

DEBATE

DEVELOPMENTS IN THE INDO-PACIFIC REGION AND OPTIONS FOR INDIA¹

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Globalisation and increasing connectivity have compacted South Asia, East Asia, Australasia, and South East Asia into a composite Indo-Pacific region, inter-linked by ASEAN (Association of South East Asian Nations), both physically as well as institutionally. Globalisation has also catalysed rapid Asian economic growth, which has propelled a shift in the global centre of gravity to the region.

Japan led the Asian resurgence; but today China is the largest economy in the region. With a GDP of around US\$11.2 trillion, China is the second largest economy in the world, with the USA being the largest with US\$18.6 trillion, Japan the 3rd largest with US\$ 4.9 trillion, and India the seventh with US\$ 2.2 trillion. The growth of Asian economies, which has been accompanied by rising defence expenditures and the acquisition of arms, has not been even leading to both a realignment of political and military power as well as exacerbating contradictions between the rising powers in the region.

The widening gap in comprehensive national power between the countries of the region could put increasing stress on regional fault lines, affect peace and stability, have inimical effects on the Sea Lanes of Communications (SLOC)s, with consequences for trade and maritime security.

The accelerating pace of developments in the Indo-Pacific region has thrown up new and critical challenges for India. The most important of these is a rising China. Its ambition is to be a 'prosperous society' by 2021, the 100th anniversary of the founding of the Chinese Communist Party (CCP), and a 'developed

¹ A panel discussion on 'Developments in the Indo-Pacific Region and Options for India' was held during the regular meeting of the Association of Indian Diplomats on 2 May, 2017, with Ambassador Sanjay Singh, President of the A.I.D. in the chair. This 'debate' section of the journal is based on general remarks on the subject from the chair, specific presentation from Ambassador Rajiv Kumar Bhatia, one of the panellists as well as a substantive intervention from one member, namely, Ambassador Yogendra Kumar, - all updated before going to press.

To enrich the 'Debate', an article titled "India and Shifting Power Equations in the Indo-Pacific" by Prof. Chintamani Mahapatra, Rector, Jawaharlal Nehru University, New Delhi, and Professor for American Studies, School for International Studies is also included.

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country' by 2049, a century after the establishment of the People's Republic.

China is today the largest investment and trading partner of nearly every country in the region. It is refocusing on its periphery through its Belt and Road initiative (BRI). Chinese influence on the economies in its immediate neighbourhood and beyond is expanding rapidly, given the enormous amount of capital that China puts on the table.

While economic partnership with China is a win-win proposition for some of its partners, its growing military capabilities and reach, coupled with uncertainty over Chinese intentions, constrains the strategic space of other countries in the region and increases their threat perceptions. China's activities around the region are indicative of its desire to expand its hegemony.

China's desire is to change the status quo, and to shape the rules to its advantage. Its activities in the East and South China seas, its initiative to set up the AIIB (Asian Infrastructure Investment Bank), the BRICS Bank, its support to the Chiang Mai initiative, its successful efforts towards the inclusion of the Yuan as an IMF reserve currency, and the Asia-Pacific Free Trade Area proposed by it—all have this objective.

China has created facts on the ground through developing infrastructure and strengthening connectivity within and with Central Asia, South East Asia, and North Asia. Its massive investments in transport corridors (rail, road and maritime), its pipelines, and its 'Pan Asian Energy Grid' in Central Asia are cases in point. The BRI and the Maritime Silk Road only formalise this. The China Pakistan Economic Corridor (CPEC) and the railroad to Mashad through Tajikistan, Turkmenistan, Afghanistan, and Iran will give it added access to the Persian Gulf. Its central role in fora such as the East Asia Summit (EAS), the Conference for Interaction and Confidence Building Measures in Asia (CICA), the Shanghai Cooperation Organisation (SCO), and now in Afghanistan, are proof of its increasing stature and hegemony.

The USA continues to be the largest provider of security to the region, but not of the economic support it had provided in equal measure earlier. Notwithstanding its pivot to the Asia-Pacific announced in 2011 to enhance its security engagement with the region, US power is in relative decline, as multiple centres of power emerge to challenge the existing order.

Japan has amended its Constitution under Prime Minister Abe, allowing its forces to act abroad under certain conditions. It is to provide coastguard vessels to Vietnam and Philippines. Its navy now participates in the Malabar exercises, along with the US and Indian navies. Then, there is a more assertive Russia under President Putin also bolstering its presence in Asia.

With its growing economic, military and maritime power, China has entered into strategic competition with the USA in the region, thereby putting increasing pressure on the current regional order crafted and supported by the USA.

Thus, the present regional economic and security architecture requires to be modified in a manner which will help bridge differences, and promote peace, stability, and economic prosperity. Towards this end, it would be desirable *not* to pursue traditional balance of power arrangements through alliances, but instead bring countries together in the creation of an open, inclusive and rule based structure in the region, a structure which respects international law, UNCLOS, and the freedom of passage in the high seas and global commons.

India today seeks cooperation with other likeminded countries in shaping such a regional architecture. While it itself believes in democracy and the rule of law, India does not seek to interfere in the internal affairs of other states. Sitting atop the Indian Ocean with a modernising navy, India provides security for important SLOCs crisscrossing the ocean as well as protection from piracy and other non-traditional threats. India—which has a strategic partnership with ASEAN—accepts the centrality of ASEAN and its structures and processes in the evolving economic and political architecture of the region. Today, through active participation in ASEAN led fora (EAS, ARF, ADMM++, etc.), and in organisations such as IORA (Indian Ocean Rim Association) and IONS (Indian Ocean Naval Symposium), India is making its own contribution to dealing with contemporary challenges and promoting cooperation in the region. As the second most populous country in the world, with a rapidly growing economy being true to its own principles, India is a force for stability and growth. India has made special efforts to reach out to the countries with interests in the region through its “Act East” policy, especially the USA, Japan, Australia, and ASEAN countries towards realising this objective as also to safeguard its own strategic space.

India hopes that China, in realising its ‘dream’, will not pursue an aggressive policy in Asia to back its territorial claims and other interests but practice moderation and restraint and ensure that its rise is peaceful. India is working towards a concert of Asia with major powers as cooperative and not competitive players. In this objective, the USA, Japan, and other major Asian states will be key partners.



