



MARITIME INDIA

FACING STRONG HEADWINDS

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The paper draws out four principal challenges — the headwinds — that 'Maritime India' faces in terms of holistic maritime security, namely, the challenges of territorial integrity; the need for regional maritime stability; India's burgeoning dependence upon external maritime-trade; and, the challenges of risk-mitigation within the regional maritime domain

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Summary

THE FUNDAMENTAL CONCEPT of India's security arises from the core national interest of India which, derived from the Constitution of India, may be articulated as *to assure the material, economic and societal well-being of the people of India.*

India's **maritime** security is not limited to military security alone, and incorporates non-traditional and human security at both, the national as well as the regional level. As such, it is founded upon the axiom that *India wishes to use the seas for her own purposes — while dissuading, deterring or preventing others from using them in ways that are to India's disadvantage.*

The maritime security of India is a function of three principal factors:

- The geographical conformation of the Indo-Pacific oceanic expanse
- India's Maritime Interests (these are the **reasons why** India wishes to use the seas)
- The interplay of India's own geostrategy and the geostrategies of other maritime powers — both regional and extra-regional — within the Indo-Pacific.

The paper draws out four principal challenges — the headwinds — that 'Maritime India' faces and which it must overcome in order to preserve, pursue, promote and protect these maritime interests. It specifically addresses the manner

in which the nuanced differences between borders on land and at sea actually shape the challenges of territorial integrity; the rationale underpinning India's need to ensure regional maritime stability; the challenges inherent in India's growing dependence upon external maritime-trade; and, the challenges of risk-mitigation within the regional maritime domain.

The paper dwells upon India's external merchandise trade and seeks to unequivocally highlight the centrality of this feature of maritime intercourse within the country's maritime security matrix, and provides a few disturbing pointers of where our Republic stands in this regard with reference to 'Maritime China'.

It also highlights some important aspects of China's own dependence upon maritime trade in general and her seaborne imports of crude oil in particular, before concluding that while the Modi government has promulgated encouraging policy guidelines, the real challenge will lie in their urgent implementation.



MARITIME INDIA

Facing Strong Headwinds

IN DISCUSSING THE MULTIFACETED nature of India's maritime security and the several challenges that India faces within the maritime domain, it might be prudent to begin with a quick review of some fundamentals.

India's security is founded upon the core national interest of India which, derived from the Constitution of India, is: *"to assure the material, economic and societal well-being of the people of India"*.

Traditionally, security used to be thought of only in terms of the defence of territory within a state system whose defining characteristic was an incessant competition for military superiority with other nation-states, all lying within a classic state of anarchy, largely devoid of superior or governing authority. Today, however, the world, including India, has swung around to a far more holistic approach. This changed approach finds its historical moorings in the famous *"Common Security"* report that had been authored as long ago as 1980, by the *"Independent Commission on Disarmament and Security Issues"* chaired by the late Prime Minister of Sweden, Mr Olaf Palme. This report emphatically drew attention to alternative ways of thinking about peace and security by formally acknowledging that common security requires that people live in dignity and peace, that they have enough to eat and are able to find work and live in a world without poverty.

While *military* maritime security does, of course, continue to enjoy primacy for India, existing as it does in a world-system defined by Westphalian concepts of national sovereignty, new terms such as ‘Non-Traditional Security’ and ‘Human Security’, largely drawn from the 1994 Report of the UNDP, have made their way into maritime India’s contemporary security-lexicon and lodged themselves within its collective security-consciousness. Maritime Security is now firmly established within a new construct that incorporates military, political, economic societal and environmental dimensions, and recognises the many linkages between them.

Thus, challenges to human-security, such as religious extremism, international terrorism, drug and arms smuggling, or demographic shifts — whether caused by migration or by other factors such as human trafficking, environmental degradation, energy or food and water shortages — all now figure prominently as threats that are inseparable from military ones. These have led to the formulation of new concepts such as ‘comprehensive security’ and ‘cooperative security’. Contemporary India recognises that security issues within the maritime domain needs to be referenced more towards common *interests* rather than *threats*. At a regional level, it is these very Human Security issues that have been mentioned above that constitute common interests. It is a common regional interest to create and consolidate a region in which the comity of nations is both intrinsic and assured... where every nation, big or small, is treated as an equal... where multiple options of governance are recognised as being functions of the independent choice of the people of each nation-state... where the people of every state of the region can live in dignity and peace... where poverty stands banished and prosperity sits in its place... where the State protects the individual and the individual preserves the State in a symbiotic relationship designed to establish and spread stability across the region... where malevolent non-State entities find neither spatial nor temporal room for manoeuvre.

It is, therefore, appropriate that within the maritime domain, the concept of *“Maritime Security is increasingly being described as a condition characterised by freedom from threats arising either in or from the sea.”*¹ These threats could arise from

¹ Address by Dr Manmohan Singh, erstwhile Prime Minister of India, inaugurating the Indian Ocean Naval Symposium (IONS) Seminar at New Delhi, 14 February, 2008; available at url: <http://archivepmo.nic.in/drmanmohansingh/speech-details.php?nodeid=633>

natural causes or from manmade ones, or from the interplay of one with the other, as in the case of environmental degradation or global warming. Insofar as the *targets* of such threats (arising from a lack of maritime security) are concerned, these could be individuals themselves — or ‘groupings’ of individuals, such as societies and/or nation-states. When these threats address the regional fabric itself, nation-states find themselves increasingly enmeshed in a complex web of security interdependence, which tends to be regionally focussed and a robust regional initiative ought to be a logical outcome of this regional focus.

Consequently, India’s maritime security rests upon the foundational axiom that “*India wishes to use the seas for her own purposes — while dissuading, deterring and preventing others from using them in ways that are to India’s disadvantage*”.

This ability (to use the seas for our own purposes while dissuading, deterring and preventing others from using them in ways that are to our disadvantage) is known as ‘**Maritime Power**’ and comprises ‘political’, ‘economic’ and ‘military’ power exercise through the use of the sea.

