How should Australia conduct itself in the Indian ocean and how should Australia deal with China’s ‘String of Pearls’ strategy? China’s ‘String of Pearls’ strategy is the name given to a network of diplomatic relationships and Chinese facilities currently located in the Indian Ocean but the underlying issue is the threat that India feels from China. Many international academic authors focusing on current relations and security in the Indian Ocean, such as Brewster, Khurana and Dixon have varying opinions. There is debate on whether the ‘String of Pearls’ is accurate in describing the strategy or that a strategy even exists. China and India have had a tumultuous past and the ‘String of Pearls’ strategy coincides with China’s and India’s rise in global affairs. Both China and India see the Indian Ocean as a vital strategic region, with huge amounts of Chinese trade passing through while India sees itself as the natural leader of the region. China’s recent actions into the Indian Ocean Region (IOR) are to protect its strategic vulnerabilities, specifically China’s Sea Lines of Communication (SLOC). The implication of China’s rise as a naval power and its impacts in the Indian Ocean through the ‘String of Pearls’ strategy, could have major impediments to Sino-Indian relations. India's rise, China’s entrance and an already established US position in the Indian Ocean could result in a change in the regional power structure. How can Australia situate itself diplomatically, economically and strategically in the Indian ocean region while maintaining good relations with China, India and the US? The Indian Ocean Region is home to many nations that could benefit from increased relations with Australia. These included nations in East Africa such as Kenya, in Arabia including Oman and Yemen. For Australia to best situate itself in a position of security and stability in the Indian Ocean, increased relations and cooperation should occur between Pakistan, Sri Lanka, Myanmar and Bangladesh. Australia should focus its efforts on three key areas: Energy, Education and Security.

The Indian Ocean
The Indian Ocean is a region that is vital to global trade and relations. The Indian Ocean Region includes the Indian Ocean and also smaller regions such as the Red Sea, Malacca Straits and Persian Gulf. The Indian Ocean Region is 68.5 million square kilometres with the region being home to 26 littoral states with a population of 2.3 billion people. The Indian Ocean Region has been a trade hub for thousands of years, with African, Arab and Indian merchants conducting trade through the region. In the 1400s, Europeans entered the space and slowly began to change and dominate the region. Today, the Indian Ocean Region is a global superhighway for trade, connecting resources across the region to markets in Australia, Africa and India but also interconnecting with global markets such as Europe and East Asia. Billions of dollars of trade flow through the IOR each year with approximately 40% of the world's oil trade passing through the IOR with approximately 100 000 ships traversing the Indian Ocean every year. The Indian Ocean region is also home to three of the world's major trade choke points, the Bab el-Mandab near the

Gulf of Aden, the Straits of Hormuz near Iran and the Malacca Straits situated between Malaysia and Indonesia. The US Department of Energy claims that in 2013, 17 million barrels of oil per day passed through the Straits of Hormuz and 15.2 million barrels per day passed through the Straits of Malacca. These choke points are crowded, easy to block but vital for trade. If these areas were to be blocked it would have ramifications for nations around the globe including China, the US and Australia. China receives 82% of its oil imports through the Malacca Straits and “Some 30 per cent of China’s sea trade worth more than US$300 billion presently moves across Indian Ocean”. It is obvious why China would want to have a presence in a region it is extremely invested in. This has led to a crisis known as “China’s Malacca Dilemma” in which China believes that “a potential adversary may be tempted to interdict Chinese trade through the Malacca Strait or elsewhere in the Indian Ocean as a bargaining chip in the context of a wider dispute”. This has lead to China desperately trying to secure its Sea Lines of Communication and trade routes. China is achieving this through a variety of strategies including diplomacy, infrastructure construction and military presence in the IOR with its “String of Pearls” strategy.

