

**Militarisation of China's Energy Security Policy –  
Defence Cooperation and WMD Proliferation  
Along its String of Pearls in the Indian Ocean**

**by Dr. Christina Y. Lin**

**Abstract**

This paper provides an assessment of the threat of weapons of mass destruction (WMD) proliferation from China, and highlights a link between China's energy security policy and WMD proliferation. It puts forth the suggestive argument that China's energy-driven foreign policy is taking a form of a "String of Pearls" grand strategy that aims to achieve resource and maritime security along its energy supply routes stretching from the Persian Gulf to the Indian Ocean to the Malacca Straits. Having established key "pearls" of WMD client states of Iran in the Middle East, Pakistan in South Asia, and DPRK in East Asia, China is procuring additional pearl nodes along the Indian Ocean (e.g., Sri Lanka, Burma, Bangladesh, etc.) and establishing naval ports, electronic surveillance, military cooperation, nuclear technology and bio-chemical weapons cooperation with these nodes.

This "arms for oil" trade policy with resource-rich countries in the Persian Gulf, and military concessions as well as defence cooperation for forward-bases with countries along the Indian Ocean littoral, have serious international security implications for the E.U., U.S. and her allies in Asia. With China's rapid military (especially naval) modernisation and perceived declining U.S. influence in the region, concerned Asian powers such as Japan and South Korea in northeast Asia, ASEAN countries in southeast Asia, and India in South Asia, might be spurred into a competitive arms race and WMD proliferation in the region—especially India which fears strategic encirclement by China. Nonetheless, these challenges provide cooperative opportunities for the E.U., U.S. and Asia to harness the underlying competitive drive and engage India and China via multilateral organisations such as IEA, APEC, ARF to address the collective common goals of energy security and economic growth.

**Introduction – Militarisation of Energy Security Policy**

China's dramatic emergence as an economic power house and its burst onto the world oil market in 2004 caught many by surprise. With oil consumption rising by 900,000 barrels per day (bpd) to 6.43 million bpd, it accounted for roughly one-third of the growth in oil

consumption that year.<sup>1</sup> The IEA forecasts a fivefold increase in China's oil imports from 2 million bpd in 2002 to almost 11 million bpd by 2030<sup>2</sup>, which means China will have to continue importing some 80% of oil supplies. Currently China imports 80% of its oil through the Strait of Malacca, which is just 1.5 miles at its narrowest point and at risk for collisions, piracy and terrorist attacks.<sup>3</sup> China recognises this threat to its energy security—which underpins the Chinese Communist Party (CCP) goals of economic growth and regime survival—and has developed a “String of Pearls” strategy involving military bases and diplomatic ties to protect its oil and strategic interests.<sup>4</sup>

## **Energy Insecurity—Energy as a weapon and Resource Nationalism**

In the years ahead, economic security, energy security and national security will be inextricably linked. Over the last decade there has been an increasing trend of weaponisation of energy, of authoritarian governments using natural resources as bargaining chips in international diplomacy. This is evidence by Venezuela's ‘cold feud’ with the U.S. and nationalisation of energy sectors in Venezuela, Bolivia, and Russia. Disturbing trend of Russia's petro-politics is illustrated in the disruption of natural gas to Ukraine and Georgia in January 2006, of oil to Lithuania and Belarus in 2006, and of gas to Georgia again in January 2007.<sup>5</sup> State-owned Gazprom and the wider clique of Russian mineral oligarchs are inevitably influenced by—and influence in turn—the wider strategic purpose of the Putin and Medvedev administration, with much of the energy sector dominated by the so-called *siloviki*, former intelligence officers.<sup>6</sup>

This trend of volatility and insecurity of energy supply as well as dependency on the U.S. for protection of SLOCS (Sea lines of communication) that connect vital energy resources in the Middle East and Africa, seemingly prompted China to adopt a “String of Pearls” strategy which is a manifestation of China's rising political influence through efforts to create access to ports and airfields, develop special diplomatic relationships, and modernize military forces that extend from the South China Sea through the Strait of Malacca, across the Indian Ocean, and onto the Arabian Gulf.<sup>7</sup>

## **String of Pearls Strategy**

Broadly speaking, each “pearl” in the “string of pearls” is a nexus of Chinese geopolitical or military presence.<sup>8</sup>

---

<sup>1</sup> Robert E. Ebel, “China's Energy Future”, January 2006, Center for Strategic and International Studies (CSIS), <http://www.chinabalancesheet.org>.