The **military** component of India’s ‘maritime power’ is concentrated in an amalgam of the Indian Navy and Indian Coast Guard, as **Naval** Power. However, naval power should not be considered to be synonymous with *maritime* power. Indeed, *maritime* power includes a host of factors that are external to the navy and even the briefest mention only a few of these would be sufficiently indicative:

- The dependence of the nation upon the sea for its economic well-being
- The maritime bent of mind of the government and of the people
- The size and enterprise of the sea-faring population
- The ship-building capability of the nation
- The size, age, and condition of the nation’s merchant fleet – both coastal, and foreign-going
- The percentage of imports and exports being carried in national ‘bottoms’ (as opposed to being carried in foreign ‘bottoms’)
- The number, types, and functional efficiency of the nation’s major and minor ports
- The cargo-handling ability of the various major and minor ports, and the infrastructure for multi-modal transport of sea-borne goods

- The state, size, and technological advancement of the coastal and deep-sea fishing fleets, and their geographic spread

The nation's maritime canvas may thus be seen to be very large and fairly diffused in nature. Within this maritime canvas, *military* maritime power — embodied by the Navy — is the *enabling* instrument that allows all the other components of maritime power to be exercised— and, in some cases, even to exist. It is also the *preventive* instrument by which India dissuades, deters and prevents others from using the seas in ways that are to her disadvantage.

The *reasons* for India desiring to use the seas in ways that are to her advantage while denying others the ability to use them in ways that are to her disadvantage collectively constitute India's '*Maritime Interests*'. These flow from and also feed into the country's core national interests. The preservation, protection, pursuit and promotion of these maritime interests determine the contours of India's maritime strategy.

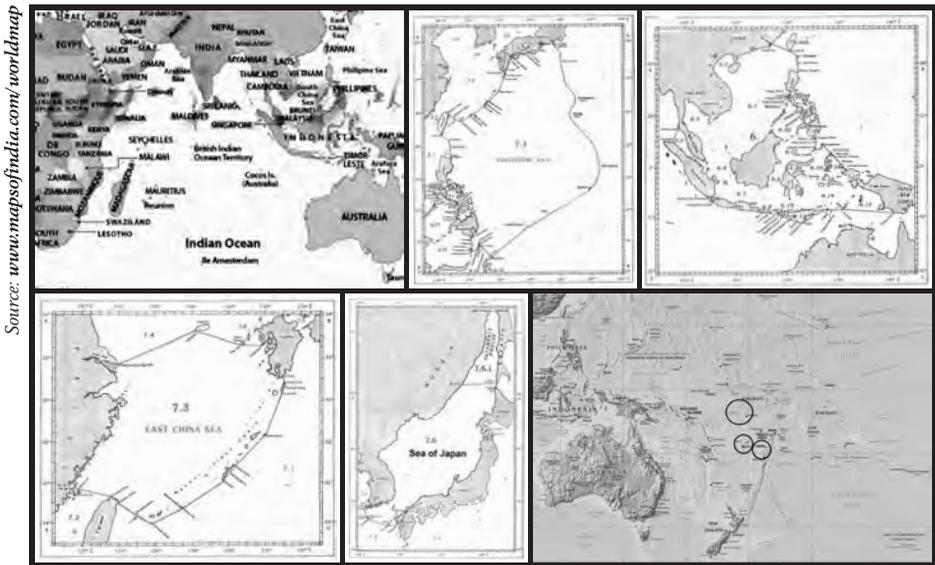
India is acutely conscious of the symbiotic linkage between its geo-economic wellbeing and its maritime geostrategy. The globally renowned Chinese professor, *Lexiong Ni*, writing on "*Sea Power and China's Development*" in the 17 April 05 edition of the "*People's Liberation Daily*", offers a succinct and prescient summation: "*When a nation embarks upon a process of shifting from an 'inward-leaning economy' to an 'outward-leaning economy', the arena of national security concerns begins to move to the oceans. This is a phenomenon in history that occurs so frequently that it has almost become a rule rather than an exception.*"

India's maritime security is a function of three fundamental factors:

1. The geographical conformation of the Indo-Pacific maritime region.
2. The Maritime Interests of India.
3. The manner in which India's own geo-strategy interfaces with the geo-strategies of other 'players' within the Indo-Pacific.



As Robert Kaplan repeatedly reminds us, maps matter. *“The right map can stimulate foresight by providing a spatial view of critical trends in world politics”*.² The geographic conformation of the ‘Indo-Pacific’ as a ‘functional region’³ relevant to India’s security may be discerned from the following cartographic mosaic:



Maritime Interests of India

THE SECOND DETERMINANT of the maritime dimension of India’s security comprises India’s *six principal maritime interests*, namely:

1. Protection from sea-based threats to our territorial integrity
2. Ensuring Stability in our Maritime Neighbourhood

2 Kaplan, Robert; *“Center Stage for the 21st Century: Power Plays in the Indian Ocean”*, *Foreign Affairs* (March/April 2009); available at url: <https://www.foreignaffairs.com/articles/east-asia/2009-03-01/center-stage-21st-century>

3 Geographers distinguish between a ‘formal’ region — one that possesses distinctive homogenous characteristics — and a ‘functional’ region — one that is defined by the flow of ideas, goods and people.

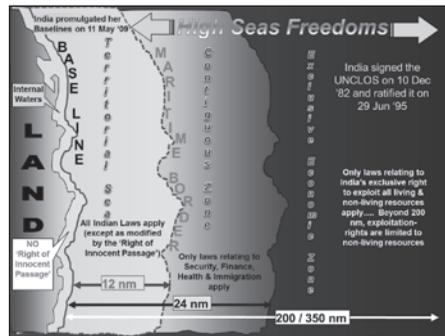
3. Creation, development, and sustenance of a ‘Blue’ Ocean-Economy, incorporating:
 - a. The preservation, promotion, pursuit and protection of offshore infrastructure and maritime resources within and beyond the Maritime Zones of India
 - b. The promotion, protection and safety of our Overseas and Coastal Seaborne Trade and our Sea Lines of Communication, including the ports that constitute the nodes of this trade
 - c. Support to Marine Scientific Research, including that in Antarctica and the Arctic
 4. Provision of support — including succour and extrication-options — to our Diaspora
 5. Provision of holistic maritime security (‘human’ security) — that is, freedom from threats arising ‘in’ or ‘from’ the sea
 6. Obtaining and retaining a regionally favourable geostrategic maritime-position
- As already stated, the preservation, protection, pursuit and promotion of these maritime interests determine the contours of India’s maritime strategy. In the formulation and execution of this maritime strategy, India faces a number of challenges. The principal ones constitute the remainder of this monograph.