What is the “String of Pearls” strategy?
The “String of Pearls” strategy gets its name from Chinese naval facilities in the Indian Ocean placed strategically around India. The “String of Pearls” strategy claims that China's goal is to achieve strategic encirclement of India and China’s relations with India’s neighbours, be it diplomatic, economic or strategic is a prime example of the strategy. These facilities include the Port of Gwadar in Pakistan, Port of Hambantota in Sri Lanka, the port of Sittwe in Myanmar and the port of Chittagong in Bangladesh. These ports have been funded by China to help China’s growing shipping needs in the Indian Ocean. There is concern that these facilities could be turned into naval bases that the Chinese navy could use in times of crisis and world tension. The idea that Chinese naval bases could be used against international shipping in the IOR means that both India and the US are weary of these facilities. Dixon argues in “From “Pearls” to “Arrows” that this would prove extremely expensive to turn commercial ports into naval bases as well as the fact that most nations would refuse to give assistance to Chinese naval forces in times of conflict. The actual strategic benefits of these bases in times of conflict are likely overstated but the soft power implications that these facilities cause are a completely different story. The general consensus is that perceived Chinese expansion is a threat to the status quo and has caused much tension in South East Asia and South West Asia.

Debate on the “String of Pearls” strategy
There is much debate over what the “String of Pearls” strategy is and whether it actually exists. The term was coined by US consultancy agency Booz Allen Hamilton in 2005 and it has given rise to debate about how valid the concept is. It is important to remember that the term ‘String of Pearls’ is of American design and therefore comes from an American strategic perspective. In Red Star Over the Pacific Yoshihara and Holmes argue that the strategy has found footing in the Indian

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strategic community claiming that “New Delhi is also convinced that Beijing intends to militarize the String of Pearls”\(^8\). In Gurpreet Khurana’s “China’s ‘String of Pearls’ in the Indian Ocean and Its Security Implications” it’s claimed that an Indian-Chinese “rivalry arc” extends from the Bab el-Mandeb Straits to Japan and that the construction of naval facilities by China in the IOR are “strongly suggestive of China’s military strategic intentions, which are also driven by Beijing’s persistent mistrust of New Delhi and US predominance in the seas”\(^9\). Other academics claim that it is a flawed metaphor or that the String of Pearls strategy simply doesn’t exist. Brewster argues in “Beyond the ‘String of Pearls’: Is there really a Sino-Indian security dilemma in the Indian Ocean?” that the idea of China trying to encircle India diplomatically and strategically is wrong due to how unsuccessful the strategy would be if conflict did break out. Brewster states “Those suspicious of China’s intentions in the Indian Ocean would say that China has targeted key states in the northern Indian Ocean that would act as partners in the event of military conflict. If this is part of a concerted strategy then it has not been terribly successful. China appears to be losing considerable strategic influence in Myanmar and while Bangladesh, Sri Lanka and the Maldives have been happy to take Chinese investment in infrastructure (and in some cases, Chinese arms), they have also been at pains to counter any suggestions of any potential Chinese military presence”\(^10\). Brewster argues that China’s “String of Pearls” strategy is about “defending the SLOCs”\(^12\). Dixon claims in “From ‘Pearls’ to ‘Arrows’: Rethinking the ‘String of Pearls’ Theory of China’s Naval Ambitions”\(^13\) that the “String of Pearls” strategy is flawed and misunderstood, instead offering an alternate strategy based on the People’s Republic of China’s stated priorities. This is known as The Bow and Arrow Framework. Dixon argues that instead of the aggressive “String of Pearls” strategy, China is actually following a defensive one “This Bow and Arrow strategy, while largely defensive in nature, still allows for limited Chinese power projections that would both protect its core interests and remain in line with its role as a global power”\(^14\). Most academics agree that India can not compete with China in a naval race yet and that China must recognise India’s position in the IOR and both work cooperatively for a stable region.

PLAN Naval capacity and IOR entrance
The People’s Liberation Army Navy (PLAN) has slowly been expanding its influence into the Indian Ocean over the past few years and its purpose is to protect China’s vital economic interests. Traditionally the PLAN has been a coastal force but after a period of military reforms from the 1980s to 2016, China now possess a reasonably strong deep water navy and “China’s naval capabilities now exceed India’s by a considerable margin in both quantitative and qualitative terms, and that margin is likely to grow in coming years”\(^15\). The Chinese navy has seen huge increases in deployment and are obviously receiving a higher degree of priority than before with “in two decades, China has launched no fewer than five new classes of destroyers, four new

