

INDIA, CHINA AND THE UNITED STATES IN THE INDO-PACIFIC REGION: COALITION, CO-EXISTENCE OR CLASH?

CHAPTER 1

INTRODUCTION

The rise of China and India and the relative decline of the United States (US) has been the subject of increased strategic review and analysis in the last decade. India is growing by over 15 million people per annum and it is predicted to overtake China as the world's most populous nation by 2030.¹ On current figures, China's GDP will overtake the US' within the next decade,² and China holds the third largest share of US debt, at 8 percent, behind only the US Social Security Trust Fund and the US Federal Reserve.³

While for much of the last decade the US has been focussed on wars in the Middle East, China and India have been rising in the Asia-Pacific region, factors acknowledged by the US President during his 2011 declaration of an American strategic 'pivot' to the Indo-Pacific Region (the region).⁴ The US, China and India have all declared, through strategy, an intent to remain diplomatically, economically and militarily engaged in the region, making it a point of strategic intersection. The extent to which they are in coalition, co-existence or they clash in the region could set the agenda for global security in what many nations have dubbed the 'Asian Century'.⁵

But what exactly will constitute the major future threats in the region? This is difficult to predict but there is likely to be fewer wars fought to redesign the borders of nation states and more conflict arising from protection of national interests and

¹ India Online, *India's Population 2012*, available at <<http://www.indiaonlinepages.com/population/india-current-population.html>>, accessed 7 May 2012.

² The Economist, *The dating game*, available at <http://www.economist.com/blogs/dailychart/2010/12/save_date>, accessed 7 May 2012.

³ United States Government, *How Much U.S. Debt Does China Really Own?*, available at <<http://usgovinfo.about.com/od/moneymatters/ss/How-Much-US-Debt-Does-China-Own.htm>>, accessed 7 May 2012.

⁴ Barack Obama, *Remarks by President Obama to the Australian Parliament*, available at <<http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>>, accessed 7 May 2012.

⁵ Australian Government, *Australia in the Asian Century*, available at <<http://asiancentury.dpmc.gov.au/>>, accessed 7 May 2012.

supply of natural resources. The spectre of transnational or non-traditional security threats is gathering momentum; from piracy, offensive cyber activities and illegal fishing through to demographic shifts, water shortages, potential pandemics and the effects of climate change.

This paper will conclude that there are points of national strategic intersection between the three nations in this Indo-Pacific ‘strategic triangle’⁶ that could form the basis for formal agreements, but that a formal coalition between any two of the three countries is unlikely. Co-existence is achievable but there are numerous irritants that may result in clash.

To demonstrate this, the paper will first define the geographic boundaries and outline the importance of the Indo-Pacific Region. It will then analyse the Indo-Pacific Region strategies of India, the US and China and will examine their circumstances and actions through their respective national diplomacy, militaries and economies to determine potential points of agreement and disagreement. The paper will conclude by drawing together the individual national analysis to compare and contrast, outlining the potential areas of coalition and co-existence and the potential tipping points for clash. Finally, it will make recommendations in the interests of regional stability.

Charles Ikins defines the Indo-Pacific as the entire area of the combined Indian and Pacific Oceans and their littoral nation states. While this is an attractively simple definition, the combined area of the Oceans is vast and the strategic interplay complexities in an area of this magnitude are beyond the scope of this paper.⁷

For the purposes of this paper, the Indo-Pacific Region is the area depicted in Figure 1, bounded to the West and East at approximately the 60th and 140th degrees of longitude respectively, to the South by the Southern Ocean and to the North by the nation states depicted. This represents an area of key geo-strategic intersection of the

⁶ Mohan Malik, *China and India: Great Power Rivals*, First Forum Press, Boulder, 2011, p. 375. Malik describes a strategic triangle existing where three powers are sufficiently important to each other and each fears alignment between the other two enough to apply counter measures.

⁷ Charles Ikins, ‘What’s Next in the Indian Ocean’, *Australian Defence Force Journal*, No. 186, Department of Defence, Canberra, 2011, pp. 14-15.

interests and actions of India, China and the US but does not imply exclusion of strategic influences and influencers from outside this specified area.



Figure 1: Indo-Pacific Region⁸

The Indian Ocean has four of the six major maritime chokepoints and serves as a maritime super highway for in-demand energy resources that drive the world's largest economies. Almost 68 percent of India's, 80 percent of China's and 25 percent of the US' oil is shipped from the Indian Ocean Region. While important in its own right, the Indian Ocean's Eastern border with the Pacific is increasingly irrelevant as shifts occur in the global balance and the Indo-Pacific Region grows in geo-strategic significance.⁹

The Pacific Ocean has been the maritime power projection domain of the US for much of the last hundred years. Unlike the Indian Ocean, much of the Pacific is relatively free of major destabilising influences. However, the far Western Pacific has the major strategic friction point of Taiwan and some of the most contested territorial claims in the world.¹⁰

⁸ National Geographic, available at <http://education.nationalgeographic.com/mapping/interactive-map/?ar_a=1>, accessed 15 May 2012.

⁹ Malik, pp. 326-330.

¹⁰ Malik, pp. 326-330.

The combined area of the Western Pacific and the Eastern Indian Ocean, the Indo-Pacific Region, is home to an enormously populous and diverse mix of ethnicities, cultures, political systems, religions and economies, which further complicates its growing geo-strategic importance. This region is the artery that carries the resources fuelling the growth of China's and India's economies, the two fastest growing economies in the world today, and in which the US has declared a permanent future presence.¹¹

India's US\$4.5 trillion GDP in Purchase Power Parity (PPP) overtook Japan as the world's third largest in 2011.¹² While this is telling, more than economic strength is required to achieve the major power status to which India aspires.¹³ A nation's power can be measured, in material terms, through the supporting pillars of its diplomacy, military and economy but it must have a coherent strategy to achieve its desired status, something that many argue India has historically lacked.¹⁴

¹¹ Malik, pp. 326-330; Obama, *Remarks by President Obama to the Australian Parliament*.

¹² Central Intelligence Agency, *GDP Purchasing Power Parity 2011*, available at <www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html>, accessed 16 May 2012.

¹³ Baldev Raj Nayar & T.V. Paul, 'India in the World Order: Searching for Major-Power Status', *Contemporary South Asia* 9, Cambridge University Press, Cambridge, 2003, pp. 1-9.

¹⁴ Ashok Behuria & Smruti Pattakaik & Arvind Gupta, 'Does India Have a Neighbourhood Policy?', *Strategic Analysis*, Vol. 36, No. 2, March 2012, pp. 229-230, p. 240; Ashok Kapur, 'India – From Regional to World Power', *India in the Modern World*, Routledge, London, 2006, p. 17.