Challenge # 1: Maintaining Territorial Integrity

WITHIN THE STATEMENT OF OUR core national interest: *“To assure the material, economic and societal well-being of the people of India”*, the expression, *“the people of India”* presupposes the existence of a geopolitical entity called India, in which the people of India exist. Obviously, if India itself does not exist, *“the people of India”* cannot exist either. Like every physical entity with a defined shape, the territorial integrity of the geopolitical entity called India is intimately tied to the concept of

‘boundaries’ or ‘borders’ and it is this territorial integrity that gives it its cartographic characteristics as a physically and politically recognisable nation-state. And yet, there are a set of nuanced differences between land and maritime borders that give rise to significant challenges to our territorial integrity. For one thing, the 7516-



kilometres (km) of our coastline do not define our maritime border. That border lies a further 12 nautical miles (nm) or 22.2 km to seawards — not seawards of our coastline but of our internationally promulgated ‘baselines’ which, in some areas, do coincide with our the low-water line along our coast, while in other areas, they do not. The sea-area enclosed between our baselines and this maritime border is our **Territorial Sea**. Here, the full majesty of India’s laws applies, with the notable exception of the Right of Innocent Passage. This right, enshrined in both, the United Nations Law of the Sea (UNCLOS) that India has signed and ratified, and in national legislation, permits ships of all States to navigate through the Territorial Sea of any coastal state without needing to have taken prior permission, so long as the passage is innocent, continuous and expeditious. A passage is considered to be innocent so long as it is not prejudicial to the peace, good order or security of the coastal State.⁴ It includes stopping and anchoring insofar as these are incidental to ordinary navigation or are rendered necessary by *force majeure* or distress or for the purpose of rendering assistance to persons, ships or aircraft in danger or distress. This exercise of the Right of Innocent Passage within the territory of a nation-state constitutes a huge difference between land and maritime borders and, as may be readily imagined, brings in its wake a number of security challenges.

4 Innocent passage implies the absence of any threat or use of force against the sovereignty, territorial integrity or political independence of the coastal State; any exercise or practice with weapons of any kind; any acts of propaganda or the collection of information or intelligence to the prejudice of the defence or security of the coastal State; the launching, landing or taking on board of any aircraft or any military device; the loading or unloading of any commodity, currency or person contrary to the customs, fiscal, immigration or sanitary laws and regulations of the coastal State; any act of wilful and serious pollution; any fishing; any research or surveys; any interference with systems of communication or any other facilities or installations of the coastal State; etc.



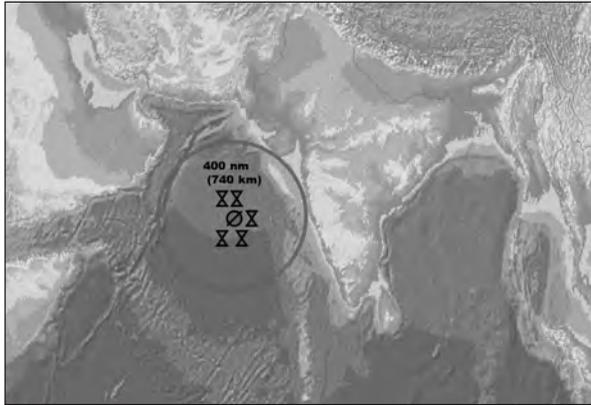
Source: www.mapsofindia.com/neighbouring-countries-maps/india-pakistan-bangladesh-map.html

Disputes over land-borders notwithstanding, the concept of land borders is relatively straightforward. For instance, if one were to cross the land border of any given country, one would find oneself in another country — i.e., in a land area politically controlled by some state other than the one from which one came. On the other hand, if one were to cross a maritime border (the outer limit of a

given state's territorial sea), it is certainly possible that one might find oneself in the territorial sea of another, adjacent state that has a common territorial-sea boundary with the one whence one came. It is, however, also quite possible that one might find oneself in a sea area that does *not* belong to any state — in other words, in international waters. This once again, has significant security overtones. For most Indians, the border between, say, India and Pakistan (its disputed segments notwithstanding) is a thin wavy line that starts from Sir Creek and wends its way north-north-eastwards to the Siachen glacier and the Northern Territories in Pakistan-Occupied Kashmir. For a maritime thinker, however, the border between India and Pakistan is a thin wavy line that starts from Sir Creek and wends its way steadily westward, keeping 12 nm to seawards of duly promulgated and mutually accepted baselines, to the Pakistan's maritime border with Iran!

It is obvious that when both these borders are considered, a number of new military-strategic options arise for India — and for Pakistan as well. This also means that even the *internal* security of India has a significant *external* dimension — as was made painfully evident through the depredations visited upon us by *Ajmal Kasab* and his fellow terrorists between 26 and 29 November 2008.

A further security challenge arising out of the difference between land and maritime borders is that a coastal nation-state like India can 'acquire' a new neighbour with unexpected speed. Take the case of a modern Aircraft Carrier Group (often called a Carrier Battle Group [CBG] or a Carrier Strike Group [CSG]). This



is a synergistic and mutually-supporting conglomerate of warships centred upon an aircraft carrier. The adjective ‘synergistic’ is particularly apt because the combat-capability of a CBG as a whole is almost always greater than the sum of its parts. Current technology allows a modern CBG to exert its power to a range of at least 400 nautical miles (740 km) all around it. This circle defines an area of superiority within which the air, sea and undersea space may be said to ‘belong’ to the nation owning that CBG. To all practical (although not legal) intents and purposes, therefore, this is a moving area of ‘sovereignty’. When such a CBG’s ‘circle-of-superiority’ impinges upon, say, the Indian coast, we have suddenly acquired a new and powerful ‘neighbour’ who may, as long as he remains where he is, even be superior to us. Now, we could choose to counter this superiority by building, say, an air-base at this point. However, what many people do not fully appreciate is that such Carrier Battle Groups can move up to a thousand kilometres in a single day, and have a disconcerting habit of disappearing and appearing in odd places with little or no warning. It is, therefore, impossible to site relatively static defensive formations, such as airfields, cantonments, etc., all along our coast. This would be a prohibitively expensive way of maintaining the integrity of our maritime borders and is, in any case, a poor strategy, since the capability of maritime forces that are fundamentally mobile can only be countered by mobile maritime forces of our own.

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Challenge # 2: Ensuring Regional Stability

MONEY IS A COWARD. *Investment capital will not flow down a hazardous, unlit street where the risk is visibly higher than the potential reward.*⁵ The Business Dictionary defines ‘Risk’ as “*the probability of loss inherent in financing methods, which may impair the ability to provide adequate return*”.⁶ In a strategic context, ‘Risk’ may be considered to be the probability of occurrence of an event factored against the degree of loss that is anticipated, should the event occur. Thus, money does not go where there is excessive politico-military uncertainty, since such a condition defines excessive ‘risk’.