<sup>2</sup> IEA, *World Economic Outlook 2004* (Paris, France: OECD, 2004).

<sup>3</sup> Robert, Ebel, “China's Energy Future”.

<sup>4</sup> Admittedly coal will continue to be the dominant fuel in China's energy mix for the foreseeable future. However, concern with pollution, climate change, rising costs due to closure of mines from accidents/deaths of miners, inefficient transport of coal in the rail system which only meets 35% of demand with attendant frequent electricity blackouts, coupled with rapid growth of oil-dependent transport sector and China's strategic ambition for regional power projection, is propelling them on the trajectory towards obtaining oil security. Robert E. Ebel, “China's Energy Future”, p. 6.

<sup>5</sup> Keith C. Smith, “Russian Energy Policy and its Challenge to Western Policy Makers”, *CSIS Commentary* (Washington, D.C.: Center for Strategic and International Studies, March 2008), p. 1.

<sup>6</sup> Speech by Dr. Liam Fox, MP, Shadow Secretary of State for Defence, “Energy Security and Military Structures”, *Chatham House*, 22 May 2006. *Siloviki* in the Putin administration and in Russia's energy companies have a strong role in determining national energy policy. Former KGB and GRU officers sit on boards of most of their energy companies, and President Putin's use of Matthias Warnig, a former East German Stasi officer and now Dresdner Bank executive, to put together the financing and management of the Baltic undersea northern Europe gas pipeline, Nord Stream, added to suspicions the project is more strategically than commercially motivated. Keith C. Smith, *Ibid*.

<sup>7</sup> Christopher J. Pehrson, *String of Pearls: Meeting the Challenge of China's Rising Power Across the Asian Littoral* (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, July 2006)

<sup>8</sup> The phrase “string of pearls” was first used to describe China's emerging maritime strategy in a report titled “Energy Futures in Asia” by defense contractor, Booz-Allen-Hamilton, which was commissioned in 2005 by the U.S. Department of Defense's Office of Net Assessment. Christopher J. Pehrson, *String of Pearls*.

Figure 1: reproduced from IntelliBriefs, "China's String of Pearls" Strategy", 1 April 2007



Source: Adapted from Juli MacDonald, Amy Donahue, and Bethany Danyluk, *Energy Futures in Asia*, Booz Allen Hamilton report sponsored by the Director of Net Assessment, November 2004, 17.

Several things are needed in a string of pearls:

- *Access to airfields and ports.* This may be accomplished by building new facilities or through establishing cordial relations with other nations to ensure access to these ports. In some cases it involves heavily subsidizing construction of new port and airfield facilities in other countries with the understanding that these facilities will be made readily available as needed.
- *Increase diplomatic relations.* This is to ensure shipping lanes and airspace remains free and clear and may also be used to establish mutually beneficial trade and export agreements. Since a string of pearls may rely on linking a series of pearls, it is important to ensure that each pearl is also safe and not be threatened by neighbouring states.
- *Modernising military force.* A modern military can move effectively to maintain/hold individual pearls. It will also be prepared for various actions and exercises on the part of a parent nation.

These pearls extend from the coast of mainland China through the littorals of the South China Sea, the Strait of Malacca, across the Indian Ocean, and onto the littorals of the Arabian Sea and Persian Gulf. China is building strategic relationships and developing naval forward presence along the SLOCs that connect China to the Middle East. The list of pearls include the following: upgraded military facilities in Hainan Island; upgraded airstrip on Woody Island located in the Paracel archipelago about 300 nautical miles east of Vietnam; container shipping facility in Chittagong, Bangladesh; construction of a deep water port in Sittwe, Burma; construction of navy base in Gwadar, Pakistan; pipeline through Islamabad and over Karakoram Highway to Kashgar in Xinjiang province that would transport fuel to China itself;

intelligence gathering facilities on islands in the Bay of Bengal near the Malacca Strait, Hambantota port in Sri Lanka.<sup>9</sup>

However, these pearls pose serious challenges for the international community with its attendant negative externalities of heightened competition between India and China for regional influence, China's WMD proliferation and military ties with rogue states, and its aggressive military modernization that increases tensions with Japan, across the Taiwan Straits and onto the broader Asia region.