CHAPTER 2

INDIA IN THE INDO-PACIFIC REGION

'As rising nations...become more powerful, emerging risks require greater attention...India remains conscious and watchful of the implications of China's military profile in the immediate and extended neighbourhood.'

Indian Ministry of Defence, Annual Report 2011-2012.¹⁵

George Perkovich contends that India falls well short of global power status, evidenced by its inability to influence other major nation states to comply with its objectives.¹⁶ While India has long been a major power in South Asia, can this extend to global status and what exactly are India's objectives and strategy to get it there?¹⁷

According to Ranasinghe DeSilva, India's core foreign policy objectives include becoming the major power in South Asia, further economic development, securing and protecting energy sources that underpin its growth and increasing its global influence to achieve greater international support and recognition.¹⁸ The Indo-Pacific Region is central to achieving its foreign policy objectives, as it is in this region that it will spread influence, source resources and protect against major threats.

India is strategically positioned between South-East Asia and the Middle East, with island territories at the northern neck of the Malacca Strait. Its relatively youthful population of approximately 1.3 billion provides one of the world's largest domestic markets and its economy continues to grow. Despite these favourable conditions, India has struggled to achieve its foreign policy objectives.¹⁹

¹⁵ Indian Government, 2012, *Annual Report 2011-2012*, available at <<http://india.gov.in/outerwin.php?id=http://mod.nic.in/reports/welcome.html>>, accessed 7 May 2012, pp. 6-9

¹⁶ George Perkovich, 'Is India a Major Power', *Washington Quarterly*, Vol. 27, No. 1, Winter 2003-04, pp.129-144, cited by A. Lennon & A. Kozlowski, *Global Powers in the 21st Century: Strategies and Relations*, Massachusetts Institute of Technology, Cambridge, 2008, pp. 3-4.

¹⁷ Robert Stewart-Ingersoll, & Derrick Frazier, 'India as a Regional Power: Identifying the Impact of Roles and Foreign Policy Orientation on the South Asian Security Order', *Asian Security*, Vol. 6, No. 1, 2010, p. 51.

¹⁸ Sergei DeSilva-Ranasinghe, *India's Strategic Objectives in the Indian Ocean Region*, Future Directions International, Perth, 20 October 2011.

¹⁹ Perkovich, cited by Lennon, A & Kozlowski, pp. 3-4; Stewart-Ingersoll & Frazier, p. 62.

Indian Diplomacy

Indian diplomacy has undergone significant change and maturation in the last fifty years. India has moved from a Cold War relationship with the USSR to establishment as a nuclear power, a burgeoning relationship with the US and a shift in its regional relationships based on a new 'Look East' policy.²⁰ There are also indications that Indian diplomacy is moving beyond its pre-occupation with border security, specifically at its North Eastern and North Western land borders with China and Pakistan respectively.²¹ This is evidenced by developing relations with South-East Asia and its maturing diplomatic approach to its traditional enemies, Pakistan and China, and its newest friend, the US.

Ashok Kapur argues that the development of its nuclear capability in 1998 marked a major shift in Indian diplomatic thinking and behaviour. It heralded, he argues, the realisation that India would not develop under a utopian world view based on non-alignment, peace, regionalism and internal security at its borders.²² Since developing its nuclear capability, India began to take control of its national agenda and combine elements of national power. It developed a relationship with the US, conducted 'coercive diplomacy' with Pakistan and responded to China's rise and its arming of Pakistan with a nuclear capability through economic and military development.²³

China

India's diplomatic relations with China have been characterised by tension over their shared border area, specifically the Tibet and Jammu and Kashmir regions, and the Sino-Pakistan alliance that spawned a nuclear Pakistan.²⁴ India's Northern border with China remains an area of contention dating back to China's defeat of India in the border war of 1962.²⁵ India has viewed China with suspicion and distrust since this border clash, in which India suffered what it still regards as a humiliating defeat.

²⁰ Kapur, pp. 1-7.

²¹ Behuria & Pattakaik & Gupta, p.235, pp. 238-241.

²² Kapur, pp. 1-18.

²³ Kapur, pp. 76-83; Raja Mohan, 'Rising India: Partner in Shaping the Global Commons?', *The Washington Quarterly*, No. 33, Vol. 3, July 2010, pp. 139-142.

²⁴ Malik, pp. 38-39.

²⁵ Malik, p. 45.

In recent years, diplomatic and relationship tensions have centred on the power play between these two rising nations, their competition for resources and regional influence and Indian concerns at what it fears are Chinese military, economic and diplomatic efforts to contain it.²⁶ In addition, China has used diplomatic measures to oppose India on a range of issues in a number of fora, including APEC, the Nuclear Suppliers Group the Asian Development Bank and India's bid for a permanent seat on the UN Security Council.²⁷

In a reflection of the growing role of non-traditional security issues, a more recent source of tension between India and China has been the Chinese Great South-North Water Transfer Project. This plans to divert the flow of a number of major Tibetan rivers, upon which India and Bangladesh rely, to irrigate northern Chinese plains. Benjamin Goldsmith contends that their economic interdependence is the major factor preventing a 'water war' between India and China,²⁸ however as a fundamental requirement for human survival, Chinese interference with India's a fresh water supply will remain a major source of tension and a potential clash point.²⁹

Despite their tensions, India shares with China the Five Principles of Peaceful Coexistence as guiding foreign policy philosophy.³⁰ It prefers mutual respect for sovereignty, nonaggression, non-interference in internal affairs, equality, mutual benefit and peaceful coexistence as power balancing measures over the old Cold War system of alliances, proxy's and spreading a dominating economic system and political ideology.³¹ India conducted itself by the Peaceful Coexistence principles throughout the Cold War and up to the declaration of its nuclear capability in the late 1990's, although the Five Principles remain a guiding philosophy.³²

²⁶ Malik, p. 45.

²⁷ Malik, pp. 45-46.

²⁸ Benjamin Goldsmith, cited by Prasant Duara, 'Asia Redux: Conceptualizing a Region for Our Times', *The Journal of Asian Studies*, Vol. 69, No. 4, November 2010, pp. 963-983, p. 977.

²⁹ Prasant Duara, 'Asia Redux: Conceptualizing a Region for Our Times', *The Journal of Asian Studies*, Vol. 69, No. 4, November 2010, pp. 963-983, p. 977.

³⁰ David Fidler & Sumit Ganguly, 'India and Eastphalia', *Indiana Journal of Global Legal Studies*, Vol. 17, Issue 1, Winter 2010, p. 151.

³¹ Fidler & Ganguly, pp. 150-153.