East Asia: Changing Dynamics, Drivers and Options

Rajiv Bhatia*

The dispersion of power, marked by an asymmetrical multi-polarity, defines international relations today. It is moulded by a constantly changing interplay of factors pertaining to the domains of geopolitics and geo-economics. This explains why scholars and observers come up with divergent interpretations of what is happening in the global theatre, and why they are often constrained to revise or even change their evaluations and projections. This reading applies especially to the region of our focus, where perceptions prevalent in end-2016 need to be changed in mid-2017; and this could happen again after six months from now.

Thus, interpreting the meaning and implications of developments in the Indo-Pacific requires a combination of humility, tentativeness, and collective wisdom. A single expert, with a blindfold placed on his eyes, may be able to identify the tail or foot of the proverbial elephant, but not the entire elephant itself!

Defining the Region and the Time Frame

'Indo-Pacific' is a term or concept that seemed rather new, even strange, five years ago, but it is accepted more widely today. Differences among experts widen when it comes to defining its geographical contours. Does it cover the vast areas stretching from the Suez Canal in the north and the eastern seaboard of Africa to Australia and Japan? Or, does it merely contain South Asia, more specifically India, and the area east of it up to the western Pacific? My preference is for a narrower definition as long as an inextricable linkage of the security-development matrix of the Pacific Ocean and the Indian Ocean is recognised.

However, to respect the ultra sensitivity of some to the use of the phrase 'Indo-Pacific', one may prefer using a more neutral, precise, and acceptable phrase: East Asia Summit Region (EASR) or East Asia for short. The East Asia Summit (EAS) comprises 18 countries: ten member-states of ASEAN; the USA and Russia; China, Japan and the Republic of Korea; and India, Australia, and New Zealand. Our aim is to examine how these nations, big and small, relate to each other in addressing the region's opportunities and

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challenges amidst a fast-paced change of a bewildering, if not disruptive, nature.

A word about the time frame may be in order here. In presenting a critical analysis, one needs to keep in mind the major trends of the past decade, starting from the financial crisis of 2008. This decade witnessed the decline of the West and the rise of Asia; the sharpening of a US-China strategic contestation; the eruption of South/East China Sea as a major flashpoint in 2012; the emergence of strong leaders (Xi Jinping, Shinzo Abe, and Narendra Modi); and the changeover from the Obama era to the Trump age in the USA, with immense and unpredictable effects on the region. The OBOR Summit in Beijing in May 2017 showcased China's ambition and long-term goals of dominance, if not hegemony. Yet, in contrast, the Trump Administration's strategy on East Asia remained shrouded in ambivalence. Whether Washington plans to contest China's new and growing assertiveness or cede space to it in the coming years is a question that demands a clear answer.

Global Scene Impacts

East Asia does not exist in a vacuum; it is impacted by developments, currents and cross-currents in the other geographies. On the political side, deep fissures within the Atlantic alliance; Brexit; immigration and other challenges faced by Europe; and a severely strained relationship between USA and Russia on the one hand, and Europe and Russia on the other represent a set of compelling realities that seems to shift international attention away from East Asia. Increased turbulence in West Asia, with its recent manifestation in the deepening divide between Saudi Arabia and Iran, and the harsh measures against Qatar taken by the Gulf States and Egypt have reduced somewhat the reputation of East Asia as the most happening theatre in the world.

On the economic side, East Asia cannot be immune to the recent assaults on globalisation. As the original votaries of free trade and the virtues of a globalised economy showed a lack of faith through their 'America First' and similar mantras, China and others came forward to affirm their belief that the march towards globalisation was unstoppable. This phenomenon, driven by the market and technology, is here to stay, though it may need a course correction. In a similar vein, as President Trump announced America's withdrawal from the Paris Agreement on Climate Change, perceptions grew that, despite heavy odds, China, India and Europe would have to take the mantle of leadership in the vital struggle for sustainable development in the coming years.

Thus, East Asian relationships are getting shaped and reshaped by these and other global trends.

East Asia's Top Table

While the role of the other players cannot be ignored, four powers sit at the politico-diplomatic high table that guides the destiny of East Asia today. Of the four, two are more dominant (the USA and China) than the other two (India and Japan). Inter-relationships among the four become crucial determinants for peace, security, and prosperity in the region.

For many years, US-China ties have been marked by a paradoxical combination of a strong mutual dependency in the economic domain and a deep rivalry and antagonism in strategic terms. President Obama's policy of 'pivot'/'rebalancing' comprised several elements— the deployment of 60 per cent of America's global naval assets in the Pacific by 2020; diplomatic backing for ASEAN on South China Sea (SCS)-related issues; a strategic partnership with India; the strengthening of alliance ties with Japan and others; and pushing for the expeditious finalisation of the Trans-Pacific Partnership (TPP). In the last two years of the Obama presidency, the implementation of this policy left much to be desired even as China kept increasing its influence and authority, and showed its national will to defy the dominant power. In particular, Beijing's categorical rejection of the adverse award by the Permanent Court of Arbitration (PCA) Tribunal on SCS and the US failure to organise and lead the opposition did not go unnoticed.

In this light, President Trump's anti-China rhetoric during the presidential election campaign and his initial statements and actions as President, led many observers to conclude that he would be tougher (than his predecessor) towards China. All this changed dramatically following the Trump-Xi Summit held in April 2017. The Chinese offered to address the problem of massive US deficit in trade with China. The USA leaned on Beijing to put pressure on North Korea to desist from its aggressive nuclear and missile programme, thus signalling that the key issue of the region was no longer the South/East China Sea dispute but the grave security situation in the Korean Peninsula. Since then, the US-China equation has been passing through a happy phase, although lately Washington's dissatisfaction with China's inability to deliver a settlement concerning North Korea has begun to be articulated.¹

The new administration has lost no time in announcing the US withdrawal from TPP, thus effectively killing it. It has also declined to reaffirm its faith in other facets of the 'pivot'/'balancing' strategy. Thus, while the short-term

prospects for America's relations with China looked good in mid-2017, this could well change later. Experts have suggested taking a historical and long-term view of this critical relationship. Three recent analyses broadly present the view that a fundamental clash of interests between the US and China in the Asia-Pacific theatre exists, and would need to be addressed in the interest of the region and the world.²

Meanwhile, Washington has moved swiftly to reaffirm its close alliance relationship with Japan, assuring it of full support for its security in terms of existing treaty commitments.

