

If there is a great game in the Indian Ocean, it may be a game of economics, infrastructure, and investment. At present, however, there are few players that can rival China’s influence and impact, particularly as OBOR gains ground in both developing and advanced economies around the world. India has not yet reached an economic position in which large levels of outbound investment can garner influence in other nations, and the Modi government is currently busy building much needed domestic port and infrastructure projects under the Sagarmala program.

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The Asian Development Bank estimates that Asia has \$26 trillion in infrastructure needs from 2016 to 2030, and HSBC estimates Asia’s needs at \$11.5 trillion over the same period. Both numbers are well outside the scope of new Chinese initiatives including OBOR, the Asian Infrastructure Investment Bank (AIIB), or the OBOR-focused Silk Road Fund. However, the Indian Ocean Region — which comprises East Africa, the Red Sea and Suez, the Persian Gulf, South Asia, South East Asia, and Australia — is rarely studied as an economic region unto itself. Data from AEI’s China Global Investment Tracker shows that China invested nearly \$500 billion in the region from 2005-2016, more than double its investments in Europe or East Asia and triple its investments in the United States in the same period. As the vital interests of major Asian nations are increasingly linked to this ocean, and as a contest for security and assured access is likely to continue, we can expect many players, near and far, to realize the importance of this ocean to a world system in which Asia plays a major role, and, accordingly, to turn attention to the shape that this region will take in the coming decades.

Dr. Jonathan Ward has recently completed his D.Phil. at the University of Oxford, specializing in China-India relations. He is the founder of the recently established Atlas Organization, a consultancy which advises on China, India, and their strategic interests. He can be contacted at Ward@AtlasOrganization.com.