³² Fidler & Ganguly, pp. 147-164.

United States

The development in Indo-US diplomatic relations has been the starkest diplomatic feature of India's rise. Mohan Malik contends that the US has 'tilted' toward India in order to balance China's rise and stagnation in Japan in order to create a stable regional balance of power.³³ It is an apparently odd coupling given India's Cold War relationship with the Soviet Union and the US' Cold War relationship with China. Yet, as a prosperous and ever more powerful democratic nation, India is a natural regional partner for the US. It is a relationship of convenience for the US, one that suits Indian national aspirations and one that fits neatly with India's 'Look East' policy of partnering with 'China-wary',³⁴ nations.³⁵

The Indo-US relationship has been most militarily visible in the Indo-Pacific Region and the developing maritime relationship suits Indian desires to play a lead role in the region.³⁶ India seeks to benefit from US economic and technological knowledge but also the US influence in global fora, specifically to achieve its objective of a permanent seat on the UN Security Council.³⁷

Conclusion

There are few diplomatic points of agreement with China, except responsible fiscal behaviour to ensure prosperity and growth. Major diplomatic friction arises from territorial integrity at their shared land border, opposing views in the UN and Chinese attempts to counter India achieving greater global diplomatic influence. Things might become more difficult if India were to seek greater diplomatic influence in the area to the east of the Malay Peninsula, India has expressed this desire noting that it directly connects an area of primary interest and influences its maritime force freedom of movement.³⁸ The Malacca Strait, as a strategic connector between the Indian Ocean and the South China Sea, is an area of Indian primary interest so it follows that the

³³ Malik, p. 377.

³⁴ Malik, p. 380.

³⁵ Mohan, p. 144.

³⁶ Mohan, pp. 142-145; Malik, pp. 380-381.

³⁷ DeSilva-Ranasinghe, *India's Strategic Objectives in the Indian Ocean Region*.

³⁸ James Holmes, 'Inside, Outside: India's 'Exterior Lines' in the South China Sea', *Strategic Analysis*, Vol. 36, No. 3, May-June 2010, p. 358.

South China Sea would be an area of Indian operational maritime activity and of strategic interest.³⁹ Chinese activity west of the Malay Peninsula, such as the ‘String of Pearls’, attracts Indian ire given the Indian belief in its right to dominate this region.

India’s diplomatic relationship with the US has many agreement points, the key one being management of China’s rise. Despite its refusal to sign the Nuclear Non-Proliferation Treaty, India’s nuclear capability makes it an attractive partner for the US, partly because the US is better able to manage it from within than if diplomatically isolated. Indo-US diplomatic relations are more likely to suffer from US frustration at Indian indecision rather than any surprise shift in Indian diplomatic perspective or behaviour. This new US support has been particularly evident in the accelerated build-up of the Indian military, particularly its blue water naval capability, to counter-balance Chinese regional maritime power aspirations.

Indian Armed Forces

Given India’s policy of Peaceful Coexistence, preoccupation with internal and border security against its traditional enemies and a lack of grand strategy,⁴⁰ it is unsurprising that the development and employment of India’s military capability is not aligned with its overall national objectives.⁴¹

India boasts some of the largest individual military services,⁴² and the fourth largest overall military, in the world,⁴³ behind that of both the US and China. Size however, does not necessarily equate to capability. India’s 2012-13 Defence budget is set to consume 1.9% of its ample GDP, an increase of 17% from 2011-12,⁴⁴ yet its military lacks an expeditionary capability,⁴⁵ operates with outdated and redundant equipment

³⁹ Holmes, p. 358; Harsh Pant, ‘China Shakes Up the Maritime Balance in the Indian Ocean’, *Strategic Analysis*, Vol. 36, No. 3, May-June 2012, p. 367.

⁴⁰ David Brewster, *India as an Asia Pacific Power*, Routledge, Oxfordshire, 2012, p. xi.

⁴¹ Harsh Pant, ‘A Rising India’s Search for a Foreign Policy’, *Orbis*, Vol. 53, No. 2, Spring 2009, p. 252; David Robinson, *India’s Rise as a Great Power, Part One: Regional and Global Implications*, Future Directions International, Perth, 7 July 2011, p. 2.

⁴² Brewster, p. 5.

⁴³ Robinson, p. 5.

⁴⁴ Laxman, ‘India’s Defence Budget 2012-13’.

⁴⁵ Brewster, pp. 5-6.

and has such inefficient acquisition processes that it returns billions of dollars annually in underspend; USD1.1 billion in 2009.⁴⁶

The Indian Army attracts 50% of the Defence budget,⁴⁷ reflecting the border security preoccupation and concerns with the Maoist insurgency in India's East and centre.⁴⁸ The Navy and Air Force attract 19% and 25% of the overall budget respectively, however the Navy budget is increasing,⁴⁹ reflecting the growing importance to the Indian Government of an enhanced, and indeed expeditionary, naval capability.⁵⁰ India has been employing its growing Navy in the major anti-piracy operation in the Gulf of Aden, in cooperation with the US, China and other major contributing nations.⁵¹ This demonstrates India's interest in non-traditional security issues and could serve as a blueprint for coalition with the US, China and other regional nations to combat non-traditional security threats in the Indo-Pacific.

An increased regional naval presence will be important if India is to press its regional leadership credentials and military power, particularly given the string of Chinese maritime refuelling bases spread across the Indian Ocean littoral region through to Pakistan.⁵² India is concerned that this 'String of Pearls', in Figure 2, is part of a Chinese containment strategy aimed at nullifying its regional power ambitions and regard them as one of the most significant threats to its maritime security capability in the region.⁵³ Domestically and politically, India remains deeply suspicious of Chinese intentions, particularly in the Indian Ocean, which it regards as its rightful 'sphere of influence'.⁵⁴

⁴⁶ 'Jane's Sentinel Security Assessment – South Asia: India Executive Summary', *Jane's Military and Security Assessments*, 19 April 2012, available at <<http://jmsa.janes.com/JDIC/JMSA/>>, accessed 29 May 2012; Robinson, p. 5.

⁴⁷ Laxman, 'India's Defence Budget 2012-13'.

⁴⁸ Robinson, p. 3.

⁴⁹ Laxman, 'India's Defence Budget 2012-13'; Brewster, p. 6.

⁵⁰ Robinson, p. 5; Brewster, p. 6.

⁵¹ Christopher Bodeen, *China's navy engaging in unprecedented coordination with India, Japan on anti-piracy patrols*, 3 July 2012, available at <<http://www.montrealgazette.com/news/Chinas+navy+engaging+unprecedented+coordination+with+India+Japan/6874517/story.html>>, accessed 7 July 2012.