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classes of frigates, three new classes of diesel submarines, a new class of nuclear attack submarine” as well as the first Chinese aircraft carrier, Liaoning, commissioned in 2012. The PLAN has seen increased deployment into the Indian Ocean over the past 15 years with naval exercises and anti-piracy operations. The PLAN became involved in anti-piracy operations in “In December 2008, following the hijacking of two Chinese registered ships, China deployed three warships to waters off Somalia to conduct anti piracy operations” Authors, Yoshihara and Holmes, claim in Red Star Over the Pacific that China's anti-piracy deployments are used to project China’s image as a “great responsible power”. Anti-piracy operations have led to much goodwill to China from the surrounding nations, such as Yemen and Oman helping to boost China “soft power” in the Indian Ocean Region. China's naval encroachment into the Indian Ocean is unlike the US approach. The United States has a history of developing large multi-operational bases that provide a variety of uses for the US navy, such as Diego Garcia in the Indian Ocean. China hasn't followed this strategy and has settled on “places, not bases” which allows "PLAN vessels to receive logistical support at ports where China has friendly and stable relationships". This is due to China’s interest in the Indian Ocean being an economic issue in protecting China’s SLOCs and China's trade routes. This does not mean that China does not wish for its presence to be felt in the Indian Ocean Region with “You Ji, a Chinese origin expert on the PLA Navy, says, ‘China’s current strategy (in the Indian Ocean) is . . . to make its presence felt through building a credible naval strength’.

Australia’s Role
The “String of Pearls” strategy often focuses on Chinese port building and naval encroachment but the diplomatic aspect of the strategy cannot be underestimated. China has strong ties with many of India’s neighbours including Sri Lanka, Myanmar, Bangladesh and Pakistan. Australia should begin to improve relations with these four key IOR nations. Not through just through diplomatic means but also through investment and bilateral cooperation in the fields of energy, security and education. Cementing Australia’s friendship with these nations will show that Australia is a vital and important member of the IOR and that Australia supports stability in the Indian Ocean. It will show China that Australia is willing to cooperate with key players if China's influence continues to expand while showing India and the US that Australia has a presence in the region and that newcomers other than China are viable for cooperation, investment and positive relations. Australia should not try and combat China's “String of Pearls strategy” but aim to situate itself as a key player, showing that it would be against China's interests to remove or weaken Australia's stabilising presence in the IOR.

Australia and Sri Lanka
Australia and Sri Lanka have a shared history in the British commonwealth as well as Australia being home to a large overseas Sri Lankan community. India has traditionally been the dominant power in South West Asia and India’s impact on Sri Lanka cannot be forgotten with India being Sri Lanka's biggest trading partner. Over the past few decades, “China’s political and economic links

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with Sri Lanka have become of some concern to New Delhi”\(^{21}\) with China now the largest investor in Sri Lanka’s infrastructure such as the Port of Hambantota. China has invested US$375 million into the Hambantota port, with is located 6 nautical miles from major Indian ocean shipping routes. China began developing Hambantota in 2007 and “the complete project involves building a harbour, two cargo terminals (one for containers and another for oil and gas), a repair yard and an oil tank farm/bunkering system to supply fuel to ships”\(^{22}\). Australia can not and should not try and compete with China or India in terms of foreign investment into Sri Lanka. Australia needs to influence Sri Lanka through less direct means, focusing on education. Sri Lanka has a severe shortage of anesthetists, with an estimated 150 anaesthetists in the nation out of the necessary 300. A two pronged approach to this solution would be to offer Australian anesthetist subsidies and benefits to work in Sri Lanka for a four year period. This would be in conjunction with the Australian government offering Sri Lankan students the opportunity to attend Australian universities to study at a significantly reduced cost. The creation of a specific scholarship, separate from programs such as the New Colombo plan, for Sri Lankan anesthetist students with a specific university which offered support for finding part time work, up to 50 hours every two weeks, and helping to provide housing and food. This humanitarian policy would come at a cost to Australia but will see increased goodwill to Australia while also helping to increase healthcare quality in Sri Lanka. Australia would also benefit from increased naval ties with Sri Lanka. The focus would be on anti-piracy, anti drug smuggling and, if the Australian government continues its current policies, anti people smuggling. As island nations, Australia and Sri Lanka share similar issues and approach these issue through similar means. Providing bilateral training for naval exercises means that Australian and Sri Lankan navies can better work together on these issues while also showing Sri Lanka that Australia has a naval presence in the IOR, not only the US, India and China.