## **WMD Proliferation Along the String of Pearls**

The collapse of the Soviet Union facilitated the growth of China's influence and presence along the String of Pearls in and Asian littoral by allowing China greater strategic latitudes. The Soviet withdrawal from Mongolia removed pressure on China's north and western border, lack of Soviet support prompted Vietnam's withdrawal from Cambodia which relieved pressure from the southeast, and China sought to relief pressure from India by providing Pakistan with missile and nuclear weapons technologies.

In addition to China's well-documented WMD proliferation to Pakistan, it is also leaving a trail of WMD along the Indian Ocean SLOC for its energy imports in its quest for defence cooperation in exchange for military bases and port access. Underlying Sino-Indian tension and competition for regional hegemony further drives China's "arms for pearls" strategy. This in turn feeds India's insecurity regarding China's regional intentions—especially its strategic alliance with Pakistan.

## **China's Strategic Encirclement of India**

China's military tie with Pakistan has always been a thorny issue in Sino-Indian relations,<sup>10</sup> and China's naval port in Gwadar, Pakistan, further fuels India's sense of insecurity and fear of Chinese strategic encirclement of India. Gwadar is a key pearl within the "String of Pearls" and China's first strategic foothold in the Arabian Sea. Along with Beijing's onshore and offshore assets in Burma, Gwadar is enlarging Chinese footprint on both Oceanic flanks of peninsula India.<sup>11</sup> Located just 72km from the Iranian border and 400km east of Strait of Hormuz, a major conduit of global oil supplies, China's massive involvement in the Gwadar project has provided Beijing with a listening post from where it can monitor U.S. naval activity in the Persian Gulf, Indian activity in the Arabian Sea, and future U.S.-Indian maritime cooperation in the Indian Ocean. This project in turn eases Pakistan's insecurity regarding Indian blockade of Karachi port, which handles 90% of Pakistan's sea-born trade, due to its proximity to India. Indeed, a blockade occurred during the India-Pakistan War of 1971 and was threatened by India again during the Kargil conflict in 1999.<sup>12</sup> However, these pearls have instilled sufficient insecurity from India that they have riposted by devising a new naval doctrine.

India's Naval Chief, Admiral Sureesh Mehta, expressed concerns that "Gwadar would enable Pakistan to take control over world energy jugular and interdiction of Indian tankers."<sup>13</sup> To counter the Gwadar port that is also called the Chinese Gibraltar by Washington, India has

<sup>9</sup> "US is Threatened by 'Aggressive Chinese Sea Power'", *Al Jazeera*, 14 September 2005; Christopher J. Pehrson, *String of Pearls*, p.3; Jennifer Chou, "China's 'String of Pearls'", *The Weekly Standard*, 5 November 2007.

<sup>10</sup> Yuktेशwar Kumar, "Hu, Pakistan and the 'String of Pearls'", *Rediff.com*, 28 November 2006.

<sup>11</sup> Brahara Chellaney, "China Covets a Pearl Necklace: Dragon's Foothold in Gwadar" in *Asian Age*, 7 April 2007.

<sup>12</sup> Sudha Ramachandran, "China's Pearl in Pakistan's Water", *Asia Times Online*, 17 March 2005.

<sup>13</sup> *The Times of India*, "Pak's new port has strategic implications for India: Navy Chief", 22 January 2008.

parried back with ties to Iran and Afghanistan by building Chabahar port in Sistan-Balochistan province of Iran—just adjacent to Gwadar.<sup>14</sup> It is also helping Iran to build a 200km road connecting Chabahar with Afghanistan that will provide access via land to the port for their trade with Central Asia. As China increases maritime links with Burma, Bangladesh, Sri Lanka, Maldives, Seychelles, Mauritius and Madagascar, India counterparries by seeking defence cooperation with coastal Africa such as Mozambique, Madagascar and Mauritius.<sup>15</sup> It is modernising military facilities on the Andaman and Nicobar Islands, and pursuing closer military ties with the U.S., stressing in its new naval doctrine the need to protect energy routes and responding to Beijing’s inroads into the Arabian Sea.<sup>16</sup>

China seems to garland its “String of Pearls” around India as it continues its defence cooperation and “arms for pearls” policy with countries surrounding India—establish a listening post in Gwadar, Pakistan, equip Bangladesh with Chinese military hardware in an anti-India defence cooperation, military agreement with Cambodia in November 2003, military ties with Burma and leasing Coco Island in 1994 for SIGINT installation<sup>17</sup>, and the latest pearl acquisition on 31 October 2007 to construct Hambantota port in Sri Lanka.