A number of reliable studies have shown that political instability in one’s neighbouring countries has a powerful and uniformly adverse effect upon one’s own national economy. The magnitude of this effect is similar to that of an equivalent rise in *domestic* political instability of one’s own country. This negative effect is felt through a number of channels of inter-State commercial interaction. Amongst the principal ones are ‘space-time-and-cost’ disruptions of external trade. These, in turn, affect domestic manufacture and local consumption and hence, money-flows and market-dynamism. Another is the sharp spurt in military expenditure and outlay as mitigating mechanisms against one’s own country being ‘infected’ by the malaise of instability affecting one or more neighbouring or proximate countries. Likewise, the increased uncertainty and risk dissuades overseas business-investment as well as physical capital accumulation, not limited to Foreign Direct Investment alone. Tourism is similarly adversely affected by catalysts regional instability — an increased threat of piracy, for example. It is clear that “*a country’s growth rate depends not only on domestic investment but also on the investment of its neighbouring countries*”.⁷

Ensuring regional stability in our maritime neighbourhood is quite clearly a challenge that India must successfully meet. It is this very requirement to ensure

5 Merszei, Zoltan, *speech at the Empire Club of Canada on 16February, 1978; available at url: <http://speeches.empireclub.org/61635/data?n=2>*

6 <http://www.businessdictionary.com/definition/financial-risk.html>

7 Chua, Hak B. “*Regional Spillovers and Economic Growth*”. Yale University, Economic Growth Center, September 1993

stability in its maritime neighbourhood that has led to a gradual recognition of India's ability (and, indeed, her compulsion) to be a net provider of security in the Indian Ocean and beyond. The opportunity is certainly recognised very clearly and the political signalling seems sufficiently categorical for it to be a driver of India's maritime strategy. Indeed, the current and future maritime plans and processes through which India can translate this statement of intent into tangible reality lie at the core of our maritime security matrix.



Challenge # 3: India's Dependence upon External Maritime Trade

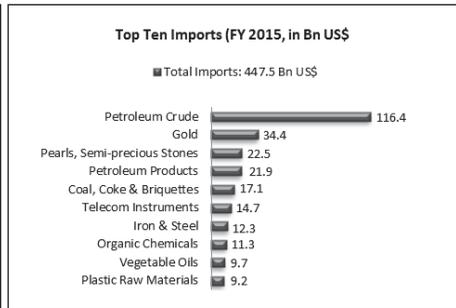
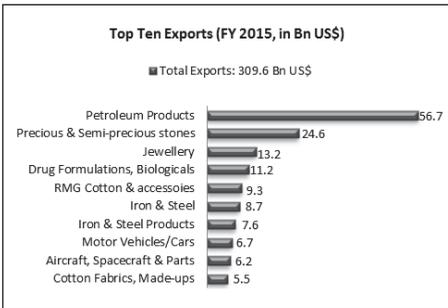
INDIA, WHICH HAD A closed economy until the beginning of the 1990s, has now seen two-and-a-half decades of acceleration in its economic opening-up and integration with the global economy. The contemporary economy is nurturing competitive forces in order to boost efficiency. It is characterised by a sharp relaxation of government controls and a very substantial role for the private sector as the engine of growth in a free market framework. While globalisation means many things to many people, increasing dependence upon international trade is amongst its most ubiquitous feature. India is no exception to this trend. India's 'Openness Index' (its 'Trade to GDP Ratio') has jumped from a paltry 11% in the 1990s to the present decadal percentage value of over 0.55 (i.e., over 55%).⁸ India's *merchandise* trade,⁹ as a percentage of its GDP, too, has been rising steadily and from a meagre 12.4% in 1980s, the present decadal average is as high as 40% (China's decadal average is 53%).¹⁰ With 90% by volume and some 77% by value of the country's merchandise trade flowing over the seas, India is, to all intents and purposes, an island nation, and

8 Ray, Amit S, and Ghosh, Sunandan; *op cit*

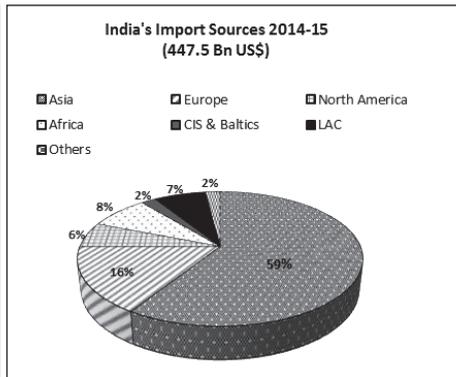
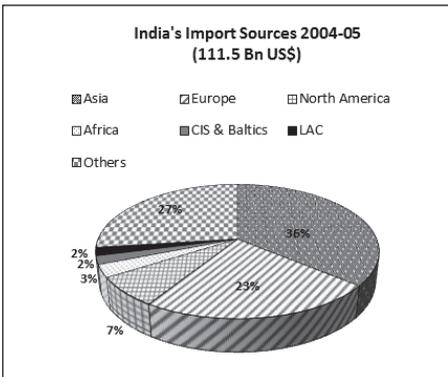
9 'Merchandise Trade' only includes trade in goods, not in services nor capital transfers and foreign investments.

10 Available at url: <http://data.worldbank.org/indicator/TG.VAL.TOTL.GD.ZS/countries/IN-CN?page=2&display=default>

the preservation, promotion, pursuit and protection of her external trade is a major maritime security challenge. India’s imports and exports are both dominated by petroleum-based energy. Crude oil is the largest import item, while refined petroleum-products are the country’s largest export.



Over the last 25 years, there have been significant changes in the direction of India’s external trade and the EXIM Bank confirms¹¹ that the direction of both, imports and exports is decidedly shifting away from Europe and towards Africa, Latin America and Asia.



Notes:

1. The direction of imports, too, is moving towards Developing Countries.
2. The share of Asia, Africa and LAC regions increased sharply from 41% in 2004-05 to 74% in 2014-15.