With India, though, it allowed five months to lapse (since President Trump's swearing-in), generating much questioning and some apprehension as to whether the Bush-Obama policy line of strengthening the strategic partnership, reinforced by the joint strategic vision for the Asia-Pacific and Indian Ocean Region announced on 25 January 2015, would retain its relevance or be compromised. The build-up to the Trump-Modi Summit on 26 June 2017 was, therefore, imbued with considerable uncertainty, particularly from New Delhi's perspective.

However, the summit has led to a notably productive outcome. The two leaders have identified specific common objectives, one of which is "promoting stability across the Indo-Pacific region." It portrays the USA and India as "Democratic Stalwarts" and "responsible stewards in the Indo-Pacific region", [and the two countries] agreeing that "a close partnership between them was central to peace and stability in the region." They have affirmed their commitment to a set of common principles, including respect for freedom of navigation, over flight and commerce, and called upon other nations in the region to adhere to them. This is no doubt meant to be a clear signal to China as well as the international community that Trump's America and Modi's India would collaborate closely to counter China's rising influence and its tendency to violate international law. The coming months may show how this joint commitment is translated into action.

Nevertheless, from China's point of view, equations at the top table could not have been better in mid-2017: the US had been 'turned around' to become more conciliatory and less confrontational; Japan was nervous and in a more friendly mood than before, notably sending a senior representative to the OBOR Summit in Beijing; and India adopted a softer tone at the Xi-Modi meeting at Astana on 9 June 2017, after the preceding 18 months that were marked by serious stress in India-China ties.

As regards India-Japan relations, they remained strong and multi-dimensional; but a perception grew that the next summit between their leaders in late 2017 would need to cement the strategic aspects of the relationship, given significant changes in the US approach towards East Asia and the positive phase in US-China relations.

Role of Other Players

As China's assertiveness in regional affairs has grown consistently since 2012, the concept of ASEAN 'centrality' in East Asia has come under serious scrutiny. Even as ASEAN re-invented itself as a 'Community' with three pillars (political-security, economic, and socio-cultural) in end-December 2015, its unity on the crucial SCS question and China's actions in violation of the international law and UNCLOS lay in ruins. Both within and outside ASEAN, it was noted that if the regional grouping eroded its unity and solidarity, it could no longer credibly claim to be the central player in the region. The Philippines symbolised this shift dramatically: it took China to PCA on the SCS dispute; it secured a favourable award; but due to political change in the meantime, it chose under President Duterte the path of conciliation with China. As the current chair, the Philippines succeeded in guiding ASEAN to show a friendlier inclination towards China, and to resile from its earlier principled position. A diluted framework agreement on the Code of Conduct on SCS, apparently cleared at the senior officials' level and now awaiting political approval, demonstrated that ASEAN's hedging tendency was in full flow.

The other four players and members of EAS are: Russia, South Korea, Australia, and New Zealand. In comparison to those sitting at the region's top table, this foursome has a limited role to play. Russia's principal focus has been on the Eurasian region. It has, nevertheless, indicated limited support for China in East Asian affairs, commitment to maintain cooperative relations with Vietnam, and some interest in improving ties with Japan. The Republic of Korea, noted for its economic achievements and influence, remains bogged down in its internal preoccupations and those relating to its security in view of North Korea's unpredictable adventurism. Australia exhibits serious interest in security and balance in the Indo-Pacific region. But, it seems to be struggling to reconcile its need for close economic relations with China and for strategic comfort from its alliance with the USA. While China's economic diplomacy is proving to be too assertive, the US approach toward Australia is rather passive at present. New Zealand broadly follows Australia's lead.

Facets—both positive and negative—of evolving relations among the powers in maritime Asia are reflected in what their Navies do. They are all busy strengthening themselves, and are engaged in a constant cycle of cooperation, competition, rivalry, and power projection. This inevitably produces “security dilemmas where one country’s defensive measures seem to justify the neighbour’s responses in an endless chain of action and reaction.”³ An undeclared arms race, naval exercises involving the Navies of two or more nations, growing tensions, episodes of use of force, threat of use of force or coercion, and growing stress on the need for maritime security are all becoming regular features of the 21st century Asian drama.

Thus, overall, East Asia remains a region where inter-state equations are changing; positions of players on key issues are shifting; and regional institutions such as ASEAN, ASEAN Regional Forum, and EAS, despite their endless endeavours, are still unable to craft the way out from the unfolding transition.

Options for India

The foregoing analysis points to the imperative need for a careful review of India’s Act East Policy with a view to sharpening its effectiveness and impact at a time when the strategic environment has changed significantly in the past three years. The debate about the macro thrust of Indian foreign policy centred on Non-alignment, strategic autonomy, multi-alignments and omni-directional engagements would continue; but the specific question to be addressed here is: what should be India’s China policy in the context of a fast-changing East Asia?

Theoretically, three main options are available.

First, one may recognise that a Sino-centric Asia is inevitable now. If so, India may seek maximum accommodation with China by focusing on economic cooperation and restricting differences on political and security issues to the optimal extent. The message is: be as flexible with China as possible.

Second, one may start with the safe assumption that a fundamental clash of interests, perspectives, and values between China and India is unavoidable. The gap in military and economic strength and overall Comprehensive National Power (CNP) between the two Asian powers is huge and expanding. Diplomacy is unable to bridge their core differences. It is apparent that China is unwilling to respect India’s fundamental concerns; hence there is little choice except to

be tough and assertive. The message is: be firm, strong and confrontational because that is the only language power-driven China understands.