Figure 2: Reproduced from “China Garlands India with String of Pearls”, <http://www.marinebuzz.com>



From China’s perspective, there are four strategic corridors around India that they are fastening.<sup>18</sup>

- (1) *West of India*—Trans-Karakoran Corridor from western China stretching down to Gwadar, at the entrance to the Strait of Hormuz, through which 40% of world’s oil passes. This is a way for the western province of Xinjiang to access oil from the Strait of Hormuz through Pakistan and bypass the Malacca Straits completely.

<sup>14</sup> Abdus Sattar Ghazali, “India Alarmed as Chinese-Built Gwadar Port of Pakistan Become Operational” 8 February 2008, Countercurrents.org.

<sup>15</sup> Anthony Paul, “Asian Giants Game of Chess in Indian Ocean”, *The Strait Times*, 16 May 2007, Yale Global Online.

<sup>16</sup> Abdus Sattar Ghazali, “India Alarmed”.

<sup>17</sup> Coco Island and the northern tip of the Andamans are separated by 18 km of sea only. This is efficient for monitoring Indian naval and missile launch facilities in the Andaman and Nicobar Islands, tracking movements of Indian navy and other navies in the eastern Indian Ocean, and in 1992 Great Coco Island station began with emplacement of 45-50 m antenna tower, radar sites and other electronic facilities forming a comprehensive SIGINT (signals intelligence) collection facility.

<sup>18</sup> Barbara Chellaney, “China Covets a Pearl Necklace: Dragon’s Foothold in Gwadar” in *Asian Age*, 7 April 2007.

- (2) *East of India*—Irrawaddy Corridor from Yunnan to the Bay of Bengal involving road, river, rail links through Burma, including to the Chinese-built harbours at Kyaukypu and Thilawa. This corridor brought Chinese security personnel to Burmese sites close to both of India's eastern strategic assets and to the Strait of Malacca.
- (3) *North of India*—East-West axis in Tibet across India's northern frontiers, a \$6.2 billion railway from Gormu to Lhasa that significantly boosts China's offensive military capability against India. Once the railway, which branches southward from Lhasa to Xigatse is completed, the Chinese PLA (People's Liberation Army), located at the roof against Indian forces at low levels, would have logistic capability to intensify military pressure at short notice by rapidly mobilizing up to 12 divisions. Moreover, as part of the East-West corridor in Tibet, China has built new military airfields along frontiers of India. An airport will be set up in Ngari, southwest of Tibet, and a new railway allows China to rail-base in Tibet some of its intercontinental ballistic missile such as the DF-31A, a rail-mobile weapons.<sup>19</sup>
- (4) *South of India*—Gwadar, Pakistan—corresponds with China's nuclear-weapon/missile capabilities to Pakistan by linking Gwadar with Karakoram Highway and by planning to build oil pipelines from Gwadar to restive Xinjiang Province.

Gwadar has key strategic naval implications. Firstly, one component of China's plan is to make Gwadar a major hub transporting Gulf/African oil by pipelines to the Chinese heartland via Xinjiang and bypass Strait of Malacca—the piped oil would reduce freight costs, supply time, lower China's reliance on U.S. -policed shipping lanes through the Malacca and Taiwan Strait. Beijing is also setting up a similar energy corridor through Burma involving oil and gas pipelines in Sittwe, the capital of Rakhine province.

Secondly, Gwadar is a forward-operating base for China, a central link in the emerging chain of Chinese forward-operating facilities around India. Not only is Gwadar a naval base, it also houses a modern air defence unit, military garrison, large Chinese-built refinery/petroleum-storage facilities, and a listening post.<sup>20</sup> Situated next to worlds' busiest oil shipping lanes, Gwadar is likely a port of call and refueling point for the rapidly modernising Chinese navy and potentially opens the way for the arrival of Chinese submarines in India's backyard in the near future.