⁵² Brewster, p. 11.

⁵³ Brewster, pp. 38-40.

⁵⁴ Malik, p. 47.



Figure 2: ‘String of Pearls’⁵⁵

India’s status as a nuclear state has afforded it greater influence and confidence. India declared that its nuclear capability was a response to China’s rise and its nuclear arming of Pakistan,⁵⁶ which dislocated China as the US used the opportunity to engage India more closely. Certainly its more aggressive response to the threat of Chinese containment has surprised Beijing.⁵⁷

Engagement with the US has flourished and joint exercises have reflected some of India’s major concerns with China. India has conducted joint exercises with the US near its Chinese border, some in the contested area of Kashmir, and conducted intelligence sharing and naval exercises in the area north of the Malacca Straits.⁵⁸ Joint naval exercises near the Malacca Strait Sea Line of Commerce (SLOC) play directly into one of China’s major concerns; Indian-US containment through restriction of resources necessary for continued Chinese growth.⁵⁹ The developing India-US security relationship presents China a major geo-strategic problem in the Indo-Pacific and China is likely to seek to curtail it where it can.⁶⁰

⁵⁵ Kuldeep Singh Chouhan, *String of Pearls*, available at <<http://kuldeepsinghchouhan.blogspot.com.au/2010/07/china-string-of-pearls-strategy.html>>, accessed 1 June 2012.

⁵⁶ Malik, p. 42; Kapur, pp. 221-222.

⁵⁷ Kapur, pp. 220-222.

⁵⁸ Kapur, pp. 221-222.

⁵⁹ Malik, pp. 48-49.

⁶⁰ Kapur, pp. 221-223.

India is growing out of its traditional preoccupation with its land borders and, with US assistance, is developing an expeditionary naval capability capable of operating throughout the Indo-Pacific. China too is developing an expeditionary naval capability and it is likely that the Indo-Pacific maritime environment will be the test of the potential for co-existence or clash between the players in this strategic triangle.⁶¹

India's military could be a metaphor for its overall national power; it has an abundance of funds and global power aspirations but its inefficiency undermines its execution and it achieves less influence than it ought to.⁶² India's economy is, however, its key strength and the hinge for its broader aspirations.⁶³

Indian Economy

Indian economic growth has been rapid and remarkable. India began its economic transformation in the early 1990's and from 2000-2010, India's national GDP PPP, and its GDP per capita PPP, grew by 159% and 122% respectively.⁶⁴ Analysts are predicting that by 2050, its GDP will be approaching or exceeding that of the US.⁶⁵ It has some way to go; India is currently the 12th largest economy in the world and it has the lowest GDP per capita of any country claiming regional or world power status, which limits its ability to develop the surplus necessary to project power.⁶⁶

Economic growth has had a significant effect on India's attractiveness as a domestic market; by 2016, India's middle class is predicted to increase by over 60% to 267

⁶¹ Robert Gates, *Speech to the United States Military Academy West Point*, New York, 25 February 2011, available at <<http://www.defense.gov/speeches/speech.aspx?speechid=1539>>, accessed 10 July 2012.

⁶² Brewster, pp. 1-5.

⁶³ Robinson, p. 3.

⁶⁴ International Monetary Fund, *International Monetary Fund World Economic Outlook Database 2011*, available at <<http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/weorept.aspx?pr.x=47&pr.y=10&sy=2000&ey=2010&scsm=1&ssd=1&sort=country&ds=.&br=1&c=534&s=PPPPC&grp=0&a=>>>, accessed 24 May 2012.

⁶⁵ Brewster, pp. 7-8.

⁶⁶ Brewster, p. 8.

million people.⁶⁷ Its growth is fuelled by the size of its domestic market; its national rail system for example is the 8th largest employer in the world at 1.4 million official employees.⁶⁸

India's economy is lagging behind China, having commenced its economic awakening two decades later, but it has sought to make up ground by expanding its trade relationships throughout the Asia Pacific. In 2009, India signed a multi-lateral free trade agreement with ASEAN and sought the establishment of an Asian Economic Community for trade. India remains well behind China and the US in terms of economic relationships across the Asia Pacific and well behind the US in regional security relationships. Yet, India has a sense of inevitable success and destiny, based on a view of its historical greatness.⁶⁹

India and China are prolific bilateral traders; in 1994, India became China's largest South Asian trading partner and in 2003, China became India's largest trading partner in East Asia.⁷⁰ Yet, as for many other areas between the two nations, Indian and Chinese economies are competitive rather than complementary. Both seek resources from North Asia, Africa and Australia and both are looking to each other's domestic markets. India is concerned at China undercutting its manufacturing by importing Indian natural resources and exporting finished goods, while Indian trade barriers frustrate China. India is concerned that China will surge ahead in areas of traditional Indian strength, such as Information Technology, and by establishing exclusive trade relations within South East Asian markets.

India recognises the benefits of a peaceful and stable region as an important base from which to develop national power. While this augers well, India remains jealous of

⁶⁷ 'India's Middle Class Population to Touch 267 million in 5 Years', *The Economic Times*, 6 February 2011, available at <<http://articles.economictimes.indiatimes.com/2011-02-06/284>>, accessed 22 May 2012.

⁶⁸ Sriram Vadlamani, *10 biggest employers in the world: China, India dominate*, 21 March 2012, available at <<http://asiancorrespondent.com/78568/10-biggest-employers-of-the-world-china-india-dominate/>>, accessed 17 June 2012.

⁶⁹ Malik, pp. 28-30.

⁷⁰ Malik, p. 47.

China's economic success and conscious that increased military power often follows economic growth.⁷¹

Conclusion

India has traditionally suffered from a lack of clear diplomatic strategy aligned with a broader grand strategy. It has been guilty of an idealistically peaceful view of the world and the relative significance of its place in it. While this peaceful approach to diplomacy has arguably supported a global view of its legitimacy, its close regional neighbours have viewed India as overbearing and other major powers such as China and the US, have traditionally regarded India as diplomatically indecisive, immature and impulsive.⁷²

While a relationship of convenience, India and the US appear to have numerous points of interest upon which they could at least co-exist, if not extend to coalition. Certainly India's independent development of a nuclear and intercontinental ballistic missile capability and space program was a turning point in its geo-strategic relationships and in its maturity as a nation aspiring to be a great power.⁷³

Conversely and despite common principles of Peaceful Co-existence, China presents India with an array of national concerns. There is competition in almost every facet of national power and friction over non-traditional security issues, such as fresh water supply. The traditional view of friction points between China and India reflect issues such as their land border disputes, Cold War relationships, nuclear capabilities, natural resource competition, power aspirations and mutual distrust. There is another view that their history, geo-economics, geopolitics and strategic cultures represent a more fundamental clash of interests and that a major obstacle to their co-existence is that both countries aspire to the same goals at the same time and in the same land and sea areas.⁷⁴ Brewster suggests that India has a number of options, including developing deeper security relationships in South East Asia, projecting power into the

⁷¹ Malik, p. 47; Helen Clark, cited in Gwynne Dyer, *Future: Tense: The Coming World Order*, Scribe Publications, Melbourne, 2006, p. 238.

