



[Who Will Save the Liberal World Order?](#)

Region by Region

China's Advances into the Indian Ocean

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China's advances into the Indian Ocean are without precedent. India is hemmed in and Europe stirred. With the New Silk Road, Beijing is creating conditions that will determine the nature of this trading area. But the reaction is perplexity and temporisation. Yet, Europe still has time to defend its interests on the basis of its own geostrategy.

"Whosoever commands the sea commands [...] the trade of the world [...] and consequently the world itself."

Sir Walter Raleigh in "History of the World", 1614

Until little more than a year ago, goatherd Ramoni had never seen a car. Today, however, she is behind the wheel of a monster: an 18-tonne mining lorry from China. Ramoni drives it down to the bottom of the lignite mine pit in the Thar Desert in Pakistan. There it is loaded, and Ramoni drives a winding trail back up to the conveyors that take the lignite to the nearby power plants. Here, five hours by car from Karachi, around 5,000 Chinese workers are creating an energy supply for China's neighbour. That is why Ramoni, a 29-year-old mother of six, is no longer herding goats. She is working at the mine and saving up for a house. Her husband is a reforestation gardener for the area around the pit. The new life that China's assistance to Pakistan has made possible sometimes still feels very strange. But it offers opportunities that her family had never hoped for.

China is penetrating ever more distant regions of the world. There are some whom this helps. But more and more people are beginning to fear the clout of the Chinese advance. The measures taken to counter these efforts, however, testify to a frightening helplessness, which only serves to facilitate Beijing's actions. After the occupation, fortification, and armament of the atolls in the South China Sea, China is now sending feelers farther westward. The western Pacific, on the one side, and the Indian Ocean, on the other, are becoming areas of interest. Meanwhile, the communist government is using its full register of power: from donations and development aid

to military posturing. While Australia is watching the changing power structure in the western Pacific very carefully, Europe has largely overlooked China's advance into the Indian Ocean. In so doing, Europe is missing one of the great geostrategic shifts of the modern day.

In the struggle for the Indian Ocean, three storylines of world power converge: China's advance under the guise of the New Silk Road; India's foreign policy awakening with a view to East Asia and Africa; and the foreign, defence, and economic policy of US President Donald Trump which, of course, often remains vague.

In December 2017, in their National Security Strategy, the US gave a sober description of the situation: "China is using economic inducements and penalties, influence operations, and implied military threats to persuade other states to heed its political and security agenda. China's infrastructure investments and trade strategies reinforce its geopolitical aspirations." In short: "A geopolitical competition between free and repressive visions of world order is taking place".¹ But what is the response?

The New Silk Road

China's advances into the peripheral zones of its previous sphere of influence is congruent with the execution of a grand plan the like of which the world has never seen before. The New Silk Road passes through land and water. The land

corridor follows the old trade routes through Central Asia, as described by the German geographer Ferdinand Freiherr von Richthofen at the end of the 19th century. The sea route passes through the South China Sea, where goods worth 3.4 trillion US dollars are transported each year, through the Indian Ocean, and as far as the west coast of Africa and Europe. The name “Silk Road of the Seas”, or the “Maritime Silk Road”, as China calls its major project, harks back to the Orient and the Far East, to pirates and corsairs, to monsoons and the adventures of the legendary Chinese admiral Zheng He. In reality, this is a strategy that drives countries into dependence on Beijing, with a view to limiting the influence of China’s competitor, India. The Belt and Road Initiative (BRI), originally called One Belt, One Road (OBOR), was ridiculed when President Xi Jinping outlined it in Astana, Kazakhstan in 2013. Reactions changed from smirks to wonder to growing enthusiasm. For, with a likely investment volume of over one trillion dollars, the financial floodgates were opened on an unprecedented scale.

There is nothing the countries of Asia need more than the construction of ports, roads, power plants, bridges, railroad lines, and pipelines. The Asian Development Bank (ADB) estimates Asia’s infrastructure expenditure at 1.7 trillion US dollars a year – roughly the annual economic output of Canada.² Despite the speed of the region’s development, 400 million Asians still live without electricity, 300 million without clean water, and 1.5 billion without toilets. So far, almost 70 countries have signed on to China’s great Asian development project – but not India. These countries are located in Asia, Europe, Africa, and Oceania and account for more than half the world’s population and around a third of its economy. The New Silk Road is supported by Chinese state-owned banks, the Asian Infrastructure Investment Bank (AIIB), and investment funds.