For China, Gwadar is a key maritime outpost to monitor developments in the Indian Ocean and the Gulf, and monitor Indian and U.S. naval patrols—including naval bases in western India and U.S. base in Diego Garcia. Based on these developments, we thus see a suggestive trend of China's projects, originally touted as *commercial*, progressively assumes *strategic* and *military* colour. A case in point is the Karakoram Highway—which has served as passageway through occupied Kashmir territories for covert Chinese nuclear and missile transfers and other military aid to Pakistan.

### **China's WMD Proliferation to its Pearls**

As stated earlier, China's military incursions into the Asian littoral in order to secure pearls for energy security have resulted in WMD proliferation along its pearls. Since the 2004 disclosure of the A.Q. Khan network—a global clandestine syndicate of nuclear-related technology—Asia has become an epicenter of WMD proliferation. In Asia, many weak and

---

<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*

failed states tend to become bases for human/drug-trafficking and illicit WMD smuggling, with Burma and North Korea (DPRK) as prominent cases. As China continues to give military concessions to countries it procures as “pearls”, it leaves behind a string of dangerous pearls armed with WMD. China is a leading arms supplier to Bhutan, Nepal, Bangladesh, including nuclear weapons technology proliferation to the Asian littoral. In 2006 Chinese Premier Wen Jiabao’s offered to provide Dhaka with nuclear reactor technology in an attempt to replicate in Bangladesh the sort of military, nuclear, and missile collaboration it has with Pakistan.<sup>21</sup> In this aspect China appears to be replicating in Asia its WMD footprint in the Middle East, where it has WMD and ballistic missile cooperation with its main energy suppliers of Saudi Arabia and Iran.<sup>22</sup>

China’s relationship with resource-rich countries in the Middle East and well-documented WMD proliferation to these countries<sup>23</sup> lend insights into its repeated patterns towards countries in Asia and Africa where it has energy-related interests. With Saudi Arabia, China launched strategic relationship in the 1980s and sold intermediate-range missiles. With Iran, China nurtured military cooperation during the war with Iraq in the 1980s, including exports of silkworm cruise missiles. Iran relied on Chinese expertise for WMD programmes and delivery systems in the aftermath of the Iran-Iraq war, which supports their clandestine chemical and nuclear weapons programme.<sup>24</sup> China’s other WMD client states in the Middle East include Syria and Libya.

In Africa, China also has a pattern of arms proliferation to oil producing countries. The top six oil producers in Africa are Nigeria, Angola, Sudan, Equitorial Guinea, Gabon, and the Republic of Congo. Of these six countries, China has provided arms to four of them—Nigeria, Angola, Sudan, Equitorial Guinea. It has not thus far provided arms to the Republic of Congo due to an international arms embargo.<sup>25</sup> In Sudan, China has invested more than \$8 billion in joint exploration contracts in this country, including a 900-mile pipeline to the Red Sea, deployed thousands of military personnel disguised as oil workers, and provided arms to Sudanese government to support it in the country’s 20-year civil war.<sup>26</sup> These patterns in Asia, Middle East, and Africa suggest that China tends to be aggressive in seeking defence cooperation with countries that provide the bulk of their oil needs, with attendant negative spillover of WMD proliferation to these very countries and “pearls”.

## **String of Pearls and Challenges to the U.S. and her Allies**

As Lt. Col. Pehrson posits in his study at the U.S. Army War College, the “String of Pearls” is more than a naval or military strategy or a regional strategy. Pehrson argues that it is a manifestation of China’s ambition to attain great power status and secure a self-determined, peaceful and prosperous future.<sup>27</sup> Indeed, China’s activities suggest it has greater strategic intentions in the Asian region. With the two flash points of the Korean Peninsula and Taiwan Strait in Asia, and China’s view of DPRK as a buffer against the U.S., Japan and South Korea and her goal to reunify Taiwan, the risk of Chinese intervention and inter-state conflict involving WMD cannot be ruled out. It behooves the international community to closely monitor China’s activities in this region and to weigh CCP’s declaratory policy with the

<sup>21</sup> Mohan Malik, “China’s Strategy of Containing India”, PINR, 6 February 2006.