⁷² Holmes, p. 362.

⁷³ Kapur, pp. 5-7.

⁷⁴ Malik, p. 9.

South China Sea to counter Chinese expansion into the Indian Ocean and using its increasingly deeper links with the US to its advantage.⁷⁵

While China is moving forward and India aspires to achieving its destiny in the Indo-Pacific region, the US has recently announced its 'pivot' to the region. This shift of focus from the Middle East reflects US concerns that it is not as well positioned as it needs to be to maintain its global order position in the Asian Century.

⁷⁵ Brewster, p. 12-13.

CHAPTER 3

UNITED STATES IN THE INDO-PACIFIC REGION

'After a decade in which we fought two wars that cost us dearly, in blood and treasure, the United States is turning our attention to the vast potential of the Asia Pacific region...from the Pacific to the Indian Ocean...the United States of America is all in.'

Barack Obama, President of the United States, 17 November 2011.⁷⁶

Introduction

The US emerged from World War II as one of the most influential and powerful nations in the world and has been the global hegemon since the end of the Cold War.⁷⁷ In contrast to India's comparatively subtle sense of its own greatness, the US has traditionally strongly projected its sense of exceptionalism and stands as an example of a nation able to combine its 'soft' and 'hard' power pillars to achieve national objectives.⁷⁸

The US has been diplomatically active in the Middle East for many decades, however its involvement in two wars in this region in the last decade has carried with it a necessarily deeper focus that has been consuming at a national level.⁷⁹ National spending on two wars consumed valuable national reserves⁸⁰ at a time of global financial crisis and the US is in such difficult economic circumstances that it has had to raise its foreign debt ceiling to US\$16.2 trillion to avoid defaulting.⁸¹

In 2011, the US President declared a shift of US focus to the Pacific, indicating concerns that its regional leadership was being challenged by key states in the Asian

⁷⁶ Obama, *Remarks by President Obama to the Australian Parliament*.

⁷⁷ 'Jane's Sentinel Security Assessment – United States', *Jane's Military and Security Assessments*, 30 April 2012, available at <<http://jmsa.janes.com/JDIC/JMSA>>, accessed 29 May 2012.

⁷⁸ Donald DeBats, 'Drivers in US Security Policy', *Centre for Defence and Strategic Studies Study Guide 2.3.1*, Canberra, March 2012.

⁷⁹ Obama, *Remarks by President Obama to the Australian Parliament*.

⁸⁰ Costs Of War, *Economic Costs Summary: \$3.2 – 4 Trillion and Counting*, available at <<http://costsofwar.org/article/economic-cost-summary>>, accessed 18 June 2012. As at 2011, the total monetary cost to the US of the Middle Eastern wars was between US\$3.2 – US\$4 trillion.

⁸¹ 'Federal Debt Ceiling', *The New York Times* available at <http://topics.nytimes.com/topics/reference/timestopics/subjects/n/national_debt_us/index.html>, accessed 17 June 2012.

region.⁸² Since the ‘pivot’ announcement, the focus on US economic activity in the region has sharpened and the US has increased its military and diplomatic efforts in the Indo-Pacific, eager to retain its position as the regional power.

US Diplomacy

US grand strategy guides its diplomacy and has traditionally been expressed in terms of each President’s doctrine for the national approach to world affairs.⁸³ The Obama doctrine has been characterised as the ‘pivot’ back to the Asia-Pacific with the aim of remaining the major strategic power in the region.⁸⁴ This ‘pivot’, which is essentially a refocusing of US diplomatic and military ‘main effort’ from the Middle East to Asia given that the US had maintained a consistent Asian presence, demonstrates the agility of the US diplomatic policy and machinery.⁸⁵

Under the Obama doctrine the US is shifting from a position of pre-eminence to expanding multi-lateralism,⁸⁶ specifically reinforcing the web of understandings, agreements and alliances that it has established in the region. The recent visits by US Defence Secretary Panetta to India and Vietnam reflect the ongoing US effort to reinforce and in some cases reinvigorate pre-existing agreements in accordance with national strategy.⁸⁷

The 2010 US National Security Strategy outlined US priorities, centred on the security of its citizens and those of its allies and partners, economic growth in a free market economy and a peaceful and secure international order under US leadership.

⁸² Obama, *Remarks by President Obama to the Australian Parliament*.

⁸³ DeBats, ‘Drivers in US Security Policy’, *Centre for Defence and Strategic Studies*, Centre for Defence and Strategic Studies Study Guide 2.3.1, March 2012. Commenced with the Monroe Doctrine of 1823 and most Presidents, from Truman to Nixon, had a doctrine supported by a clear aim. President G.W. Bush had a doctrine of the US right of pre-emptive defence and the maintenance of military superiority.

⁸⁴ DeBats, ‘Drivers in US Security Policy’.

⁸⁵ Susan Glasser, ‘Head of State: Hillary Clinton, the blind dissident, and the art of diplomacy in the Twitter era’, *Foreign Policy*, July/August 2012, available at <http://www.foreignpolicy.com/2012/06/18Head_of_State/>, accessed 22 June 2012.

⁸⁶ Bill Tow, ‘US Grand Strategy’, *Centre for Defence and Strategic Studies Study Guide 2.3.1*, Canberra, March 2012.

⁸⁷ *US defence chief Panetta urges naval strength in Asia*, available at <<http://www.bbc.co.uk/news/world-asia-18260161>>, accessed 10 July 2012; Elizabeth Leader, ‘Panetta Asia Trip Takeaways’, *The Diplomat*, available at <<http://thediplomat.com/flashpoints-blog/2012/06/08/panetta-asia-trip-takeaways/>>, accessed 10 July 2012.

Future Directions International assess US objectives in the Indian Ocean region as: preventing Iran or China from threatening US objectives; preventing extremist groups from threatening US interests and those of its allies; employing its diplomatic relations network to achieve influence and military and trade relations; ensuring access to natural resources and markets and ensuring the security of Sea Lines Of Communication and maritime chokepoints. FDI's assessment indicates that subordinate US strategies for the region, such as its military strategy, are well aligned under the overarching national objective to '...maintain the economic and military pre-eminence of the United States...'.⁸⁸ Central to US objectives is maintaining the existing international order where possible and where not, maintaining an order favourable to US interests.⁸⁹ This is where its relationship with India features as one of necessity within this Indo-Pacific strategic triangle.