**Australia and Myanmar**

Australia's focus when concerning Myanmar should be on energy production and political stability, both domestically and internationally. China has close ties with Myanmar, investing in infrastructure while China also provided arms to the old military government. China is investing heavily in Myanmar's hydropower projects with “at least 45 Chinese companies currently invest in over 60 dams in Myanmar”\(^{23}\). Myanmar has huge potential for hydropower that in total is “estimated at 39 720 MW of which only 5.9% has been developed”\(^{24}\) with many hydropower projects already in development. These include the 1360 MW Hutgyi Dam, the 1400 MW Upper Thanlwin Dam and the 7110 MW Tasang Dam, all being financed by outside Chinese and Thai developers with ambitions to import Burmese electricity from the hydropower dams\(^{25}\). The energy sector is an area that Australia could involve itself in to help build relations. Myanmar has one of the lowest electrification rates in the world of 33%\(^{26}\). The government has set an ambitious plan for “7.2 million new household connections by 2030, which would require more than doubling the


current rate of electricity expansion[^27]. It would be in Australia's interest to offer to send energy experts to Myanmar as advisors to help electrification, while also advocating other forms of renewable energy such as solar or wind power. Helping to break Myanmar's obsession with hydro power would help create a more stable state, as rebel groups and ethnic minorities would no longer be losing their land and home to construction projects and rising water levels. It is estimated that due to the building of the Tasang Dam approximately 60,000 Shan villagers have been forcibly relocated by the army[^28], further escalating conflict in Shan State. The Tasang Dam, if completed, would be the largest dam in South East Asia and would effectively flood an area the size of Singapore, displacing thousands, destroying the landscape and splitting Shan State in half, playing “a significant role in the displacement of ethnic minorities and human rights abuses in Myanmar”[^29]. The inter-regional investment and cooperation would help Australia solidify its place economically and diplomatically with Myanmar. If Australia were to use its observer status in the South Asian Association for Regional Cooperation (SAARC) to help Myanmar gain member status, Myanmar would be more economically stable with its entry into the trade bloc. This would have significant benefits for Myanmar, specifically, the new NLD government led by Htin Kyaw and Aung San Suu Kyin, in helping to distance itself from the past isolationist policies and government of the previous military junta and show that Myanmar is open to working with its neighbours. Myanmar is in a period of transition and any assistance Australia can provide will help Myanmar become a stable and prosperous trading partner and friend.

### Australia and Bangladesh

Australia and Bangladesh have significant trade relations with each other, with Australian imports from Bangladesh reaching $911 million, therefore it is in Australia's advantage to help Bangladesh remain stable and prosperous. Bangladesh is usually considered under the Indian sphere of influence but China has become Bangladesh's largest provider of weapons, both small arms and missiles. The two nations also signed the Defence Cooperation Agreement in 2002. India claims that China providing arms to Bangladesh destabilises the region to the detriment of India and gives rise to firearm markets in Bangladesh. *“China has denied the charge that the transfer of arms to Bangladesh is directed at India”[^30]* while continuing to export weapons. Similarly to Sri Lanka, China is investing heavily in Bangladesh's infrastructure such as bridges being built across major rivers in Bangladesh. This is despite the fact that China opposed Bangladesh's independence from Pakistan in 1971. Australia's primary focus in Bangladesh should be in joint counter-terrorism operations. China is more interested in seeing an armed Bangladesh than a safe and stable Bangladesh. An armed Bangladesh means that India is forced to focus more efforts away from the Indo-Chinese border. Australia can do little to prevent China flooding Bangladesh with weapons and trying to prevent China from doing so would only worsen relations with Australia's largest trading partner. Instead of a preventative measure, Australia must settle for a reactive one. Having joint counter-terrorism operations with Bangladesh would provide experience for Australian and Bangladeshi operatives while also helping to keep Bangladesh stable. The easy access to weapons means that Bangladesh is a prime recruitment and training area for terrorist


groups and non state actors. China provides training and equipment to Bangladesh military forces. Australia should focus on the civilian justice aspect, such as the Dhaka Metropolitan police counter terrorism unit, through training and providing advanced equipment. If Australia was to take this action it would help create a more secure Bangladesh and IOR.