The private sector is enthusiastic. “BRI may be a catalyst for a virtuous cycle of economic development, just as the Marshall Plan triggered the reconstruction and then recovery of war-torn

Europe almost 70 years ago,” said Arnoud Balhuizen, Chief Commercial Officer for BHP Billiton, the world’s largest resource company.³ “Whether one considers land mass, population, economic size or coastline, OBOR’s potential canvas, reaching from East Asia to the African Horn and across Eastern Europe, dwarfs that of the Marshall Plan.” He also points out that “OBOR will continue to grow.” DHL Deutsche Post, which is pushing the construction of a railway line from China to Germany by way of the world’s largest dry port, says that such connections are enough to “change international trade entirely. But that requires close cooperation between organisations, governments, and countries.”⁴

While OBOR stimulates the economy, it also creates dependencies.

China’s political stability can only be maintained if the country continues to grow rapidly, and people believe that their children will one day enjoy a better life than they do themselves. Since the export-led growth of the “world’s factory” is no longer sufficient, new fields must be sought out. Those fields can be found in the rest of Asia, in Africa, and the Pacific. In this manner, BRI is an initiative driven by domestic concerns, even though it leads to the construction of urgently needed infrastructure abroad.

After all, BRI also guarantees the supply of oil and gas: “The People’s Republic needs a tremendous amount of energy for its economic growth, and this fact has shaped Beijing’s foreign policy for years,” rightly warns Friedbert Pflüger.⁵ Paul Gruenwald, Chief Economist for the Standard & Poor’s rating agency, leaves no doubt: “BRI is all about energy security. If you look at where China is on the map and where the oil-exporting countries are, BRI starts to make sense.”⁶ The programme helps to internationalise the yuan. And it gives China the appearance of a big brother who is there when needed.

The Need for Security

For China, BRI is part of its future security: “To defend itself properly, it needs to establish from where it will gather its food, raw materials, and energy and how to keep its trade routes and supply chains safe.”⁷ However, Beijing has tied its own fate to a plan of which it has but an outline. But BRI already creates dependencies. More and more countries are becoming addicted to Chinese money. This means that China’s political influence is growing deep: both into Europe and Africa, as well as, on the other side, into America’s backyard in the Pacific.

Not least because of that, BRI is supported by a rapidly growing army. The need for security has its origins in China’s history: Having experienced the Opium Wars and the Rape of Nanjing, the country intends to never again be the victim of foreign invaders. In the spring of 2018, Xi Jinping declared that a strong navy had never been as important as it is today.⁸ It is also active in the western Pacific, more than 8,000 kilometres from China’s southwest. “The core long-term objectives are to weaken America’s capacity to move naval forces closer to the Chinese mainland and obtain access to the deepwater Pacific with its nuclear-armed ballistic missile-carrying submarines, and to weaken the US alliance structure.”⁹ The very advance of Chinese companies into unstable countries demands that said companies be protected. This new security architecture extends to the use of private security companies: “European Union member states’ interests will be affected by Chinese private security companies’ international expansion. The companies might contribute to an increase of instability in regions that are strategically important for Europe. At the same time, they could help Beijing increase its influence over host country governments.”¹⁰

From Beijing’s point of view, the innermost defensive ring is the Chinese mainland. That ring is protected by a second ring. On land, this second ring runs through Tibet and Xinjiang, and at sea, through the fortified islands in the South China Sea. They form a cordon that is

guarded and defended, not least by China’s growing submarine force. This area also contains valuable fishery and raw material extraction, as the conflict over oil drilling off the coast of Vietnam demonstrates.¹¹ A third defensive ring encompasses the distant western Pacific, America’s backyard, on the one side, and the Indian Ocean, on the other. By funding other governments, Beijing is gaining allies whose voices count at the global level.

The Example of the West Pacific

“We welcome anyone who supports us,” says Sayed-Khaiyum, the Republic of Fiji’s Minister for Economy. “Because we can use absolutely any help we can get.”¹² From his point of view, it does not matter whether this help comes from Germany, Australia, or China. Beijing is creating allies here as well: According to estimates by Australia’s Lowy Institute, between 2006 and 2018, China pumped around 1.8 billion US dollars into the Pacific islands. Of this total amount, 67 per cent is comprised of loans.¹³ The projects range from the construction of the official residence of the Prime Minister of Vanuatu, to submarine cables, to an airport on the Solomon Islands.