11 EXIM Bank: "Catalysing India's Trade and Investment": July 2015; available at url: <http://www.eximbankindia.in/sites/default/files/indiya-international-trade-and-investment.pdf>

This change in direction of Indian trade, as also the centrality of petroleum-based energy within India's external trade-matrix has profound linkages with the choke-points of the Indian Ocean. While it is obvious that the Strait of Hormuz occupies a position of absolute criticality in times of relative peace, it is the Strait of Bab-el-Mandeb that will become the lynchpin for Indian strategic wellbeing in times of acute tension or conflict. The only three pipelines (two carrying crude oil and one carrying LNG) that bypass the Strait of Hormuz run westwards from Iraqi and Saudi Arabian oil fields to the Saudi crude-oil terminals at Yanbu on the coast of the Red Sea. Insofar as Asian littorals are concerned, oil imports from Yanbu would still have to transit through the Strait of Bab-el-Mandeb.¹²

Even outside of the imperatives of petroleum imports a closure of the Strait of Hormuz would be catastrophic for India. The UAE is India's second-largest export partner on the planet and barring Khor Al Fakkan, all the other major container terminals of the UAE — Dubai, Sharjah and Jebel Ali — can be accessed only through the Strait of Hormuz.

With India's external merchandise trade being almost entirely sea-borne, nurturing the symbiotic relationship between 'Flag' and 'Trade' is a crucial facet of our maritime security. ('Flag' represents the foreign-policy goals of a country — in particular, its security concerns). Commercial relations between importers in India and exporters in nations located abroad (or *vice-versa*) cannot be stove-piped and made distinct from the international relations that govern the nation states to which the importer and exporter respectively belong. In addition to the price and quantity of goods and services, importers and exporters must necessarily take account of the place of origin of these products and the political relationship between the importing and the exporting nation. This because both are motivated to manage their trade relations in ways that minimise risks of disruption of supply or the possibility of hurting friends or aiding foes.¹³ In independent India, regrettably, the symbiosis between 'flag' and 'trade', which was in such strong evidence in the ancient and medieval kingdoms of the Indian peninsula has simply faded from strategic

¹² "Saudi Arabia: Hydrocarbon Sector Transport and Storage Facilities"; available at url: <http://www.countrydata.com/cgi-bin/query/r-11616.html>

¹³ *ibid*

consciousness in the face of the political dominance of ‘northern’ thinking with its excessively land-centric and rather narrow strategic horizons. If this intellectual decay of strategic thought was not bad enough, a largely benign climate, predictable and recurring weather-patterns, high fertility and — very importantly — geographical size and isolation, have all conspired to make India populous and thus capable of significant economic development through internal-trade alone. The net result has been that India’s intellectual elite — who have, except for a few visionaries traditionally associated the ‘Flag’ and ‘Trade’ relationship as a colonial relic — have been largely dismissive of the concept, preferring to either ignore it altogether or to cast scorn and disdain upon it. Even those Indian economic mandarins within the government who did continue to examine the relationship between ‘Flag’ and ‘Trade’ seemed largely wedded to the belief that bilateral trade inhibits conflict,¹⁴ despite the fact that there is very little historical evidence to support this naive view. For instance, in the years running-up to the Great War (World War 1), the main European protagonists had reached unprecedented levels of trade. Moreover, the major European dynasties had intermarried, with the result that the rulers of several major countries were all related — King George V of England, Emperor Wilhelm II of Germany and Czar Nikolai II of Russia were closely-related cousins. Conventional wisdom was uniform in its assertion that the increase in economic interdependence made a new war on the continent of Europe a distant, even impossible prospect. However, as in so many other cases, conventional wisdom was deeply flawed and all this interdependence did not prevent Europe from entering into a bitter and protracted state of war. Astonishingly, it was distant Morocco that led to the arms-race between Germany and Great Britain — despite the very strong economic interdependency between them — and forged the international alliances that would be ranged against each other in the Great War. This example can certainly be brought closer home. After all, how much more similar can one get to the present day and age of economic resurgence in India and China? Against the backdrop of the growing economic and trade interdependency between India and China, can we predict a

¹⁴ Polachek, Solomon William; “Conflict and Trade”; *The Journal of Conflict Resolution*, Vol. 24 (March 1980), Sage Publications; available at url: http://harvey.binghamton.edu/~polachek/reprints/Polachek_JCR_1980.pdf and <http://links.jstor.org/sici?sici=0022-0027%28198003%2924%3A1%3C55%3ACAT%3E2.0.CO%3B2-J>

‘Morocco-equivalent’ in Mauritius or Maldives or Seychelles or Djibouti or Sri Lanka or Vietnam? If so, can we then extrapolate the Great War experience of Germany and Great Britain? Can we introduce a set of ‘what-if’ variables and see how and whether the Great War could have been avoided? Can one thereafter transport those variables into strategies relevant to our own time-and-space within the Indo-Pacific? It is the tantalising nature of possibilities such as these that highlight both, the significance and the contemporary value of a continuing study of the relationship between ‘Flag’ and ‘Trade’ within and by the Indian strategic community acting in close concert with Indian academia. The enduring lesson of history is that economic interdependence *by itself* does not deter nations from going to war and, in fact, might actually encourage them to do so. Indeed, economic interdependence that is essentially mercantilist (protectionist) in nature can rapidly develop into ‘single-commodity vulnerability’ to the extent where the rejigging of national economies as a result of denial or threatened denial of the commodity to which the given state is vulnerable makes it simply more economical — i.e., *cheaper* — to threaten the commodity-supplying state with war or to actually wage war to assure continued supply. There is a rapidly growing weight of post-liberal literature that fiercely challenges the conventional wisdom that economic interdependence amongst nation-states generates peace. It can hardly be contested that economic ties between nations are deeply affected by the quality of their bilateral diplomatic relations and that economics and politics are inextricably intertwined.¹⁵ Fortunately, within the current government, there are encouraging signs of change — even if frustratingly slowly and sporadically — in what have thus far been entrenched mind-sets.¹⁶ Thus, even as China (including Hong Kong) has become India’s largest trading partner on the planet, the caveat that India’s maritime strategy needs to factor is quite clearly, ‘*Trust in Beijing but keep your powder dry*’.