**Australia and Pakistan**

Pakistan is perhaps the most vital nation Australia should focus its efforts on. Being a nuclear armed state as well as Australian exports reaching $1 205 billion, Pakistan deserves recognition for its place and position in maintaining a stable IOR. Pakistan and China have always had a friendly relationship much to the chagrin of India. India and Pakistan see each other as rivals in the region with India being the stronger of the two. Pakistan and China's friendship has often come at the detriment of India. Pakistan was “the third non-communist country and the first Muslim country to recognise the People’s Republic of China (PRC) on 4 January 1950” and with India being seen as a potential threat to both China and Pakistan, diplomatic, strategic and economic ties have been formed. This is counter to Pakistan being part of both SEATO and CENTO, American led security treaties formed to stop the spread of Communism in Asia in the 1950s. In 1962, the Sino-Indian war saw the United States pour money and arms into India to help defeat Communist China. Pakistan saw its ally, the US, fund and strengthen its rival India. With massive increases in India's defence spending after the war, China offered Pakistan a US$60 million dollar interest free loan to defend against India, followed by a US$40 million loan in 1969 and a huge US$217.4 million loan in 1970. During the Indo - Pakistan war in 1965, the US placed an arms embargo on Pakistan to which China began providing arms and equipment to Pakistan, helping reduce the gap between India and Pakistan. Sri Lanka, Myanmar, Bangladesh and Pakistan today all have strong ties to China while India looks further afield to the US. Australia should approach Pakistan using all three of the strategies laid out for Bangladesh, Sri Lanka and Myanmar: Energy, Education and Security. Pakistan has serious issues with energy production and electrification, with 43 000 villages not being connected to the electrical grid and some areas not having power for up to 12 hours at a time. Experts such as Malik and Siyal show that Pakistan has excellent opportunities for renewable energy, especially solar energy in the Sindh and Baloch provinces. Similar to the situation in Myanmar, Australia should send experts to Pakistan to advise on the energy situation and help to train Pakistani energy engineers. Education in this area is also vital, if the Australian government were to offer Pakistani energy engineers students opportunities to study in Australia, Pakistan would see an increase in electrification and preferably a move towards renewable energy. The security aspect is important as the regions with the highest yield for renewable energy are also experiencing tensions due to the Balochi independence movement. As with Bangladesh, Australia should not fill a military role, but an advisory role, focusing on diplomacy and conflict resolution. Also having joint counter terrorism training with Pakistan would be a benefit for both nations due to new training techniques and cross cultural dialogue. These three factors of energy, education and security should be Australia's core focuses when dealing with IOR nation and Pakistan.

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In conclusion, Australia's handling of the String of Pearls strategy needs to focus on diplomacy and investment while at the same time maintaining good relations with China. China and India have a shared security dilemma in the String of Pearls strategy and it is in Australia's interests, and the interest of the IOR, that Australia plays a stabilising and mediating role. China's strategy to maintain its Sea Lines of Communication from any potential threats will not disappear and Australia must evolve and adapt to the changing situation in the Indian ocean. The construction of naval facilities is to help maintain SLOC’s while also allowing for greater trade in the region. China’s naval entrance into the Indian Ocean region is linked with anti-piracy manoeuvres while also showing India, the US and the world that China is a great power with the capacity to reach regions other than its own. The danger of China moving into the Indian Ocean is that China could fall into the Thucydides trap with India. That the rise of China and the fear that this can cause India could lead to conflict. This is the true security dilemma of the Indian Ocean region, not China’s entrance into the region but India's reaction to a rising China encroaching on India's sphere of influence. This is where Australia's moderating presence in the Indian Ocean region will become vital, as Australia would be seen as an unbiased and integral member of the IOR. Stability in the IOR should be Australia's goal, and it can achieve this by focusing on Energy, Education and Security.
References