Third, one may attempt to craft and adopt an essentially realistic and pragmatic policy—one of calibrated conciliation with China. It should be composed of the following four elements:

- Accelerate endeavours to enhance India’s military and economic capabilities, and develop national consensus on our China policy.
- At the Track I level, pursue convergences with China while downplaying divergences. This will involve ensuring that all ‘differences’ do not become ‘disputes’; dialogue on resolving ‘disputes’ goes hand in hand with efforts to build mutual cooperation at bilateral and multilateral platforms; and strategic communication, especially at the highest political level, is kept clear of acrimonious exchanges. (The last point underscores the need to create new channels of communication below the Head of State/ Government level, and above the bureaucratic level.)
- Deepen strategic partnership with the USA as well as with other like-minded powers in the region: Japan, Vietnam, Singapore, Australia, and Indonesia and, to a lesser degree, Myanmar, South Korea, and Malaysia.
- Keep strengthening ASEAN, urging it to safeguard its unity and coherence, its traditional preference for maintaining regional balance; and expand its economic and security cooperation with India.⁴

On the basis of a careful study and understanding of developments so far, and the direction the region is likely to take in the foreseeable future, the third option delineated above seems to be the viable one.

Notes :

¹ Please see, “Trump says China tried but failed to help on North Korea”, *The Tribune*, 25 June 2017.

² Graham Allison, *Destined for War: Can America and China Escape Thucydides’s Trap?* Houghton Mifflin Harcourt, 2017. Allison’s core thesis is that unless China is willing to scale back its ambitions or Washington can accept becoming number two in the Pacific, a trade conflict, cyber attack, or accident at sea could soon escalate into all out war.

Ashley J. Tellis, “Protecting American Primacy in the Pacific”, Testimony to the US Senate Armed Services Committee, 25 April 2017. His conclusion is that the US should view China not merely as a regional but as an emerging global strategic competitor.

Robert S. Ross and Jo Inge Bekkevold (eds.), *China in the Era of Xi Jinping*, Georgetown University Press, 2016. A major conclusion of the study is that inter-dependence with the global economy may contribute to China’s “peaceful rise” strategy; but US-China economic relations have not yet reached a level of complex interdependence. Hence, in between harmony and war exists a wide range of policy options, including far more coercive Chinese diplomacy.

³ Geoffrey Till, "Small Pond, Big Navies: Managing Competition in Maritime Asia", 2017 *Raisina Files*, ORF, New Delhi.

⁴ External Affairs Minister Sushma Swaraj observed in a public address: "India has been working with ASEAN towards evolving regional security architecture in the Asia Pacific that hinges on emphasizing the peaceful settlement of disputes, finding collaborative solutions to emerging and non-traditional challenges, and support for the centrality of ASEAN", 22 June 2017, at http://www.mea.gov.in/Speeches-Statements.htm?dtl/28550/Keynote_Address_by_External_Affairs_Minister_on_ASEANIndia_Partnership



Policy Uncertainty Unlikely to Abate

Yogendra Kumar*

The expression 'Indo-Pacific' is currently being used in three different ways by the Americans. 'Indo-Pacific' is essentially used to mean the eastern Indian Ocean as well as the Pacific Ocean which is the US Pacific Command's (PACOM) area of operation. The 'Asia-Pacific', on the other hand, is taken to mean South-east Asia and East Asia along with the Pacific Ocean which is also, broadly speaking, the PACOM's area of responsibility even as it includes continental landmass and populations which remain an important focus of US policy of creating a security system in this vast area. 'Indo-Asia-Pacific', yet another phrase, is a mix of the above two expressions which includes the oceanic waters as well as the East Asian landmass. The use of 'Indo' in these expressions also reflects the US desire to involve India in the maintenance of the strategic stability in the area mentioned.

For the purposes of the current debate, the term 'Indo-Pacific' needs to include the entire Indian Ocean region as well as the Pacific Ocean – or, rather the Western Pacific Ocean – and the different seas covered therein. Proceeding therefrom, one can think of 5 sub-regions, i.e., the western Indian Ocean including the Persian Gulf as well as the Bab El Mendeb, eastern Indian Ocean, the South China Sea, East China Sea, and the Western Pacific up to Guam.

Regional Characteristics

These broad categories need to be enumerated because they have their own dynamics and regional governance mechanisms, some of which may be overlapping but are not inter-locked. These sub-regions have their own power relationships amongst the 'local' and 'resident' powers. The challenges to the sub-regions are largely similar, but they do not necessarily have identical drivers which are mostly rooted in regional geopolitics.

The enduring challenges driving sub-regional geopolitics include climate change, oceanic degradation, jihadist terrorism, transnational crime, piracy, human trafficking, and instability due to state or sub-regional fragility. These challenges are serious and, in certain instances with shortening time horizons,

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could gravely undermine any attempt to foster a regional security order if they are not handled in a timely manner and on a collaborative, multinational basis.

These characteristics are also overlaid by regional and global power contestation, manifesting in accumulation, by the stakeholder countries, of hard power capabilities for the deployment of compellence diplomacy. These trends take the form of military build-up, especially naval, including submarine platforms, missiles which are often nuclear-capable as well as offensive cyber capability. Oceanic chokepoints are particularly the focus of their attention, with the blocking of these chokepoints, indeed, being the keystone of the grand strategy of many countries.

Key Strategic Developments

What are the key trends? One, of course, is an assertive China, with growing geopolitical ambitions as manifest in the One-Belt-One-Road (OBOR) – or the Chinese official nomenclature ‘Belt and Road Initiative’ (BRI) – and its maritime dimension often expressed as ‘Maritime Silk Route’ (MSR). The other aspect of this assertiveness is Chinese activities in the East China Sea as well as the South China Sea. This has raised tensions with littoral countries, with consequent wider anxieties about freedom of navigation and overflight. The rapid accumulation of the capability to break out of the so-called ‘First Island Chain’, represented by Japan and Taiwan and the Philippines, portend a shift in balance of power, undermining USA’s ‘spokes-and-wheel’ regional security framework. Pursuing its new military strategy, published in May 2015, China is building an expeditionary capability, involving all the components of its armed forces, to protect its overseas interests in far-flung areas.

The other key trend is the nationalist policy of the Japanese leadership, with Prime Minister Abe at the helm. It aims to counter-balance China by building its naval and Coast Guard capabilities. It also has concerns about the nuclear and missile plans of the current North Korean regime where Japan is, practically, in its missile range. However, this does not extend to US territories except Guam. Chinese vessels entering the Senkaku waters are a constant flashpoint between the two countries.