<sup>22</sup> Richard L. Russell, “China’s WMD Foot in the Greater Middle East’s Door” in *The Middle East Review of International Affairs*, Vol. 9, No. 3., Article 6, September 2005.

<sup>23</sup> Shirley A. Kan, “China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues”, CRS Report for Congress, 13 December 2007.

<sup>24</sup> Richard L. Russell, *Ibid*.

<sup>25</sup> Gal Luft, “Fueling the Dragon: China’s race into the oil market”, Institute for the Analysis of Global Security, <http://www.iags.org>.

<sup>26</sup> Esther Pan, “China, Africa and Oil”, Council on Foreign Relations, 26 January 2007.

<sup>27</sup> Christopher J. Pehrson, *String of Pearls*, 2006, p.2.

empirical evidence of their actual behaviour. The case of DPRK's nuclear programme lends insights to gauge and measure the underlying intentions of an ambitious power.

It should come as no surprise that the DPRK nuclear test on 9 October 2006 was a disaster for the Nuclear Non-Proliferation Treaty (NPT) regime. Despite numerous signs and indicators suggesting DPRK's nuclear test was imminent, the international community failed to act in a timely, concerted and determined manner to prevent the nuclear tests. Past indicators of DPRK's actions consistently and explicitly pointed towards their aim of becoming a nuclear power:

- In December 2002 DPRK removed IAEA monitoring devices from Yongbyon nuclear power plant;
- In January 2003 DPRK withdrew from the NPT;
- In October 2003 DPRK announced it had reprocessed nuclear fuel rods at Yongbyon nuclear reactor;
- In February 2005 DPRK declared it had built up 'nuclear weapons for self-defence'.<sup>28</sup>

Despite these clear indicators of DPRK's nuclear intentions, incredibly no one heeded these red flags. Admittedly China played a constructive role in advancing the Six Party Talks to try to resolve the nuclear issue and provided the forum as well as leadership to engage DPRK, since China shares similar concerns with the international community of maintaining a nuclear free Korean Peninsula to prevent the downside of potential Asian nuclear arms race, as well as the flood of illegal migration of North Koreans across Chinese borders should the Korean economy fail to improve. However, despite others' best efforts, once an actor is intent on striving for a goal that it *perceives* as necessary for its very survival, its consistent actions and behaviour is then a good and credible indicator for the international community to take it seriously. Similarly, China's consistent pattern of behaviour in maritime Asia merits the international community's serious consideration of China's greater regional hegemonic intentions in the Indian Ocean littoral.

### **China's Strategic Intention**

In addition to China's acquisition of its "String of Pearls", it is coupling this strategy with rapid military buildup and modernization of the PLA. Despite its rhetoric of a "defensive posture" and narrow aim of peaceful reunification across the Taiwan Straits, the PLA is acquiring military capabilities that extend beyond a Taiwan contingency. For example, the PLA Navy (PLAN) is procuring large amphibious assault ship with large stern helicopter flight deck and dock to accommodate four large cushion landing craft, also equipped with air defence and anti-surface weapons for self-defence which will improve PLAN sealift and power projection capabilities.<sup>29</sup>

Additionally, the PLA is also intensifying preparation for operations against Japan, which it assumes will provide logistic support to U.S. forces in a Taiwan contingency. In November 2004, PLAN nuclear submarine intruded into Japanese territorial waters and since August 2005, suspected Chinese electronic warfare planes frequently violated Japans' designated air defence zones. Measured by cases whereby the Japanese Air Self-Defence Forces have scrambled against Chinese military aircraft, the frequency of air intrusions by PLA Air Force (PLAAF) have tripled from 13 occasions in 2004 to 107 times in 2005.<sup>30</sup> Moreover, in

<sup>28</sup> Masako Ikegami, "Asia in Global Security", SIPRI 40<sup>th</sup> Anniversary, Asia Session "Global Powers, Global Threats", in Stockholm, 13 December 2006.

<sup>29</sup> <http://www.sinodefence.com/navy/amphibious/lhd.asp>

<sup>30</sup> <http://www.asahi.com/special/050410/Tky200604200260.html>



October 2006, PLAN submerged Song-class attack submarine shadowed undetected Japan-based U.S. aircraft carrier *Kitty Hawk* in the East China Sea near Okinawa.