Yet another facet of India’s external trade that severely impacts India’s maritime security is the appallingly low percentage of Indian trade being carried in Indian

15 Bove, Vincenzo, Elia, Leandro and Sekeris, Petros G.; “Trade Still Follows the Flag: U.S. Security Strategy and the Value of Bilateral Trade”, available at url: <http://privatwww.essex.ac.uk/~ksg/esrcjsps/Bove.pdf> (accessed on 29 August 2015)

16 Malik, Ashok and Medcalf, Rory; *The Times of India*, 03 May 2011; available at url: <http://timesofindia.indiatimes.com/edit-page/When-The-Flag-Follows-Trade/articleshow/8145531.cms> (accessed on 12 July 2014)

bottoms. Statistics published by the Ministry of Shipping show that the share of India's overseas cargo carried by Indian-Flag vessels (Indian-bottoms) has been steadily declining and, from already-worrying values of 40% in the 1980s and 13.7% in 2010,¹⁷ had slid further to 8.5% as on 31 December 2014.¹⁸ Even where strategically critical liquid cargo (such as crude oil and petroleum products) is concerned, the percentage share carried in Indian-bottoms is a paltry 13.6%.¹⁹ These values are — or ought to be — an area of serious disquiet if not outright alarm — certainly where the Indian Navy and the Indian Coast Guard are concerned. For any Navy, the preservation and protection of the nation's external trade is a core (if not *the* core) reason for its very existence — its *raison d'être*. Yet, with the proliferation of 'Flags of Convenience' there is no longer any correlation between 'Owner', 'Flag', 'Cargo' and 'Crew', as the following table-of-options clearly shows:

01	<i>Indian Owner</i> + <i>Indian Flag</i> + <i>Indian Crew</i> + <i>Indian Cargo</i>
02	<i>Indian Owner</i> + <i>Indian Flag</i> + <i>Indian Crew</i> + <i>Foreign Cargo</i>
03	<i>Indian Owner</i> + <i>Indian Flag</i> + <i>Foreign Crew</i> + <i>Indian Cargo</i>
04	<i>Indian Owner</i> + <i>Foreign Flag</i> + <i>Indian Crew</i> + <i>Indian Cargo</i>
05	<i>Indian Owner</i> + <i>Indian Flag</i> + <i>Foreign Crew</i> + <i>Foreign Cargo</i>
06	<i>Indian Owner</i> + <i>Foreign Flag</i> + <i>Foreign Crew</i> + <i>Indian Cargo</i>
07	<i>Indian Owner</i> + <i>Foreign Flag</i> + <i>Foreign Crew</i> + <i>Foreign Cargo</i>
08	<i>Indian Owner</i> + <i>Foreign Flag</i> + <i>Indian Crew</i> + <i>Foreign Cargo</i>
09	<i>Foreign Owner</i> + <i>Indian Flag</i> + <i>Indian Crew</i> + <i>Indian Cargo</i>
10	<i>Foreign Owner</i> + <i>Foreign Flag</i> + <i>Indian Crew</i> + <i>Indian Cargo</i>
11	<i>Foreign Owner</i> + <i>Foreign Flag</i> + <i>Foreign Crew</i> + <i>Indian Cargo</i>
12	<i>Foreign Owner</i> + <i>Foreign Flag</i> + <i>Indian Crew</i> + <i>Foreign Cargo</i>
13	<i>Foreign Owner</i> + <i>Indian Flag</i> + <i>Foreign Crew</i> + <i>Indian Cargo</i>
14	<i>Foreign Owner</i> + <i>Indian Flag</i> + <i>Foreign Crew</i> + <i>Foreign Cargo</i>
15	<i>Foreign Owner</i> + <i>Indian Flag</i> + <i>Indian Crew</i> + <i>Foreign Cargo</i>

17 Vice Admiral Randhawa (Retd), BS; "Indian Shipbuilding"; *Indian Defence Review*, Vol 25 (1), Jan-Feb 2010. P. 32

18 Op Cit. ("Indian Shipping Statistics 2014"), Table 2, p. iii

19 *ibid*

Thus, in times of tension or actual conflict, it is no longer enough for the government to direct the Indian Navy to protect all Indian-flag merchant shipping and to thereafter mistakenly believe that Indian trade is protected. In fact, if the Indian Navy were to protect each and every merchant ship flying the Indian flag, it would have failed to protect 87% of India's external trade! — clearly an unacceptable proposition. This is largely the result of Indian companies seeking to maximise profit by transporting their cargo upon Flags-of-Convenience vessels. Mitigation of this problem needs a whole-of-government approach and will require a huge amount of attention to the vagaries and complexities of Trade Warfare — an area that India as a country understands extremely poorly. Moreover, a great deal of synergy will need to be structurally, organisationally and functionally developed between the Ministry of Commerce and Industry, the Ministry of Shipping, the Ministry of Petroleum and Natural Gas, the Ministry of External Affairs and — within the Ministry of Defence — the Indian Navy and the Indian Coast Guard.

To meet the challenge of external merchandise-trade there is a crying need for India to expand and modernise her merchant marine and create a number of efficient greenfield ports upon both coasts as well as in her island territories. While India's merchant fleet comprises 1204 ships²⁰ and figures in the global 'top-twenty', it is sobering to note that the fleet's size and capacity is actually a sum of everything from tugboats to super-tankers. Of the 1204 ships in the Indian Register on 31 December 2014, only some 30%, i.e., 358 vessels were deployed for overseas trade. The vast bulk — just over 70% — were engaged in coastal trade. While that might by itself indicate a thriving coastal sea-borne trade, this is far from the case, because the tonnage carried by this 70% is a mere 11.8% of the total Gross Tonnage of the Indian Fleet.²¹ In other words, 30% of Indian bottoms account for 88.2% of the Gross Tonnage!

In terms of technological advancement, too, the Indian merchant fleet is in a far from comfortable position. A merchant-fleet consisting largely of old ships is likely to be technologically outstripped by its competitors. The relative age of the fleet is thus

20 Government of India, Ministry of Road Transport and Highways (Transport Research Wing), New Delhi; "Indian Shipping Statistics 2014"; available at url: <http://shipping.nic.in/showfile.php?lid=1960> (accessed on 10 Aug 15). Specific Tables are also available at url: https://data.gov.in/catalog/indianfleet-statistics-0#web_catalog_tabs_block_10

21 Op Cit ("Indian Shipping Statistics 2014"), p. i

an important indicator of technological advancement. The average age of the Indian shipping fleet as on 31 December 2014 is as tabulated:²²

Category	0-5 Years		6-10 Years		11-15 years		16-20 years		> 20 years		Totals	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
Coastal	177	21.0%	110	13.0%	100	11.8%	94	11.1%	365	43.1%	846	100%
Overseas	104	29.1%	64	17.9%	37	10.3%	39	10.9%	115	31.8%	358	100%
Total	281	23.3%	174	14.5%	137	11.4%	133	11.0%	479	39.8%	1204	100%