South Korea’s current leadership’s policy is conciliatory towards North Korea, unlike that of previous President Park Geun-hye. Yet, it is presently under pressure in its key bilateral relationships, be it China (which has placed sanctions on it for the deployment of the THAAD anti-missile batteries), or Japan (suspicious of its accommodative stance whilst itself feeling the heat

of the North Korean missile and nuclear programme), or the USA (from where it perceives mixed signals at the very top despite assurances from the US state and defence departments).

The current Australian Prime Minister, Michael Turnbull, has adopted a strong anti-Chinese stance as witnessed at the most recent Shangri-La dialogue which provoked strong response in the Chinese media. Observers are watching the extent to which the rhetoric translates into a capability. The Australian White Paper (February 2016) reveals a certain ambivalence regarding China: this was evident in the decision, with the clearance of the Ministry of Defence, to offer a 99-year lease on the port of Darwin to China. Since it was designated for the rotation of US marines, it led to consternation in the top US leadership.

The ASEAN-created strategic framework is somewhat shaky, and the old euphoria about the organisation being in the driving seat to maintain it not only in the South China Sea region but also in the larger Asia-Pacific area, seems to be over. The growing Chinese naval and military capabilities in the South China Sea (due to extensive infrastructure building in the Spratlys and the Paracels) as well as the strong trade and economic ties with its member countries (with a significant investment/credit component) make it difficult for them to take a strong-anti-China stance, thereby weakening the cohesion of the organisation. It has adopted a low key approach on the Spratlys issue despite favourable PCA (Permanent Court of Arbitration) judgment in favour of the Philippines' – a stance which, nevertheless, is expected, in the perception of several key members, to lead to the strengthening of the CBMs in the region, and the possibility of the conclusion of a Code of Conduct for the South China Sea between China and ASEAN. Their current stance might have been based on their experience on the circumstances leading to the 2002 Declaration of Conduct in the South China Sea between the two sides, wherein that document was signed in the wake of heightened military tension over the Spratlys dispute. The domestic difficulties of several ASEAN countries are also impacting the larger regional stability as well as organisational cohesion, the latest being the Philippines' military operations in the Marawi city against ISIS-affiliated groups which are being seen as a threat to the larger regional security.

Although a certain lack of trust between the USA and its allies in East Asia – Japan as well as South Korea – has been evident even earlier, especially during the last phase of President Obama's term, the advent of the Trump administration has increased the element of uncertainty due to conflicting signals from the new President and his key cabinet officials. The US pressure on North Korea, especially in regard to its nuclear and missile programmes,

has been projected as signifying an end to ‘strategic patience’—although the unfolding of this approach does not seem to be very reassuring to either the Japanese or the South Koreans, given the North Korean accelerated missile tests after the US leadership change. President Trump claimed success because of North Korea’s decision against the nuclear test ostensibly under US pressure. Similarly, in the case of the South China Sea, the Trump Administration’s approach, despite highly combative statements of the Secretary of State and the Secretary of Defence, was not seen as reassuring because the White House has been overruling Pentagon proposals for the ‘freedom of navigation patrols’ (FONOP) in the South China Sea.

At the same time, the extraordinary haste of the US in deploying the THAAD missile batteries in South Korea during the period of domestic political uncertainty is indicative of the continuing US pursuit of its strategic interest in ‘containing’ China – but in an atmosphere lacking clarity regarding its current strategy. It is not yet clear as to the extent to which the US can restore the strategic balance there to reassure its traditional allies. The experience so far has been that US policy, reflecting the personality of the President, is transactional and tactical, with a certain eagerness to claim victory to mitigate the conflicted domestic circumstances of the Presidency, although there are still no signs that the US is willing to alter the strategic stance in the Far East and South-East Asia which it had inherited from the preceding administrations.

The undercurrent of US tensions with China has once again surfaced following the disappointing outcome of the inaugural U.S.-China Diplomatic and Security Dialogue (D&SD) (21 June 2017), the imposition of US sanctions against a Chinese bank with links with North Korea, and the US announcement of the sale of weapons (missiles and torpedoes) worth US\$ 1.4 billion to Taiwan. On 24 May 2017, in a reversal of the Trump administration’s earlier policy, a US warship carried out a FONOP sailing within 12 nautical miles of the Mischief Reef to challenge the Chinese claim on this feature. Moreover, two US carrier-based task forces are still in the vicinity of North Korea.

A geo-strategic contestation is beginning to unfold in both the eastern and western Indian Ocean regions. It is driven by tensions of the adjacent waters spilling over into the Indian Ocean from both sides as well as the sensitivity of countries to protect the SLOCs (Sea Lines of Communication) in the absence of any ground rules for them. The Gulf regional and the wider Middle Eastern orders are experiencing an unhinging which has a critical maritime dimension. Various regional governance mechanisms lack the capacity to address the attendant challenges. A significant balance-of-power issue with an existential

aspect, on which India would have to find its own strategic approach, is being witnessed in the widening fault lines in the Gulf region. For India, Pakistan remains a perennial issue, and the growing sea-based threat, including Pakistan's declared policy of placing its nuclear weapons on its sea-based platforms, also has balance-of-power implications for the country as well as the region. India's stakes could not be higher in the unfolding events in the Gulf region involving Saudi Arabia, Iran, Iraq, UAE, and Qatar. Rather, the unfolding situation has been best summed up in the following:

The underpinnings of geopolitics have splintered so much in the past year that the foundations of global order appear alarmingly weak... The strategic earthquakes have created a situation in which world leaders are in a constant state of crisis control. (Strategic Survey 2016: The Annual Review of World Affairs, IISS, London: 2016)

India's Options

Notwithstanding the pro-US tilt perceived by its key interlocutors as a decisive foreign policy shift, India is in a wait-and-watch mode with the advent of the new administration, especially with regard to the clarity of policy towards China and Pakistan. These concerns include the expanding geographical spread of China's BRI projects in its neighbourhood, especially the CPEC, which raises sensitive sovereignty issues. Its maritime military doctrine, not official policy but having official blessings, envisages an enhanced naval role in the Indian Ocean and elsewhere. Yet, uncertainty remains in terms of India balancing its strategic interests with regard to the PACOM's area of operations and those of CENTCOM and AFRICOM.