Australia’s former minister for international development sharply criticises China’s advances: Concetta Fierravanti-Wells accuses Beijing of driving Pacific islands to dependency on loans, erecting “useless buildings”, and building “roads to nowhere”. The former minister declared, “You’ve got the Pacific full of these useless buildings which nobody maintains, which are basically white elephants ... all of a sudden you see this Chinese road crew building a road to nowhere and you think, ‘hmm, what’s all that about?’”¹⁴ Australian geostrategist Peter Jennings warns of a “cashed-up China which spends money to promote its long-term strategic goals and buys political backing with breathtakingly cynical corruption.”¹⁵

The Indian Ocean

In the western Pacific, the Chinese are interested in influence and in the creation of a defensive belt against America and its partner Australia; their interests in the Indian Ocean, however, are more varied. That is where northern Asia, including China, secures its supply lines for vital raw materials. Every year, more than 20 million containers travel between Asia, on one side, and Europe and Africa, on the other.¹⁶ The waters of the Indian Ocean reach 28 countries, which contain around 35 per cent of the world's population, and produce almost one fifth of the world's economic output.¹⁷ Around 64 per cent of the oil traded worldwide travels via its shipping routes, and around 40 per cent of the oil extracted offshore is produced in its depths. Today, more than 28 per cent of total global fishing occurs in the Indian Ocean, and that proportion is growing rapidly.

Whoever controls the Indian Ocean, controls global trade and energy supply.

One glance at the bottleneck of world trade is sufficient to comprehend the importance of these waters: The Strait of Malacca, which connects the Indian Ocean to the Pacific, transports two thirds of South Korea's energy requirements, almost 60 per cent of Japan's, three quarters of India's, and 80 per cent of China's oil needs.¹⁸ In other words, whoever controls the Indian Ocean, controls global trade and energy supply. That is one reason why most of the ports built with China's help are dual use – suitable for naval, as well as trading vessels. From these ports, pipelines to southern China have been constructed to create a land-based supply route for oil and gas – for instance, via Pakistan and Myanmar.

At the same time, China is closing a ring around its major competitor, India. And finally, China hopes to quiet its own troubled western

provinces by developing Pakistan so that it can stop Islamists and terror groups far off in Afghanistan's interior, long before they reach the Chinese border.

The advance into the Indian Ocean illustrates Beijing's comprehensive approach: It ranges from generous gifts to development aid, including loan grants, takeovers, trade agreements, energy purchases, armaments, and the construction of Confucius Institutes that transmit Chinese culture and ways of thinking. "This is China's version of the East India Company, adapted to the times."¹⁹

The annexation of Tibet also had strategic purposes: the mountainous region provides a boundary to China's rival, India, and is also source to raw materials and water reservoirs. Beijing then closed the ring on India, step by step. Nepal was a natural partner due to its occasionally communist government. Bangladesh and Myanmar in the East, Sri Lanka off India's southern tip, the Maldives, and India's nemesis, Pakistan, are all now more or less tied to China, with enormous investment promises by Beijing and an ever-growing debt forming the basis of these relationships.

Meanwhile, Sri Lanka is a clear symbol of the downside of Chinese investment. Former President Mahinda Rajapaksa linked his fate closely to Beijing. China helped him defeat the Tamil rebels, and subsequently provided billions of dollars to expand the island's infrastructure. This is how, amongst other things, the scarcely used container port, Hambantota, and an airport in Rajapaksa's home province, came into existence.²⁰ When the following government was no longer able to shoulder the debt burden (the interest rate is said to be 6.5 per cent), China assumed an 85 per cent majority share of the port for a period of 99 years – the port happens to be an ideal base off India's southern tip. "The debt deal also intensified some of the harshest accusations about President Xi Jinping's signature Belt and Road Initiative: that the global investment and lending program amounts to a debt trap for vulnerable countries

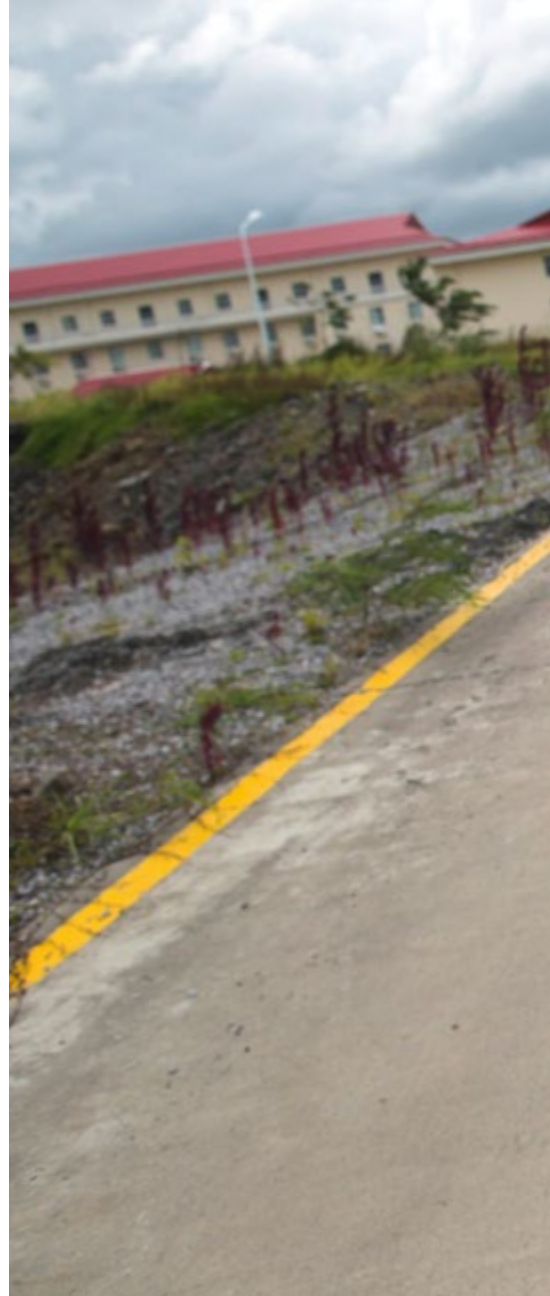
around the world, fuelling corruption and autocratic behaviour in struggling democracies.”²¹