In May 2007 a fleet of Chinese warships departed for the Pacific Ocean via waters close to Okinawa, and in September 2007 Chinese Hong-6 bombers conducted military movements in the East China Sea within Taiwan and Japan's Air Defense Identification Zones which prompted Japan to scramble their F4 fighter jets.<sup>31</sup> Chinese bombers made more than 40 sorties in the airspace around the disputed Chunxiao gas fields, known as Shirakaba in Japanese, and SDF jets reacted by scrambling 12 times.<sup>32</sup> Clearly the strategic value for the Chinese of the area around the gas fields cannot be underestimated. This is followed in October 2007 of China's violation of Japanese territorial waters near Senkaku Islands that prompted an official protest by the Japanese government, and in November 2007 Chinese submarines surfaced in the middle of a U.S. Navy exercise in the East China Sea that caught the U.S. ships by surprise.<sup>33</sup>

China explains its military build-up as "deterrence" against Taiwan independence, but these repeated violations of Japanese territorial waters and designated air defence zone indicate more telltale signs of China's intention in targeting U.S.-Japan security operations, which provides the only obstacle to China's ambition for forced reunification with Taiwan. Indeed, as Peter Dutton from the U.S. Naval War College testified, "China's efforts to alter the balance of maritime rights are part of its overall anti-access strategy that would have an impact on the perceived legitimacy of U.S. operations in the region, especially in times of crisis", such as in a Taiwan contingency.<sup>34</sup>

### **Implications for U.S. and her Allies in the Indian Ocean**

Given China's "String of Pearls" strategy and rapid military modernization, Japan, India, Australia, and the U.S. reacted by forming the "Quadrilateral Initiative" in May 2007 and engaged in a joint military exercise on 4 September 2007 in the Bay of Bengal.<sup>35</sup> Dubbed "The Quad", whose real architect is Japan's former Prime Minister Shinzo Abe, the inaugural meeting was held 25 May 2007 on the sidelines of the ASEAN Regional Forum (ARF) in Manila to form "an Asian arc of freedom" stretching across the Indian and Pacific Ocean and providing a democratic bulwark against non-Democratic powers.<sup>36</sup> India partners with Japan in the concept of closer alliance among Japan, India, and the U.S.

In a recent article by Neha Kumar from Jawaharlal Nehru University, India is alarmed by China's aggressive naval modernization, especially nuclear submarines at Sanya on Hainan Islands that would affect three access points of the Indian Ocean/ China Sea region via the Straits of Singapore, Malacca, Sunda and Lombok, through which India has direct economic and strategic interests.<sup>37</sup> As such, Kumar echoes Shinzo Abe's call for "an Asian arc of freedom" and for the U.S. and India to develop strong alliances with Japan, South Korea and Australia.<sup>38</sup>

---

<sup>31</sup> Mark J. Valancia, "A Maritime Security Regime for Northeast Asia: Part I", *Policy Forum Online* 08-017A: 27 February 2008; Tsuyoshi Nojima, "China's sudden show of force sent SDF jets scrambling", *The Asahi Shimbun Taipei*, 2 January 2008.

<sup>32</sup> Tsuyoshi Nojima, *Asahi Shimbun Taipei*.

<sup>33</sup> *Ibid.*

<sup>34</sup> Peter A. Dutton, Associate Professor, China Maritime Studies Institute, U.S. Naval War College, Testimony before the U.S.-China Economic and Security Review Commission, "China's Views of Sovereignty and Methods of Access Control", 27 February 2008.

<sup>35</sup> Mahmud Ali, "New 'strategic partnership' against China", *BBC News*, 3 September 2007.

<sup>36</sup> Brahma Chellaney, "Quad Initiative: an inharmonious concert of democracies", *The Japan Times*, 19 July 2007.

<sup>37</sup> Neha Kumar, "China's military power projection—a view from India", *World Security Network Newsletter*, 11 June 2008.