The tabulation make it clear that Indian-flag shipping, both coastal and overseas, has a significant proportion (54.2% and 50.8% respectively) of vessels that are more than 15 years old and whose construction and outfitting technology is out of step with modern global safety and efficiency practices. The inability of this sort of merchant fleet to take advantage of economies of scale is most evident in container-ships and crude-oil carriers. The total number of India-flag ‘cellular container vessels’ is a paltry 19 — with the age of 18 of the 19 being over 16 years! In sharp contrast, the ‘China Shipping Container Line’ (CSCL) alone has almost the same number (19 ships) in just its highest carrying-capacity range (>10,000 TEU²³) out of a total fleet of 90 cellular container vessels. The two largest container vessels in the Indian merchant fleet (SCI *Chennai* and SCI *Mumbai*) — inducted in 2008 — have a capacity of only 4,400 TEU each, while the five modern Chinese ships of the China Shipping Container Lines (CSCL) each have a capacity of 19,100 TEU! The situation in respect of crude-oil carriers is no better. The SCI is the only Indian shipping company with Very Large Crude Carriers (VLCCs) and even it has just five ships of this type, each of about 316,300 DWT.²⁴ Chinese shipping companies (in aggregate) currently own about 70 VLCCs, which is about 11% of the world’s working supertankers. In addition, Chinese firms currently have about 30 new tankers on order. This is one-third of the current global order book. Likewise, within the Indian merchant fleet, the SCI has just two LPG carriers, each of 17,600 DWT,

22 “Indian Shipping Statistics 2014” (Table 1, p. i); Op Cit

23 TEU = Twenty Tonne Equivalent Unit. This is the standard unit of measurement of the carrying capacity of a container ship.

24 DWT = Dead Weight Tonnes. For an oil-tanker, this is roughly the weight of the oil being carried as cargo.

built in 1991 — precluding any economies-of-scale or technological advancement. The SCI does not own a single LNG carrier — nor does any other Indian company! (although the SCI jointly operates, and manages three modern LNG carriers, all built in South Korea — two in 2004 and one in 2009. However, these ships fly the Maltese flag and not the Indian tricolour). In July 2015, GAIL floated a global tender for nine LNG Carriers to be built in the next five years, and, in a desperate attempt to tide things over until these are inducted, the government has directed the SCI to scout for second-hand LNG carriers that might be available for immediate lease or outright purchase. Here again, economies of scale are likely to elude the Indian merchant fleet. Yet another penalty to be paid — for an ageing fleet and the consequent paucity of technological advancements — concerns the financial costs of being unable to meet new and far more stringent IMO regulations than were earlier in place in respect of labour conditions, pollution-control and safety measures aboard ships.

If India is to grow economically, all mechanisms relating to India's maritime trade — both overseas and coastal components — will have to be positioned at the cutting edge of technological advancement — both afloat and ashore. This is a major challenge before the government. While current policy initiatives of the Modi government are certainly encouraging, there is much that needs to be done in terms of urgent implementation if these initiatives are not to be left as too-little-too-late.



Challenge# 4: Risk-Mitigation

EVEN THE MOST CURSORY glance at the geopolitical environment of the Indo-Pacific would highlight a number of obvious risks, such as:

- **Inter-State Conflict:**
 - India-Pakistan-*China*
 - West Asia
 - Vietnam-*China*

- Taiwan-*China*
- Japan-*China*
- Indonesia-Malaysia-Philippines-*China*
- **Risks related to Energy Security and the ‘Security-of-Energy’**
- **Terrorism**
- **Piracy & Maritime Crime**
 - Amalgamation of Piracy-Maritime-Crime-Maritime Terrorism
 - Illegal Ingress of Arms
 - Drug-smuggling
 - Human-Trafficking
- **Intra-State Instability**
- **Climate Change**
- **Natural Disasters**

India’s plans to avoid or mitigate these risks while preserving, pursuing, promoting and protecting her national maritime interests constitute her maritime geostrategy.

As China’s renowned scholar, Senior Captain Xu Qi puts it, “*Geostrategy is a country’s effort, in the world arena, to exploit its ‘geographic location’ and use ‘geographic orientation’ to pursue and safeguard its national interests.*” What this means, is that each nation engages in geo-strategy with varying degrees of success, based upon its ‘Geographical Position’ (which is a fixed factor), and, its demonstrated abilities in terms of ‘Geographic Orientation’ — which is a variable factor and can also be called the country’s ‘Strategic Culture’. This ‘Strategic Culture’ is a direct function of scholarship, a deep study of history and the derivation of lessons drawn from historical experience, the ability to identify and forecast security interests and threats, etc. It is in this context that India must assess her risk-mitigation challenges — including the challenges of military security. These principally relate to the collusive and/or collaborative threat posed by Pakistan and China.

The economy is China’s greatest strength and its greatest vulnerability and, therefore, it is the centrepiece of the country’s policy and strategy. Like India, contemporary China, too, is being driven by economic imperatives to the formulation and adoption of a true maritime geostrategy — one that cannot be readily connected by a geographically contiguous line centred upon a core land-area. An ever-increasing

demand for energy fuels China's and India's economic growth. Although the share of coal is still the largest in the energy-basket of both countries, oil consumption is growing so rapidly that it is driving the foreign policy and security perspectives of both China and India. In 1985, China was East Asia's largest exporter of oil. In 1993, China became a net importer and, in 2015, she became the largest importer of crude oil on the planet. By April 2015, China was importing a staggering 7.4 million barrels per day (bbd)²⁵ and as per energy-market researchers Wood Mackenzie, by 2020, China will be importing something like 9.2 million bbd of crude-oil!²⁶ In recent months, there has been much brouhaha regarding China's oil pipelines. However, these are not particularly effective mitigating options for China's burgeoning dependence upon the seaborne-import of energy. There are currently three major pipelines feeding crude-oil into China, viz., the ESPO, the Kazakhstan-China Pipeline, and, the Myanmar-China Pipeline. Impressive as they may be in engineering terms, these pipelines can cater for only 15% of China's crude-oil imports. The remaining 85% of her crude-oil imports must still come by sea, from sources that lie either in — or must travel across — the Indian Ocean. This means that China's oil-imports must transit one or more of the choke-points that connect the Indian and the Pacific oceans. Of these, the Malacca Strait and the Lombok Strait of are particular importance to China and, considered generically, constitute what China leaders terms the 'Malacca Dilemma'. In seeking to solve this dilemma, the People's Republic seems to draw strategic inspiration from the famous Chinese game of 'Go', and is putting in place the pieces that will shape her desired geopolitical space.