If Sri Lanka is the negative example of Chinese involvement, Pakistan is the largest. The “People’s Republic of Pakistan”²² is to be developed to the tune of an estimated 62 billion US dollars. Its central axis is the China-Pakistan Economic Corridor (CPEC), made up of railways, roads, pipelines, power plants, and opencast lignite mining. China’s involvement extends all the way to surveillance technology and the construction of beach resorts. The flagship is the Gwadar Port on the coast of Balochistan. This is where the land bridge to the west of China begins. At the same time, Gwadar provides the Chinese navy with its next base east of Djibouti in Africa. “Chinese investments in Pakistan’s Gwadar port, where China has a 40-year lease agreement after the Port of Singapore Authority abandoned the unprofitable port in 2013, are similarly part of a larger plan. The [...] China-Pakistan Economic Corridor will link Gwadar port, a planned nearby naval base, and several 10-year, tax-free, SEZs [Special Economic Zones] in Pakistan with China’s restive Xinjiang province through a network of roads, railroads and energy projects.”²³ In Islamabad, the new prime minister, Imran Khan, is facing pressure from Pakistan’s great debt not only to the International Monetary Fund (IMF), but also to Chinese creditors.

China’s influence is also growing to India’s east, in Bangladesh. The six-kilometre bridge over the Ganges, which Bangladeshis call Padma, is a symbol of neighbourly assistance. China’s banks provided the lion’s share of the cost (nearly four billion US dollars). The World Bank had previously withdrawn from a loan of over one billion US dollars because it detected corruption on the part of those responsible for construction. Altogether, Beijing is offering Bangladesh at least 30 billion US dollars in infrastructure assistance. Chinese investors also outbid the Mumbai stock exchange in the purchase of a share of the Dhaka Stock Exchange. If private Chinese investments in Bangladesh are counted, the total amount of Chinese involvement could

rise to around 42 billion US dollars – the second-highest amount invested in southern Asia, after Pakistan. Chinese involvement “is also ringing alarm bells in India, which surrounds Bangladesh on three sides and considers itself Dhaka’s natural and principal ally.”²⁴

Bangladesh is going down the path that Myanmar – formerly Burma – took years ago under its military junta. China is also involving itself





Close ties: Myanmar has been on close terms with China over the past several decades. Source: © Soe Zeya Tun, Reuters.

in Myanmar's affairs. The CITIC group won the tender to construct the port of Kyaukpyu, and operate it for 70 years. China is to build a deepwater port worth around seven billion US dollars in the small fishing town of 50,000 inhabitants. It is to ship almost five million containers each year – more than Brazil's leading port, and completely excessive for Myanmar. The government is to take on a share of up to three billion US dollars, which in turn is being

lent by the Export-Import Bank of China. Many are reminded of the Hambantota experience in Sri Lanka. Kyaukpyu – located in the Rohingya province of Rakhine and 400 kilometres away from the economic capital of Yangon, which has its own deepwater port – threatens to become another “Chinese debt bomb”.²⁵ Cambodia's controversial prime minister, Hun Sen, and the junta in Thailand are also opening their countries to China's mostly state investors.

The Eastern Economic Corridor in Thailand is important for the generals' political survival. It offers China an access point to the Gulf of Thailand – and provides another connection to the ocean for China's southern Yunnan province.

Hambantota, Gwadar, Kyaukpyu – the list goes on. Strategic infrastructure keeps threatening to fall under Chinese influence as a result of excessive debt. And this infrastructure invariably not only offers access to the Indian Ocean, but creates naval bases. As in the South China Sea, the risks in the Indian Ocean are growing due to the potential for an encounter between two competing, heavily armed forces. One miscalculation by a ship's captain could have disastrous consequences.

Djibouti, where China has its first military base on foreign soil, is one of the theatres in China's grab for world power.