<sup>38</sup> *Ibid.*

However, China seemed to be threatened by this development and viewing “The Quad” as an “Asian NATO”, demarched all four countries in the run-up to the joint military exercise. It did not succeed in changing Australia’s mind under the Howard government, but nonetheless was able to cajole the incoming Rudd government to pull out of “The Quad” in February 2008 as well as reversed the Howard Government’s policy of selling uranium to India.<sup>39</sup> All this has fueled the underlying tension in Sino-Indian relations, as over the past few years India has repeatedly found herself pitted against China over issues in international organisation: China’s worldwide campaign against India (and Japan) bids for permanent membership in the UNSC; disagreement over Iran’s nuclear program in the IAEA; China’s opposition to the July 2005 Indo-U.S. nuclear energy agreement and Indian membership in the Nuclear Supplier Group; Beijing’s moves to confine India to periphery of the future East Asia community at the first East Asia Summit in Kuala Lumpur in mid December 2005; and emergence of pro-China axis with Pakistan, Nepal, Bangladesh at 13<sup>th</sup> SAARC (South Asian Association for Regional Cooperation) summit at Dhaka.<sup>40</sup>

Combined with Beijing employing economic and military means to draw India’s surrounding nations into its orbit—Bhutan, Bangladesh, Nepal, Maldives, Sri Lanka, and now seemingly Australia<sup>41</sup>--these tensions, coupled with India and China’s rise as economic power houses in Asia, growing energy consumption, naval competition for preeminence in the Indian Ocean pose risks for a potential military conflict.

## Conclusion

Despite the simultaneous rise of China and India in Asia, rather than being a challenge, this could provide a great opportunity for the West to cooperate and integrate both countries into a system of effective multilateralism.<sup>42</sup> It is important to mitigate tensions between Indo-China relations and integrate both countries into the international community. As two of the largest oil consumers, they need to be brought into international organisations such as the IEA, G8, OECD, as well as integrate them into a multi-lateral Asian regional security architecture. Constructive steps could include integrating China into global arrangements for collective oil stocks and reserve management with IEA, or even an Asian IEA as Japan has proposed. The U.S., E.U. and Asian countries could develop regional energy institutions to promote multilateral energy projects, and regional cooperation with APEC, SCO, ASEAN+3, ASEM, ARF—all of which could provide platform for a useful dialogue on energy.<sup>43</sup>

Without constructive engagement and dialogue, China may perceive a “containment” policy by the U.S. and others and thus use its growing energy influence to undermine Western foreign and security policies.<sup>44</sup> This would entail China’s intensification to develop blue water capabilities in order to challenge U.S. control of energy SLOCs, expanding area of WMD proliferation, and additional acquisition of “pearls”.

As Dr. Heinrich Kreft observes, this move would greatly concern Asian powers such as Japan, South Korea, ASEAN countries, India, and may propel them to an arms race and increased WMD proliferation/clash in the Asia region.<sup>45</sup> It is thus imperative that the international

---

<sup>39</sup> Bhartendu Kumar Singh, “China, India and Australian politics of ‘Quad’”, *Institute of Peace & Conflict Studies*, 18 February 2008.

<sup>40</sup> Charu Lata Hogg, “India and its neighbours: Do economic interests have the potential to build peace?”, A Chatham House Report in association with International Alert, October 2007.

<sup>41</sup> Dr. Mohan Mali, “China’s Strategy of Containing India”, PINR, 6 February 2006.

<sup>42</sup> Heinrich Kreft, “India and China—The New Drivers of Global Change”, *Institute für Strategie- Politik- Sicherheits- und Wirtschaftsberatung, Berlin (ISPSW)*, 23 January 2007.

<sup>43</sup> Heinrich Kreft, “China’s Energy Security Conundrum”, *The Korean Journal of Defense Analysis*, Vol. XVIII, No. 3, Fall 2006, p.119.

<sup>44</sup> Heinrich Kreft, “China’s Quest for Energy”, *Policy Review*, October/November 2006, Hoover Institution, Stanford University.

<sup>45</sup> *Ibid.*

community engages in constructive cooperation to address energy issues to realise a peaceful rise of both India and China, and not regress into an environment of mistrust, misperception, zero-sum mentality and competitive “beggar-thy-neighbour” policies reminiscent of 1930s that set the stage for World War II.

\*\*\*

*Remarks:*

*Opinions expressed in this contribution are those of the author.*



*Dr. Christina Y. Lin is a Washington D.C.-based energy security consultant and former director for China affairs in policy planning at the U.S. Department of Defense.*