What are India's options? A reasonable assumption is that policy uncertainty is unlikely to abate, and hedging is very much the 'normal' now: if it applies to US policy, it applies to China as well. In the case of China, its strategic reach could itself become a factor of uncertainty, including its ambitious BRI vision. Several aspects of the vision contribute to this uncertainty: the inefficiencies of the Chinese economy are being exported through these projects; their questionable economic viability will generate a pushback from within the Chinese system as well as in the recipient countries; and, the location of these projects in areas of chronic instability with local anti-Chinese sentiment would generate resistance in the increasingly 'middle class' Chinese society. In contrast, albeit slow and protracted, India's connectivity schemes – the latest being the ASEAN-India-Africa economic corridor with the involvement of the African Development Bank – have better

economic viability. And, with money and expertise from other key investors, especially Japan, this proposed corridor could be a more attractive model for many recipient countries. These envisaged projects – covering the Indian Ocean, the Gulf region and the South China Sea – aim at inclusive economic growth rather than being appendages as the BRI projects are for the Chinese economy.

India needs to continue its policy of deeper engagement in the maritime sphere, given its largely benign image and the commitment, as expressed in Prime Minister Modi's SAGAR speech, to regional economic integration. The government's flagship SAGARMALA programme involving the construction of ports and SEZs around them needs to be integrated into the India's policy for the wider Indian Ocean region. Thus, the Indian Ocean region presents an opportunity for shaping this maritime order into an open, inclusive, and equitable one. This would also facilitate the tapping of the full potential of India's own 'Blue Economy'. The fostering of an Indian Ocean maritime order, which Prime Minister has envisaged as giving everyone a stake, would require the commensurate and timely development of maritime capabilities (including the Navy and Coast Guard) as well as regional organisations such as IORA (Indian Ocean Rim Association) and IONS (Indian Ocean Naval Symposium). As the foregoing paragraphs show, the window of opportunity may not be open indefinitely. At the same time, India's desire to play an extended regional role is getting support from its traditional friends in the USA, Japan, and elsewhere.

India needs to continue its regional relationship-building for 'balancing' China. This involves greater investment in ASEAN as well as in the other East Asian mechanisms; it also depends on pushing through regional connectivity projects which can be the key to impacting the strategic landscape favourably. The Modi-Trump Joint Statement (27 June 2017) describes the two countries as "responsible stewards in the Indo-Pacific region... A close partnership (of the two) is central to peace and stability in the region..." This 'balancing' would be contributed through close naval and coast guard partnerships with the South China Sea littorals, as well as with the USA, as they give the Indian Navy access to the Chinese mainland abutting this sea. The Chinese navy's power projection capabilities are still limited in the Indian Ocean, with the prevailing maritime order not being favourable to it.

Activism is required in the Gulf region, and Indian diplomacy is becoming quite intensive there. As China has played a low-key diplomatic role in contrast with other great powers, there may be scope for consultation with China to, possibly, mitigate these adverse trends. India often hears complaints from western countries that, despite its growing stakes in the Gulf and the

wider Arab peninsula, it is not contributing to its security, and is more of a 'freeloader'. The same complaint is directed towards China. The dilemma here is that the current destabilising strategic trends in this region are driven by the Western countries', including US geopolitical ambitions –to which India is expected to contribute. Given India's high stakes and its strategic partnerships straddling the fast widening Gulf fault lines, the diplomacy to enhance regional stability as well as to nurture Indian strategic stakes would require nimble footwork.

India and Shifting Power Equations in the Indo-Pacific

Chintamani Mahapatra*

The worldview of the Trump administration appears drastically different from that of his predecessors. The way President Donald Trump has demanded defence burden sharing from NATO allies is unprecedented. His first foreign visit to Saudi Arabia too was unexpected. More unsettling, of course, has been the way Donald Trump as the presidential candidate, the president-elect and as the new president in the Oval Office, has expressed his views on friends, foes, and partners of the United States in the Indo-Pacific region.

As the presidential hopeful during the election campaign, Trump asked Japan and South Korea to fend for themselves, even if it required of them to build their own nuclear arsenal. He did not want to extend the conventional US nuclear umbrella to them for cheap. He criticised China for its indulgence in unfair trade practices and threatened trade war, if that would be necessary. He had a few nice words to speak about India, but his “America First” utterances did unnerve the Indian software industries.

Donald Trump, the President-elect, surprised the world and shocked the Chinese by conversing with the Taiwanese President on telephone—an act that was the first in decades since the United States in 1979 upheld the one China policy and regarded Taiwan as part of the mainland. The Australian Prime Minister was unable to directly contact Trump over the phone and had to seek the help of a famous Australian golf player to connect with the American President-elect.

Soon after entering the Oval Office, on his very first day in office, Trump carried out a campaign promise and trashed the Trans-Pacific Partnership of his predecessor. The pivot to Asia concept, which subsequently got the nomenclature of “Asia Rebalance” of the Obama administration, was shrouded by a new dark cloud of the new US administration. Since Trump did not utter these terms in his remarks, it was clear that he would abandon President Barack Obama’s famous “Asia Rebalance” strategy. There was no indication at all about any new strategy of the US towards the Indo-Pacific region.

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Given the prevailing uncertainty over the strategic engagement of the US after Trump's victory in the presidential election, the Japanese Prime Minister Shinzo Abe rushed to New York to meet the president-elect. He apparently got assurances that the US-Japan strategic alliance was there to stay and that Tokyo did not have to worry about its security, including nuclear threat of any kind.

China was no less anxious to know Trump's real intentions and President Xi Jinping landed in the US to meet with him. While the outside world saw Trump's style of strategic messaging in informing Xi during his dinner conversations that the Pentagon had ordered raining down missiles on Syria, Beijing interpreted it as a grand and successful summit. The Chinese government quietly appreciated candidate Trump making unpalatable statements about Japan and South Korea and anticipated gain for China under a Trump administration. However, a spell of shock went down the spine of the Xi regime when Trump first held conversations with Taipei and not Beijing. China, moreover, must not have missed the sailing of US warships within territorial waters claimed by China, in the South China Sea.