India

The US relationship with India is an example of its willingness and ability to rapidly realign its relationships to suit its interests. A former Cold War proxy competitor, the US had imposed sanctions to limit India's nuclear development, however changed its legislation to allow the sharing of civilian nuclear material and technology with India, as a balance to China's power and its nuclear relationship with Pakistan.⁹⁰

The extent to which the US has supported India with nuclear technology is instructive. Despite India's refusal to sign the Nuclear Non-Proliferation Treaty, one of only four nuclear non-signatory nations, the US successfully lobbied the International Atomic Energy Agency to grant India special status to trade in the technology under the India

⁸⁸ *Workshop Report: Strategic Objectives of the United States in the Indian Ocean Region*, Future Directions International, Perth, 29 September 2011, p. 2.

⁸⁹ *Workshop Report: Strategic Objectives of the United States in the Indian Ocean Region*, p. 4.

⁹⁰ Evan Feigenbaum, 'India's Rise, America's Interest', *Foreign Affairs*, Vol. 89, Iss. 2, March/April 2010, pp. 77-78; United States Government, *Fact Sheet: U.S.-India Partnership On Export Controls and Nuclear Non-Proliferation*, available at <http://www.whitehouse.gov/sites/default/files/india-factsheets/India-US_Agreement_on_Export_Controls.pdf>, accessed 7 July 2012; David Karl, 'US-India Relations: The Way Forward', *Orbis*, Vol. 56, No. 2, Spring 2012, pp. 312-313; Harry Kazianis, *Can China Crash U.S. Pivot Party?*, available at <<http://thediplomat.com/2012/02/24/cam-china-crash-u-s-pivot-party/?all=true>>, accessed 8 May 2012.

Safeguards and Nuclear Suppliers Group agreements.⁹¹ While the US may be frustrated by Indian bureaucracy and diplomatic indecision, it recognises India's future power potential in the Indo-Pacific and indeed the potential economic value of India's vast and comparatively youthful domestic market.⁹²

Just how much the US is willing to give India is yet to be seen. The US may not be willing to come to India's aid should India clash with Pakistan or China, its two most likely state combatants. Similarly, India, a non-aligned country, does not intend for its relationship of convenience with the US to extend to an alliance arrangement that may complicate its other relationships and India's aspirations in the regional security order.⁹³

China

The US is, according to US Foreign Secretary Hillary Clinton, '...in competition with China',⁹⁴ and the extent to which it is prepared to act to protect its position in the regional order is to be seen. There is nothing in public US policy to suggest that the US intends to curb China's growth or contain China in a Cold War fashion. On the contrary, it is US public foreign policy to integrate China into the existing world order⁹⁵ and confidential US policy discussions support that position.

Hillary Clinton's confidential discussions with the then Australian Prime Minister Kevin Rudd in March 2009 are instructive for their insight into classified US thinking on rising China. In this leaked diplomatic cable, Clinton outlines the US desire for a '...successful China...'⁹⁶ but one that takes greater responsibility in the areas of global

⁹¹ Carnegie Endowment, *Text of U.S. NSG Proposal on India*, available at <<http://www.carnegieendowment.org/2008/08/13/text-of-u.s.-nsg-proposal-on-india/nqn>>, accessed 7 July 2012.

⁹² Karl, p. 312; *Obama in Mumbai Calls India Market of the Future*, available at <<http://www.voanews.com/content/obama-calls-for-more-trade-with-india-106817488/129960.html>>, accessed 7 July 2012.

⁹³ Feigenbaum, pp. 76-78.

⁹⁴ Kazianis, *Can China Crash U.S. Pivot Party?*.

⁹⁵ Michael Mastanduno, 'Incomplete Hegemony and Security Order in the Asia-Pacific', John Ikenberry (ed.), *America Unrivaled: The Future of the Balance of Power*, Cornell University Press, New York, 2002, p. 184.

⁹⁶ 'US embassy cables: Hillary Clinton ponders US relationship with its Chinese "banker"', *The Guardian*, 4 December 2010, available at <<http://www.guardian.co.uk/world/us-embassy-cables-documents/199393>>, accessed 23 June 2012.

economic behaviour, free markets and human rights.⁹⁷ The sentiments expressed in this confidential discourse with a close ally indicate a degree of US resignation to the reality of China's rise and alignment between its classified thinking and its public policy.

The US and China are aware of each other's specific diplomatic 'red lines', such as over Taiwan and Tibet, and are unlikely to press each other in these areas; They are likely to remain issues of co-existence for at least the next decade while each nation respects the status quo. While its behaviour has been more assertive, China has not declared its claim to vast areas of the South China Sea a core national interest and so it remains unknown as to whether this is an issue of potential co-existence or of clash with the US or indeed India. However, India has recently commenced exploration in the South China Sea, which heightens the potential for Sino-Indian friction in this area.⁹⁸

Aside from these traditional friction points, there is always the potential for a 'Black Swan'⁹⁹ event, such as the recent incident involving the blind Chinese dissident, Chen Guangcheng, to tip the relationship balance between the US and China or India and China. Such an event is unlikely between India and the US given their developing relationship and broadly aligned regional interests.¹⁰⁰

The US has a definite sense of national strategy, however it also has a sense of its own importance and rightful position and this national ego is a potential vulnerability in its response to events. The US' ability and willingness to shift relationships is a key strength in a rapidly changing global environment, however a credible diplomatic challenge to its global standing could challenge its sense of superiority and this, driven by domestic politics, could fuel friction. The rise of both the India and China is testing US regional superiority and the posturing of its military suggests that the US

⁹⁷ 'US embassy cables: Hillary Clinton ponders US relationship with its Chinese 'banker'.

⁹⁸ Karl, p. 321-322.

⁹⁹ Plausible Futures, *The Perfect Storm and Black Swan Theory*, available at <<http://www.plausiblefutures.com/2011/04/the-perfect-storm-and-black-swan-theory/>>, accessed 23 June 2012. The Black Swan Theory is a metaphor for an unpredicted, large magnitude event with far reaching consequences.

¹⁰⁰ Karl, pp. 308-327.

is prepared to use all means of its national power, if necessary, to reinforce its position in the regional order.