In view of the large-scale projects under Chinese leadership in the Bay of Bengal, the Gulf of Thailand, and the Arabian Sea, an island group far from the mainland seems insignificant. But on the Maldives, a power struggle is underway between democracy and dictatorship, radical Islam and cosmopolitanism. And China is taking advantage. As in the struggle for the Dhaka Stock Exchange in Bangladesh, this is a direct confrontation between China and India: The previous Maldivian government awarded the expansion of the airport in Malé to China, withdrawing the project from India. China is also building a bridge in Malé for about 400 million US dollars. Beijing has also concluded a free-trade agreement with the Maldives and leased an island for 50 years in order to develop it as a tourist destination. What is true for other countries surrounding the Indian Ocean, also counts for the Maldives; “the entry of China as a counterweight to Indian power can seem like an attractive proposition.”²⁶

China's presence in the Indian Ocean extends as far as the west coast of Africa. To summarise a few points: So far, Beijing has financed the construction of more than 6,200 kilometres of railway tracks, more than 5,000 kilometres of roads, as well as that of several ports in Africa. The focal point is the first Chinese military base, situated beyond the borders of Djibouti, a few kilometres from the American Camp, Lemonnier. On the face of it, Beijing's westernmost naval base supports its fight against pirates in the Arabian Sea. But it also secures raw material supply routes, and serves to further contain India.

In Search for an Answer: India

The wave that originated in the Far East, and is washing over the Indian Ocean and the countries it borders, will be nearly impossible to stop. Beijing believes it has found the perfect geo-economic recipe: Problem countries gratefully accept China's offers; dictators and struggling governments can remain in the saddle thanks to funds from Beijing; in return, the far-sighted Chinese government acquires influence and ownership of strategic assets for relatively little outlay.

India, the natural regional power in the Indian Pacific, finds itself at a disadvantage. This becomes particularly obvious when New Delhi tries to beat Beijing at its own game. For instance, India is attempting to counter the Chinese-Pakistani access to the Indian Ocean via the port of Gwadar with the construction of the Iranian port of Chabahar. However, construction is proceeding at a snail's pace, and India is raising the ire of its partner, the US, because of the latter's boycott of Iran. However, India's hopes rest on the US at least using the new port as a gateway to Afghanistan. It also provides India itself access to Afghanistan without needing to cross hostile Pakistan. So far, however, Chabahar has been used primarily for delivering an Indian donation of wheat for the suffering Afghans.

Meanwhile, the most recent Indian project has not yet achieved even this very mild level of success. Together with the largest Southeast

Asian economy, it intends to expand the port of Sabang at the tip of Sumatra. Indonesia's President, Joko Widodo, has prescribed a "blue economy" for his country, including the expansion of ports for the navy. Sabang is strategically located at the entrance to the Strait of Malacca. "India is a strategic defence partner [...] and we will continue to advance our cooperation in developing infrastructure, including at Sabang Island and the Andaman Islands," said Widodo after a meeting with Modi in May 2018.²⁷

The Indian prime minister has prescribed an "Act East" policy. But China has always already managed to invest billions before India makes a move. "Since it cannot match China's deep-pocketed infrastructure-focused engagement in Africa, India has tried to differentiate itself by engaging with its diaspora and private sector links to build development partnerships, where India has a comparative advantage in English-language training and research."²⁸

But that is not enough. Ultimately speaking, New Delhi has been unable to adequately react to the changed circumstances created by Beijing. Diplomatic pressure remains India's last resort. In February 2016, Bangladesh cancelled its plans to build the China-led deepwater port of Sonadia after India expressed clear opposition to it.

India can only hope that Southeast Asia will learn to ever more skilfully play its previous donors, China and Japan, off against one another. The next step could involve India losing out on one cooperative effort or another, as was the case in Indonesia. This lag is also visible in the military domain. Despite all its upgrades, India is falling further and further behind China. This is shown by the fact that contracts for urgently needed fighter jets and submarines should already have been awarded for decades, and yet have not been.

India has neither the means nor the businesses to compete with the Chinese : After India was ejected from the stock exchange purchase in

Dhaka, the managing director, Majedur Rahman, noted, "We went through a long negotiation and a long period of due diligence, and at the end of it the Chinese bidders won on competence and price."²⁹ Above all, however, this marks a failure of Indian diplomacy – partly due to its historical burdens – in creating a regional architecture binding in East Asia. This makes China's offers that much more attractive to India's neighbours.