While there were some movements, positive, negative or neutral, in the US relationships with China and Japan, the future of the Indo-US strategic partnership was completely in the dark. On the basis of signals sent by the Trump administration through statements, tweets and news coverage, reactions in India were rather grim about the prospects of carrying forward the Indo-US strategic partnership painstakingly built by successive governments in New Delhi and Washington since early 21st century. Of particular concerns were Trump's immigration policy, H1B visa restrictions, "America First" protectionism, and warnings issued to outsourcing companies to hire American workers. However, these were basically bilateral issues.

On the big picture scene, apprehensions were mainly about Trump's approach and strategy towards the larger Indo-Pacific region. Momentous changes were unfolding in this region: relative decline of the US influence, expanding Chinese influence and strategic assertions, instability in oil-rich West Asia and its impact on energy insecurity in the Indo-Pacific, and the persistent non-traditional security threats, including terrorism.

India's strategic interests had converged with that of the US, and the Bush and Obama administrations had constructed an innovative structure of cooperation with India for maintenance of peace and stability in the Indo-Pacific. The uncertainty shrouding Trump's national security policies affected the Indian thinking and doubts invaded security analysts in India over the

continuity of the US-India strategic partnership. India was regarded as a linchpin of America's pivot to Asia policy during the Obama administration. In a joint statement issued after the Modi-Obama summit, the South China Sea was especially mentioned and the two leaders called for respect for international law and the principle of freedom of navigation. While India was reticent over its characterisation as a "linchpin", the 2015 joint statement was so far the boldest step on an issue that directly involved China.

Would Trump endorse the idea of making India an important part of the Indo-Pacific strategy? If he does not, then what kind of impact would it have on India's own initiative to implement an "Act East" policy and strengthen its naval deployments in the larger Indian Ocean region? How would it affect India's relations with Japan, Australia, Vietnam and a few other countries of the Indo-Pacific region? Would it then encourage China to be more aggressive in asserting its sovereignty on areas claimed by several other nations as well? There were no clear signals that President Trump would not abandon the age-old commitment to the peace and stability of a region that has been consistently critical to American economy and hence, national security.

However, things began to change with the visit to this region by the American Vice President Mike Pence. His statements and engagement schedules in various capitals, such as Tokyo, Seoul and Djakarta underlined the importance of this region to US interests. But then India was not in his itinerary, and he said little about India in his maiden Asia-Pacific tour. Consequently, when the Indian Prime Minister's first summit with the US President was scheduled in June 2017, no one could predict the outcome of this meeting. Foreign policy pundits and commentators were almost tight lipped about it or shot trial balloons in their remarks and observations.

One of the key takeaways from the first Modi-Trump summit, however, was removal of many doubts about the durability of the Indo-US strategic partnership in general and the future strategic cooperation between the two countries to maintain peace and stability in the Indo-Pacific region.

It is important to underline that, while walking away from Obama's Asia rebalancing policy, the Trump administration soon tried to erase impressions that Washington would neglect this region. In May 2017, it endorsed a proposal made by Senator John McCain and launched the "Asia Pacific Stability Initiative" and the Pentagon devised a five-year plan to spend \$7.5 billion to strengthen US military presence in this region.¹ China's growing military power and regional assertiveness, coupled with the rising threat posed by North Korea, provided the justification for this initiative.

While this initiative aimed at silencing voices in the Asia Pacific articulating Trump's neglect of the region, the US Press Secretary soon hinted that developments in the Indian Ocean region too were important and said that in the Modi-Trump summit in June would figure, among other issues, cooperation, "including counter-terrorism, defence partnership in the Indo-Pacific region". Ahead of Prime Minister Modi's visit to Washington, even the US Secretary of State Rex Tillerson, in his conversation with Foreign Secretary S. Jaishankar, had said, "The Prime Minister's visit will strengthen ties between the United States and India and advance our common interest in fighting terrorism, promoting economic growth and prosperity, and expanding security cooperation in the Indo-Pacific region".

All these feelers were more clearly reflected in the joint statement issued after the Modi-Trump Summit in June this year. The key portion underlined Indo-US cooperation in the Indo-Pacific region by stating that "a close partnership between the US and India is central to peace and stability in the region". It reiterated "the importance of respecting freedom of navigation, over flight, and commerce throughout the region". It called upon "all nations to resolve territorial and maritime disputes peacefully and in accordance with international law". It supported "bolstering regional economic connectivity through the transparent development of infrastructure and the use of responsible debt financing practices, while ensuring respect for sovereignty and territorial integrity, the rule of law, and the environment..."

Critics did find something to criticise. They said that South China Sea, unlike that in the joint statement of 2014, was not mentioned. Nevertheless, the key observers of international affairs understand that the Indo-Pacific region included the South China Sea and it is not difficult to decipher which country got the message from the principles mentioned in the joint statement. The joint statement's mention of "freedom of navigation and respect for international law" was about developments in the South China Sea and its support for economic connectivity through "responsible debt financing practices, while ensuring respect for sovereignty and territorial integrity, the rule of law, and the environment" was clear signal to China's OBOR initiative.

China perhaps had got wind of things to come and a little before the Modi-Trump summit, Beijing expressed hope that India and the US would not "disturb peace in the South China Sea" when the Indian Prime Minister and the US President would meet. A Chinese foreign ministry spokesperson had remarked that the situation in the South China Sea was already "cooling down"

with the concerted efforts of China and the ASEAN, and “non-regional countries” should respect such efforts.

China’s reaction after the Modi-Trump summit also vindicates the point how China got the signal from the Indo-US joint statement that did not mention South China or OBOR but spoke volumes about them. An article in the nationalist *Global Times* argued that Prime Minister Modi undertook two measures during his visit to Washington. One was “to seal a weapons deal with the US” and the other was to “strengthen India’s advantage in the Indo-Pacific region to check China”. The article went to the extent of linking the developments in the Doklam sector of the tri-junction of India-China-Bhutan border region with Modi’s trip to Washington and said “Indian troops crossed the undisputed Sikkim section of the China-India border and impeded Chinese workers from building roads a few days before Modi’s visit to the US”.²

However, China’s response to the Modi-Trump meeting was not confined to articles or statements from the foreign ministry officials.