It is this very geostrategy that then-Lt Col *Christopher J Pehrson*, USAF, termed the 'String of Pearls', in his 2006 paper written at the US Army War College.²⁷ The phrase was catchy enough to captivate the imagination of academics and the global media alike. Consequently, for over a decade, China has chafed under the

25 Reuters (US Edition); "China Becomes World's Top Crude Buyer Despite Economy Stuttering", 11 May 2015; available at url: <http://www.reuters.com/article/2015/05/11/china-crude-imports-idUSL4N0XW1TO20150511> also see: Institute for Energy Research; "China Overtakes U.S. as World's Largest Oil Importer", 13 May 2015 available at url: <http://instituteforenergyresearch.org/analysis/china-overtakes-u-s-as-worlds-largest-oil-importer/>

26 Hong Kong Exchange News Website 'hkexnews' Circular to M/s Shun Cheong Holdings Ltd; "Appendix-I: Overview of China's Upstream Petroleum Industry", p. 1-6 (data derived from infographic: "China Oil Demand vs Production"); available at url: <http://www.hkexnews.hk/app/sehk/2015/2015102801/a6388/eshunchong-20151028-21.pdf>

27 Lt Col Christopher J Pehrson; Op Cit

opprobrium heaped upon it for a concept that to be fair, it never once articulated. However, in a brilliant re-branding exercise by Beijing in 2014, the world's attention is being increasingly drawn away from the negative connotations associated with the phrase 'String of Pearls' and towards the much more benign-sounding '21st Century Maritime Silk Route Economic Belt', also known as 'One Road One Belt'. The new expression emphasises trans-regional inclusiveness and evokes the romance of a shared pan-Asian history with the implied promise of a reestablishment of the economic prosperity that the Asian continent's major civilizational and socio-cultural entities, namely China and India, enjoyed²⁸ until Prince Henry of Portugal launched the 'Age of Discovery', which was quintessentially a maritime concept.

Each 'pearl' in the 'String of Pearls' construct — or in more contemporary parlance, each 'node' along the 'Maritime Silk Route' — is a link in a chain of Chinese geo-political and geo-strategic influence. It is by no means necessary for a line joining these pearls/nodes to encompass China in one of the concentric circles typified by the Island Chains strategy. In fact, since the 'String of Pearls' (or the 'Maritime Silk Route') is a true maritime construct, it is highly unlikely that they would do so. Thus, for example, Hainan Island, with its recently upgraded military facilities and sheltered submarine base, is a pearl/node. Other pearls/nodes include the recent creation of artificial islands in the Paracel and Spratly islands incorporating, *inter alia*, the ongoing construction/upgrade of airstrips on Woody Island — located in the Paracel Islands, some 300 nm east of Vietnam — as also on Mischief Reef and Fieri Cross Reef in the Spratly Islands. Additional pearls/nodes are obtained through Chinese investments being made in Cambodia and China's continuing interest in the Thailand's Isthmus of Kra. China's development of major maritime infrastructure abroad — the container-terminal in Chittagong, Bangladesh, the Maday crude-oil terminal in Myanmar's Kyakpyu port; the development of ports such as Hambantota in Sri Lanka, Gwadar in Pakistan, Bagamoyo in Tanzania, Beira in Mozambique, Walvis Bay in Namibia, Kribi in Cameroon' the Djibouti Multipurpose Port (DMP), and the offer to even develop Chabahar in Iran²⁹ (fortunately checkmated by a

28 Angus Maddison; "The World Economy: A Millennium Perspective"

29 Shradha Bhandari; China Sniffs around Chabahar: Will India get its act right?; South Asia Monitor: 19 August 2013, available at url: <http://southasia.monitor.org/detail.php?type=sl&nid=5700>

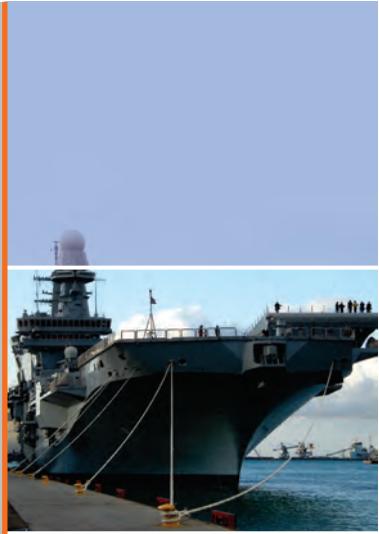
belated but vigorous Indian initiative), along with the successful establishment of a military (naval) base in Djibouti³⁰ — all constitute yet more pearls/nodes. The development of an atoll in the Seychelles, oil-infrastructure projects in Sudan and Angola, and the financing of newly discovered massive gas-finds in offshore areas of Mozambique, Tanzania and the Comoros are similarly recently acquired pearls/nodes. Even Australia yields a pearl/node, as does South Africa, thanks to Chinese strategic investment in mining in general and uranium-mining companies in particular, in both countries.

From an Indian perspective, China's new strategic maritime-constructs (by whatever name) are simultaneously operative on a number of levels, several of which are predominantly economic in nature and portend nothing more than fierce competition. However, as the geographical competition-space between India and China coincide in the Indian Ocean, coincide, there is a very real possibility of competition transforming into conflict, particularly as the adverse impact of climate-change upon resources and available land-area becomes increasingly more evident.

There is finally some encouraging evidence of strategic nimble-footedness in India's own risk-mitigation game-moves. Her policy of constructive engagement with both, regional and extra-regional players within the India-Pacific is an effective countervailing strategy to China's and is already paying rich dividends. Enhancing the effectiveness of this strategy requires the government to proactively leverage pan-regional security constructs such as the Indian Ocean Naval Symposium (IONS) and create enabling structures to capitalise upon the success of IONS in order to energise other regional constructs such as the IORA.



30 Jane Perlez and Chris Buckley; "China Retools Its Military With a First Overseas Outpost in Djibouti"; *New York Times*, 26 November 2015, available at url: http://www.nytimes.com/2015/11/27/world/asia/china-military-presence-djibouti-africa.html?_r=0



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