US Armed Forces

The US Department of Defence employs 3.2 million people and its status as the largest single employer in the world is a useful comparison to the place its military holds as the most powerful in the world.¹⁰¹ Equally comparable is that the People's Liberation Army is the second largest single employer in the world, at 2.3 million.¹⁰²

The US has consistently used its military to demonstrate its capability and commitment to act. In 1996, for example, the US sailed a fleet of its warships to the Taiwan area following a Chinese missile launch that struck close to the island.¹⁰³ It would be poor military/strategic planning to underestimate the US capability and motivation to act militarily, despite the costs, where its national interests or security are threatened.

Henry Kissinger suggests that the US and indeed the West has a bias for action centred on battle¹⁰⁴ and co-existing with a growing or peer competitor does not accord with the traditional US national or military psyche.¹⁰⁵ The US has a dilemma and some strategic decisions to make when the power of the Chinese economy and military starts to mirror the strength of their own.¹⁰⁶ The US is economically engaged with China but is planning to rebalance its current naval disposition, see Figure 3, to 60 percent in the Pacific and 40 percent in the Atlantic by 2020.¹⁰⁷ Balancing its economic and security interests is difficult and the US must tread carefully. As

¹⁰¹ Vadlamani, *10 biggest employers in the world: China, India dominate*.

¹⁰² Vadlamani, *10 biggest employers in the world: China, India dominate*.

¹⁰³ Mastanduno, John Ikenberry, p. 199.

¹⁰⁴ Henry Kissinger, *On China*, The Penguin Press, New York, 2011, p. 23; Henry Kissinger, 'The Future of U.S.-Chinese Relations', *Foreign Affairs*, Vol. 91, No. 2, March/April 2012, p. 45.

¹⁰⁵ 'Friends, or else: Living with China's rise will test America's diplomacy as never before', *The Economist*, available at <<http://www.economist.com/node/17601453/print>>, accessed 13 February 2012.

¹⁰⁶ 'Friends, or else: Living with China's rise will test America's diplomacy as never before', *The Economist*.

¹⁰⁷ 'U.S. Plans Naval Shift Toward Asia', *The Wall Street Journal*, 2 June 2012, available at <<http://online.wsj.com/article/SB10001424052702303552104577439943137674490.html>>, accessed 18 June 2012.

Joseph Nye notes, ‘...the best way to make an enemy of China is to treat it like one’.¹⁰⁸



Source: US Department of Defense, *Base Structure Report*, 2008.

Figure 3: US Military Global Footprint¹⁰⁹

The US military has been the traditional guarantor of freedom of navigation in the Indo-Pacific. While some Asian nations may be comfortable for this to remain the case, China is unlikely to be willing to outsource its guarantee of resource supply through the Indo-Pacific to the US given its containment concerns.¹¹⁰ That said, China currently lacks the capability to sustain the expeditionary ‘blue water’ naval presence of the US so the US 7th Fleet will remain the dominant maritime force in the

¹⁰⁸ Joseph Nye, cited in ‘Friends, or else: Living with China’s rise will test America’s diplomacy as never before’, *The Economist*, available at <<http://www.economist.com/node/17601453/print>>, accessed 13 February 2012.

¹⁰⁹ *US Military Global Footprint*, available at <<http://blog.hiddenharmonies.org/2010/08/map-of-u-s-military-bases-around-the-world/>>, accessed 21 June 2012.

¹¹⁰ Kissinger, ‘The Future of U.S.-Chinese Relations’, p. 50.

Indo-Pacific for at least the next decade.¹¹¹ Whether or not maritime dominance equates to the freedom to impose national will is yet to be seen.

Figures 3 and 4 show the vast extent of the US regional and global presence and command and control system. The US Pacific Command, USPACOM in Figure 4, has been a feature of the Asia Pacific since prior to the US' entry into World War II.

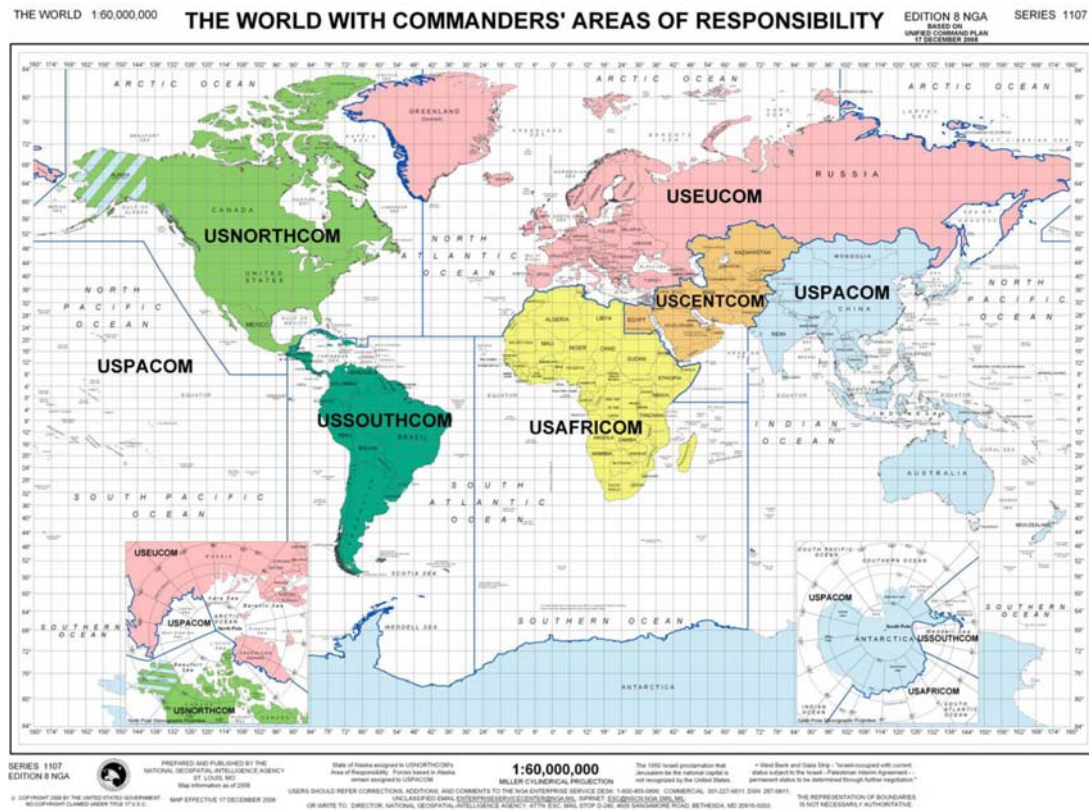


Figure 4: US Global Unified Military Commands¹¹²

The distributed nature of the US military global presence allows for regionally focussed commands to exercise some autonomy and the US military encourages a degree of broader leadership, in support of the national diplomatic corps, to further US global interests.¹¹³ Notably during a Congress briefing Admiral Willard,

¹¹¹ Jane's Sentinel Security Assessment – North America: United States Executive Summary', *Jane's Military and Security Assessments*, 30 April 2012, available at <<http://jmsa.janes.com/JDIC/JMSA>>, accessed 29 May 2012.

