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South Asia and the Maritime Silk Road: Far From Plain-sailing

By Sinderpal Singh

Synopsis

China's Maritime Silk Road projects pose strategic challenges to the South Asian countries that lie astride the route between Southeast Asia and the Middle East.

Commentary

CHINA'S MARITIME Silk Road (MSR) projects in South Asia are spread out in the area between Southeast Asia and the Middle East. Collectively, they pose different strategic challenges to India, Pakistan, Sri Lanka, Bangladesh and the Maldives.

The MSR in South Asia has to be seen within the broader context of the strategic competition between India and China. Given the divergent interests of the five South Asian countries, the growth of the MSR in the region is not likely to be plain-sailing.

Different Strategic Challenges

Pakistan plays a pivotal role in China's MSR scheme. The China-Pakistan Economic Corridor (CPEC) is a key project within China's Belt Road Initiative (BRI) and serves as the crucial link between the maritime 'road' and land based 'belt' aspects of the Belt and Road Initiative (BRI).

The Pakistani port of Gwadar, built, financed and operated by China is located at the confluence of the Gulf of Oman and the Arabian Sea, providing China access to a key location in the Indian Ocean. The land route between Gwadar and Kashgar in China's western Xinjiang province connects the 'road' and 'belt' elements of the CPEC.

China has made huge financial commitments to the CPEC project which has been largely welcomed by the Pakistani leadership as a means of boosting Pakistan's

economy, grounded in their “all-weather” bilateral relationship. More recently, however, there has been a significant amount of unease within sections in Pakistan about the long-term benefits of the CPEC and the creeping erosion of sovereignty to China. Specifically, there has been concern about Pakistan’s debt burden arising from the CPEC.

In addition, reports of China wanting Chinese currency to be used in the Gwadar free-port area as well as China’s apparent move to talk directly to separatist rebels in Pakistan’s restive Baluchistan region has sparked concern about Pakistan’s dependency status within the China-Pakistan relationship.

BRI as Major Threat?

India views the MSR and China’s broader BRI as a major threat to Indian security and its broader strategic interests. It has three broad concerns. The first set of concerns relate directly to the CPEC and the Chinese military playing a larger role within Pakistan.

There is little doubt in Delhi about Chinese aims to deploy Gwadar in the medium to long term as a dual use port, allowing the PLA key access into the Indian Ocean as well as bolstering Pakistan’s ability to deter any Indian advantage in the naval realm.

The second concern is the ‘hardwiring’ of the strategic choices of regional countries which are part of the MSR. Indian policy makers view the link between increasing indebtedness to China and the latter’s growing influence over the foreign and even domestic policies of these states in highly negative terms.

Lastly, India considers China’s MSR projects in South Asia as part of its larger strategy of challenging Indian primacy in the Indian Ocean. Maintaining Indian primacy in the Indian Ocean has become a key strategic objective in recent years and any Chinese attempt to enlarge its influence in the Indian Ocean is seen as a direct threat to one of India’s core strategic interests.

Correcting Ties with China

Sri Lanka has leveraged growing ties with China against its sometimes difficult relationship with India. Under the previous Rajapakse government, many in India perceived a significant swing towards China, as China made large loans available for infrastructural building as part of China’s MSR.

The Hambantota port on Sri Lanka’s southern coast was the most distinct symbol of large infrastructure projects financed with Chinese loans. The change in government in Sri Lanka in 2015 signalled a move away from the earlier perceived swing towards China.

However, the current government is facing a large debt burden due to Chinese loans to develop infrastructure in Sri Lanka. In 2017, the Sri Lankan government, reeling from its debt servicing burden, agreed to sell a 70 percent stake in the Hambantota port to a Chinese state-owned enterprise for 99 years.

Like Pakistan, there is concern about Sri Lanka losing control of a port on its own coast and China deploying it as a dual-use port. To address such concerns, specifically Indian concerns, Sri Lanka's government has given public assurances that it will not allow the port to be used for military purposes.

Balancing China

Bangladesh balances its relationship with China and India very carefully and has also been at the forefront of initiatives to encourage India-China co-operation. The Bangladesh-China-India-Myanmar (BCIM) Economic Corridor began life as the 'Kunming Initiative' in 1999 and envisages road and rail links between northeast India, Bangladesh, Myanmar and southwest China.

This initiative has now stalled largely because of India's deep trepidations about the BCIM being part of China's BRI as well as broader tensions between India and China. In this context, Bangladesh has accepted huge Chinese financing in the form of loans and other agreements relating to about 28 development projects totalling more than US\$20 billion.

Mindful of the possible long-term debt to China, Bangladesh has accepted a Japanese bid to build a port at Matarbari while putting on hold Chinese plans to construct a similar container port on Sonadia Island. The current Bangladeshi government is worried that its hedging strategy between India and China could possibly be compromised by its participation in the MSR.

Pre-emptive Intervention?

In **Maldives** a change of government has led to a change in its approach towards India-China competition in the region. In 2013, the new government cancelled an earlier privatisation award to an Indian company to develop Maldives's international airport. This was followed by an agreement with China to build infrastructure connecting the airport and a port on the atoll of Laamu.

China is deeply involved in the development and expansion of Maldives's international airport through loans from the EXIM Bank of China, while Chinese tourists have become the single largest group to visit the Maldives. Indian concerns about the scale of Chinese involvement in Maldives's infrastructure development have led to some within India's strategic community to even suggest Indian intervention to effect regime change in India's favour.

It is clear that India's concerns about the MSR has led to heightened strategic competition between India and China within the South Asian littoral. South Asian states involved in the MSR have had varying levels of concerns about the financial and sovereignty implications of the MSR. Taken together, these portend significant challenges for China's MSR within the South Asian littoral.

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