China's Great Adversary: America

At the end of May 2018, four letters caused a stir. Washington renamed its US Pacific Command. At the historic town of Pearl Harbor, Defense Secretary James Mattis announced that the naval force, nearly 400,000 men strong, would henceforth be known as the US Indo-Pacific Command. "Relationships with our Pacific and Indian Ocean allies and partners have proven critical to maintaining regional stability," Mattis noted.³⁰ Australian political scientist Hugh White put the matter plainly: "The contest between America and China is classic power politics of the harshest kind. We have not seen this kind of struggle in Asia since the end of the Vietnam War, or globally since the end of [the] Cold War."³¹ For Beijing, advancing into distant areas of the world is self-defence; "for Washington, D.C., it is aggression."³²

The Quad, which was conceived as an alliance to curb Chinese ambition, is today little more than a chimera.

In November 2017, in the Vietnamese port city of Da Nang – the US base during the Vietnam War –, of all places, Trump revived the term "Indo-Pacific" to signify the wider Asian area. The most important criterion, he said, was that it remain "free and open". This idea was not a new one: Ten years earlier, in 2007,

Japanese Prime Minister Shinzo Abe gave a speech before the Indian parliament in which he coined the phrase “confluence of the two seas”: “The Pacific and the Indian Oceans are now bringing about a dynamic coupling as seas of freedom and of prosperity. A ‘broader Asia’ that broke away geographical boundaries is now beginning to take on a distinct form [sic].”³³ Abe, like Trump a decade later, used the term consciously as an alternative to “Asia-Pacific”, which is used in the region’s east. This linguistic comeback was followed by a broadly communicated, but ultimately inconsequential, revival of the Quad – an alliance of four democracies, namely, the US, Australia, India, and Japan, with a view to opposing the party dictatorship of China. Filling this catchphrase with concrete action is, however, proving difficult. The top diplomats of the quartet did meet. Yet, at least since the friendly Wuhan Summit between Modi and Xi Jinping in the summer of 2018, India has shown little interest in an expanded conflict with China – at least before the 2019 election. Following the “Wuhan spirit”, both sides are turning against Washington’s protectionism.³⁴ At the Shangri-La Dialogue, the Asian security forum in Singapore, in the summer of 2018, Modi announced to an astounded audience that “India does not see the Indo-Pacific Region as a strategy or as a club of limited members.”³⁵ Everyone had expected him to embrace the American strategy. Australia, too, is noticeably losing the will to defend a lost cause and pay the price for its criticism of China. Japan benefits from the fact that countries like Laos, Malaysia, the Philippines, and Indonesia are learning to look for alternatives to their dependence on Beijing. The Quad, which was conceived as a loose confederation of those wilful of curbing Chinese ambition, has proven to be little more than a chimera. This is namely due to the behaviour of its members – some being overly cautious, fearing China’s backlash, and others putting their interests above that of the common goal.

Does America, China’s greatest adversary, offer more than rhetoric? “What is the Indo-Pacific

strategy? Many complain about its vagueness. Its most innovative part may be the name itself. Washington probably hopes the rest of the world would stop asking questions [sic], tacitly understand Washington’s intentions, and firmly gather around the US after a few exchanges of glances and together begin to counter China’s rising influence”, the Chinese state press noted with undisguised sarcasm.³⁶ Almost simultaneously, in the summer of 2018, the Pentagon reported that China was arming its positions in the South China Sea with nuclear weapons.

Indeed, the US has been losing ground in Asia for a long time. There was little follow-up to the “pivot to Asia” announced by Secretary of State Hillary Clinton, in 2011, under the Barack Obama administration. While the Indo-Pacific is being revived rhetorically, the protectionism of the Trump administration is threatening to hit Asia’s export nations hard – which risks discrediting the US as an ally. China, meanwhile, is positioning itself as a helper in times of need: as far back as 1998, at the depths of the Asia crisis, Beijing protected its neighbours by refraining from devaluing the yuan. More and more Asians are viewing the communist dictatorship as the victor in the struggle between systems – it functions more smoothly than the democracies of America and Europe. “Two successive US administrations – Barack Obama’s and now Donald Trump’s – have failed to push back credibly against China’s expansionism in the South China Sea, which has accelerated despite a 2016 international arbitral tribunal ruling invalidating its territorial claims there. Instead, the US has relied on rhetoric or symbolic actions.”³⁷

From an Asian point of view, China’s opponents have taken too little action. For instance, at the Shangri-La Dialogue, Mattis spoke of the “importance of the Pacific islands, America’s gateway to the Indo-Pacific” and promised to expand US commitment there. Initial “long-overdue” investments were only a “down payment on the initiatives to come in this important part of the world.”³⁸ But, once again, little followed. Washington offered 113 million US dollars for digital economy, energy, and

infrastructure in the Indo-Pacific. However, in comparative terms, this only amounts to one one ten-thousandth part of what China is promising. Additionally, the US also intends to support multilateral institutions – but this does not sound particularly convincing given Trump’s behaviour so far. The US also claims to want to involve the private sector more. This could help the recipient countries. But at least 60 per cent of their infrastructure projects are considered “not bankable” because governmental conditions are inadequate. This slows private sector involvement. China, with its superordinate goals, remains undeterred. As undeterred, in fact, as the battle of words between Xi and the American Vice President Mike Pence in late autumn at the APEC meetings in Papua New Guinea. Pence declared the US could offer the better development model without drowning their partners in a sea of debt.