China tested a light battle tank near the Indian border, the People’s Liberation Army conducted live-fire, brigade-level military exercise on the Tibet plateau in the midst of a military standoff at Doklam, and conducted another live-fire exercise to coincide with the Malabar Exercise involving the navies of India, US and Japan. Around the same time China’s 6 Xian H-6 bombers flew near Japanese islands without, of course, violating the Japanese airspace.

China’s reactions are understandable in the wake of an unpredictable leader at the helm of affairs in Washington D.C., a strongman with “out of box” measures to lead India, and a Japanese Prime Minister showing his determination to revive the great power status of Japan. Three developments have taken place since the Modi-Trump summit to indicate Chinese uneasiness and power transition in the Asia Pacific. The first is a shift in India’s approach to handle Chinese highhandedness. India’s decision to uplift economic, diplomatic, cultural and other relations, despite the lingering contentious border issues is perhaps undergoing a re-thinking. China’s position on Indian membership in the UN Security Council and non-proliferation regimes; Beijing’s obstruction in India’s fight against terror masterminds and its backing of Pakistan’s disruptive activities, and its lacklustre approach to balance the trade relations with India have given rise to suspicion over the utility of India’s approach to manage ties with China. The way Chinese troops intruded into the Indian side of the LAC in

the midst of President Xi Jinping's visit to India perhaps forced the Modi government to stand up to China in multiple ways.

The first one is to ensure continuity of the Indo-US strategic partnership. He achieved it in his very first summit with President Donald Trump. To indicate that the joint statement was more than a piece of paper, Indo-US defence cooperation was underlined in the National Defence Authorisation Act (NDAA) 2018, passed by the US House of Representatives on 14 July 2017. This bill aims at increasing defence cooperation with India and maintaining the US "military capability to deter acts of aggression and respond to regional threats".

The second one is to restore trilateral and potentially quadrilateral relations involving India, the US, Japan and Australia. This is manifested in the Malabar Exercises conducted after a few weeks of the Modi-Trump summit.³ This week-long naval exercise in a strategically located region in the Indian Ocean involved the American aircraft carrier USS Nimitz, the Indian aircraft carrier INS Vikramaditya and the Japanese Helicopter Destroyer JS Izumo, the largest ship in the Japanese fleet. Significantly, this exercise took place in the midst of Doklam standoff.

It is also significant to note that when the navies of India, US, Australia, Singapore and Japan conducted joint exercises in the Bay of Bengal in September 2007 and China complained, India withdrew from similar exercises the following year. However, now there are talks about reviving the quadrilateral.

The third measure includes further strengthening the India-Vietnam strategic cooperation. China earlier objected to India exploring oil on the basis of a contract with Vietnam in South China Sea, but it had no issue with Chinese investment in Pakistan occupied Kashmir. The Indian naval chief made a statement that India would protect and safeguard its interests in the international waters of the South China Sea, if needed, but the Chinese assertion was well known.

Although the Indian company exited in 2012 by citing commercial reasons, many in Vietnam believed that Chinese pressure was behind the Indian decision. Significantly, recently, the Modi government had no hesitation to allow Indian companies to go ahead with another contract with Vietnam to explore oil in an area that China and Vietnam contest for sovereignty. Vietnam is a key defence partner of India's Act East policy. While Chinese media often regards the Indo-Vietnamese cooperation with suspicion, India is going ahead with limited arms sales and joint military training exercises with Vietnam.

The fourth measure relates to deepening of defence and security ties between India and Japan. A big bottleneck in Indo-Japan cooperation in civil nuclear technology has been removed and the two countries have been taking active steps to strengthen security cooperation as well as jointly build transport connectivity connecting East and South East Asia with Africa through the Indian Ocean.

Notably, New Delhi and Tokyo have formalised a trilateral strategic dialogue mechanism with the United States first started in 2011. Maintaining a peaceful and stable balance of power in the Asian-Pacific and ensuring peace in the region have been crucial elements of this dialogue. The US, Japan, and Australia also maintain a trilateral dialogue scheme. With the Modi government's participation, India, Australia and Japan held their first ever high-level dialogue in New Delhi in 2015 and it may soon be institutionalised. Effectively, these three trilateral mechanisms may become a quadrilateral forum of democracies.

Fifth, similar steps have been undertaken to expand all round cooperation with Australia in the larger Indo-Pacific region. While "Indo-Pacific" is a relatively new concept in India, it has been articulated in Australia for a much longer time. Besides economic, educational and diplomatic cooperation, defence and security have assumed greater significance in evolving the Indo-Australian ties.

Australian Foreign Minister Julie Bishop's two-day visit to India, close on the heels of the Modi-Trump summit, aims to step up bilateral engagements in a range of key areas, including defence, security, and trade.

Finally, India and the ASEAN are on a path to bolster all-round cooperation that will go a long way in ensuring a peaceful and prosperous Indo-Pacific region. Recently, India hosted the India-ASEAN Delhi Dialogue to commemorate 25 years of Dialogue Partnership. The Modi government's initiative to invite the heads of governments of all ASEAN members to the celebration of the Republic Day parade in 2018 is a right step that will almost certainly boost mutual confidence, enhance trade and investment ties, and deepen security cooperation.

India is "Acting East" and India will be a key player in matters related to peace, security as well as development in the Indo-Pacific region. The changing balance of power in this region is reflected in dynamic interactions involving India, the US, Japan, South Korea, Australia and the ASEAN. No country clearly intends to contain China in the Cold War sense. Nevertheless, all countries have woken up to an emerging reality that shows that China's

“peaceful rise” is no longer peaceful. China has begun to throw its weight about in the South China Sea, the East China Sea, South Asia, and the Indian Ocean, and thus, not-so-quietly, new power configurations are emerging. The US is a relatively declining power. China is a fast rising Asian power. Hence, new equations and deeper intra-regional cooperation are visible involving India, Japan, South Korea, Australia and the ASEAN.

Notes :

¹ <http://time.com/4770196/pentagon-asia-pacific-military-spending/> accessed on 21-Jul-17

² <http://www.globaltimes.cn/content/1054553.shtml> accessed on 21-Jul-17

³ <http://timesofindia.indiatimes.com/india/with-china-in-crosshairs-india-us-and-japan-deploy-largest-warships-for-malabar-exercise/articleshow/59447016.cms> accessed on 21-Jul-17