Besides rhetoric, the US is at best delivering pinpricks. Together with Australia, they intend to build a marine basis on Papua New Guinea. Washington also insisted that the IMF only issue new loans to ailing Pakistan under two conditions: if, first, they would not be used to pay back Chinese debt, and second, if Islamabad disclosed the amount of this debt – something Beijing wishes to prevent. Moreover, the US seems to be satisfied with its forces and its bases in Okinawa, Busan, and Yokosuka around the South China Sea, and Djibouti and Guam in the Indian Ocean.

There is almost no discernible, profound reaction to the rapidly changing conditions. The democratic alliance that would defend the open Indo-Pacific area against Chinese expansionist ambitions lacks determination, resources, and opportunities. This gives Beijing a free hand in the western Pacific and all around the Indian Ocean. Underdeveloped countries often have but one option: to open their gates to Chinese money; others offer far too little. In this manner, Beijing is increasingly putting its stamp on vast chunks of the world.

Where is Europe?

There is no European voice in the struggle for influence in the Indian Ocean. Yet, Europeans, too, have a justified interest in shipping lanes that remain open to the international community, and are not controlled by a Chinese world policeman. But they lack the opportunity to fly their own flag in distant areas of the world. The situation is made worse by Europe’s lack of interest, which seems to have remained fairly constant for years: At the 2016 Asia-Pacific Conference in Hong Kong, Sigmar Gabriel, Germany’s then Federal Minister of Economic Affairs, noted that the difference between China and Europe was that China had a strategy. He did not think of developing his own.

Dodging and looking away is not going to get the job done. Beijing’s advances into the Indian Ocean literally affect Europe. “In the past decade, Chinese companies have acquired stakes in 13 ports in Europe, including in Greece, Spain and, most recently, Belgium, according to a study by the Organization for Economic Cooperation and Development. Those ports handle about 10 per cent of Europe’s shipping container capacity.”³⁹

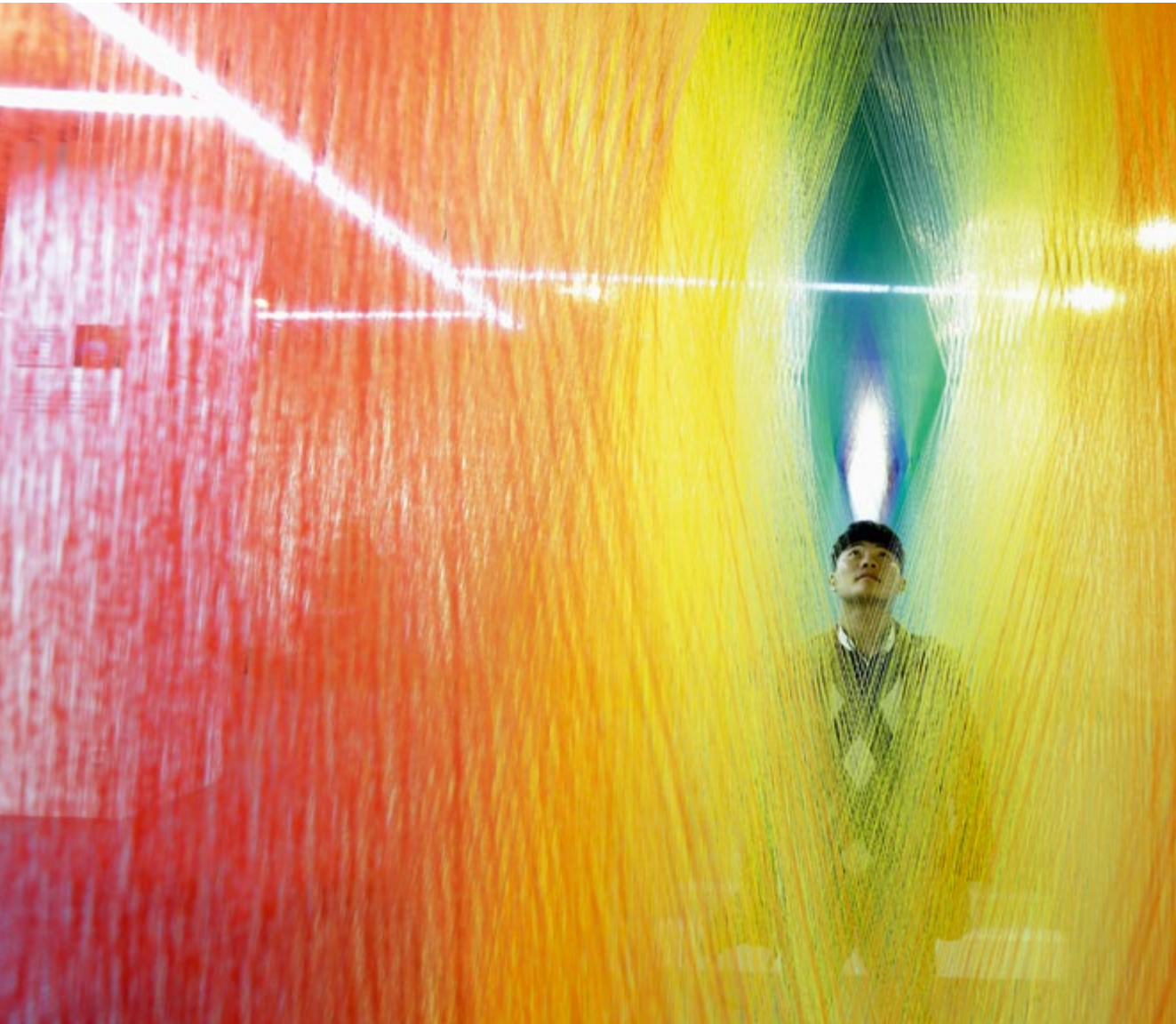
American indecision creates a vacuum that Europe must fill.

American indecision creates a vacuum that Europe must fill. Europe can neither compete with China on the monetary level, nor react by abandoning its standards. But there is still room for manoeuvre. Europeans must firstly consider the challenging region between Myanmar, on the one side, and the west coast of Africa, on the other, as their backyard through which the world’s trade flows. Strategically important nations such as Sri Lanka must be supported in their democratic efforts. Bangladesh and Myanmar are looking for partners. And, of course, there is India, which remains, despite all relationship difficulties, an important anchor in Asia.

It will be almost impossible to push China back. But the significance of the Indian Ocean demands European commitment, which must take the form of critical cooperation with China and the states under its influence. What remains is to colour the New Silk Road, at least around the Indian Ocean, in a slightly more European tint. While Beijing is opening mines, dredging ports, and laying railway lines, Brussels announced an approach in the early autumn of

2018: The European Union is now planning a “connectivity strategy” and intends to provide around 123 billion US dollars for closer networking with Asia by 2027. How and when exactly this is supposed to happen remains unclear.

Meanwhile, the window of time is closing. China is creating facts. “The Chinese are working to a long-term but visible strategy of extending the reach of their military forces [sic]. This



Textile economy: The production and export of textiles is of great importance to the Chinese economy.
Source: © Reuters.

is the armed counterpart to the Belt and Road strategy, as a part of which Beijing encourages approved Chinese companies to buy and build port, road, and rail infrastructure through Central Asia and the Pacific and Indian Oceans, financed by soft loans that can be hard to repay.”⁴⁰

There is no indication that Xi and his party have any fundamental doubts about their strategy of

opening the Indian Ocean – and thus the gateway to Africa and Europe – for themselves.

Of course Beijing also makes mistakes – China is often its own worst enemy. It has had to make adjustments as it advances. Malaysia’s new Prime Minister, Mahathir Mohamad, was the first to strengthen ties with Japan and to criticise China, warning of the latter’s “new colonialism”.⁴¹ He called the projects negotiated with Beijing “unfair”, and then cancelled projects worth over 23 billion US dollars. At the same time, Myanmar’s government reduced the excessive plan for the Kyaukpyu Port by six billion US dollars. In mid-August 2018, the Balochistan Liberation Army carried out a suicide attack on a bus of Chinese engineers in Pakistan. A short time later, Islamabad, concerned about its debt burden, reduced Chinese loans for its largest project – the reconstruction of the railway line between the Port of Karachi and Peshawar – by two billion US dollars. Fear of the Chinese debt trap is growing in Africa, too. “Beijing has to know who it is lending money to and where the boundaries are. African countries ask China for money every day, but China has to learn to say ‘no’.”⁴² Finally, India promised 1.4 billion US dollars in emergency aid – which the islands, tellingly, want to use to clear their debts with Beijing. That India is now indirectly paying for them is a peculiar irony of history.

China will react to the growing challenges, but not fundamentally change course. In a video by the state-owned New China TV, Chinese children sing, “The future’s now, the Belt and Road is how.”⁴³ Europe must not ignore the message.

–translated from German–

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