¹¹² United States Government, available at <http://www.defense.gov/home/features/2009/0109_unifiedcommand/>, accessed 7 July 12.

¹¹³ Mike Mullen, *The National Military Strategy of the United States of America 2011, Redefining America's Military Leadership*, Washington DC, 8 February 2011, available at <<http://digitalndulibrary.ndu.edu/cdm4/document.php?CISOROOT=strategy&CISOPTR=9742&REC=3>>, accessed 29 February 2012, pp. 1,5,21.

Commander of USPACOM, noted that the increased maintenance of alliances, legitimacy and military readiness posture was important until such time as China proved to be the peaceful riser that it claims to be.¹¹⁴

The US National Military Strategy acknowledges the risks of growing national debt and the challenges associated with the rise of India and China. While the strategy does not mention India, it singles out China, specifically the challenges posed by the existing friction points of anti-access/area denial capability development, missile technology, the Taiwan Strait, competition in the space and cyber domains and China's more assertive behaviour in its claims to maritime areas of various surrounding seas.¹¹⁵

Some may suggest that Commander USPACOM and the National Military Strategy lack alignment with the US administration message that the US welcomes a peacefully rising China.¹¹⁶ The US has an integrated political/military system and the US' message is that a peaceful China is welcome, but that the US is prepared to act militarily in its interests. This could present as contradictory and fuel Chinese suspicion of US intentions. This suspicion could lead to an Indo-Pacific arms race between the two nations and disagreement in a regional flashpoint, such as the Malacca Strait or South China Sea.¹¹⁷

The US military does however express the need for closer military ties with China and the importance of transparency to avoid misunderstandings in these areas of friction. Significantly, it identifies a number of non-traditional security threats as opportunities for combined security effort, specifically counter-piracy, counter proliferation of WMD, disaster assistance, countering terrorism and influencing North Korea to maintain a stable Korean Peninsula.¹¹⁸

¹¹⁴ 'Friends, or else: Living with China's rise will test America's diplomacy as never before', *The Economist*.

¹¹⁵ Mullen, pp. 3-14.

¹¹⁶ 'Friends, or else: Living with China's rise will test America's diplomacy as never before', *The Economist*.

¹¹⁷ 'Friends, or else: Living with China's rise will test America's diplomacy as never before', *The Economist*; Amitai Etzioni, 'In China's Shoes', *The National Interest*, 23 January 2012, available at <<http://nationalinterest.org/commentary/chinas-shoes-6366>>, accessed 21 June 2012; Leader, *Panetta Asia Trip Takeaways*.

¹¹⁸ Mullen, pp. 13-14.

The US military is an active and powerful extension of US national power that by its permanent regional presence achieves influence in the Indo-Pacific. The US Navy is central to the military element of the US aim of assisting India to ‘...become a major world power in the twenty-first century...’¹¹⁹ and there is key intent for a stronger US-India partnership in the Indo-Pacific. Conversely, the US National Military Strategy clearly identifies China’s anti-access and area-denial capabilities, cyber and space capabilities and assertive behaviour in the South China Sea as potential friction points. These could be flashpoints for clash between the two countries.

The US military could work with both China and India on issues of mutual benefit, specifically counter piracy, counter proliferation of WMD, counter terrorism, counter smuggling and general security of the SLOC. The practicalities of maritime cooperation may be difficult, however developing cooperation may assist to build the transparency and trust that may be important in managing the irritants that will likely continue to feature in US-China strategic interplay.

US Economy

Like many of its other national functions, the US’ economy has been the centre of global commerce for much of the 19th Century and certainly leading since the end of World War II.¹²⁰ Yet, since the global financial crisis of 2008, high unemployment, political stalemate and the near failure of some of its major financial institutions have weakened this beacon of economic prosperity. In 2011, for the first time, the US government had its Standard and Poor’s AAA credit rating downgraded.¹²¹

Since the Second World War the US has been a leading nation in the world economy and at the centre of the establishment of many of the global economic institutions, including the World Trade Organisation, the International Monetary Fund and the

¹¹⁹ Zia Mian, ‘A Story of Leaders, partners, and Clients’, *Foreign Policy in Focus*, 27 September 2005, available at <http://www.fpiif.org/articles/a_story_of_leaders_partners_and_clients>, accessed 31 May 2012.

¹²⁰ *The World Economy: A Tale of Four Economies*, available at <www.theworldeconomy.org>, accessed 3 July 2012.

¹²¹ ‘Jane’s Sentinel Security Assessment – United States’, *Jane’s Military and Security Assessments*, 30 April 2012, available at <<http://jmsa.janes.com/JDIC/JMSA>>, accessed 29 May 2012.

World Bank.¹²² Through these institutions and the strength of its own economy, the US has largely set the global economic rules.

Whether valid or not, the US has criticised China for lacking responsibility and not playing by the rules as a rising global economic player by not reinforcing intellectual property, protecting its domestic industry and artificial currency setting.¹²³ Given China's vision of itself as a reawakening global power, it may have a right to believe that it has a part to play in re-writing some of the rules developed through a US lens. Furthermore, China has a degree of historical sensitivity to foreign powers dictating Chinese trade conditions, noting that trade was the catalyst for colonial occupation of its trading ports in the early 20th Century.¹²⁴

Over the course of the 20th Century, the US has increasingly used its strong economy and trade position as an element of its international influence strategy, either in conjunction with diplomacy or where diplomatic efforts have failed.¹²⁵ It has increasingly sought to impose these restrictions as part of a coalition, such as against Iraq under Saddam Hussein, but has done so unilaterally where it feels a unique security requirement, such as against Cuba. In October 2011, the US Senate passed legislation to impose sanctions on China in response to Chinese anti-competitive practices, including currency manipulation. The issues raised significant opposition amongst US businesses, concerned that politics would make it more difficult for US firms to invest in and prosper from China.¹²⁶ While the US House of Representatives did not approve sanction action, the Obama administration has registered seven unfair trade practice complaints against China with the WTO.¹²⁷

¹²² John Ikenberry, 'American Unipolarity: The Sources of Persistence and Decline', *America Unrivaled: The Future of the Balance of Power*, Cornell University Press, New York, 2002, p. 306.

¹²³ Devin Dwyer, *Obama Challenges China at WTO Over Auto Tariffs*, available at <<http://abcnews.go.com/blogs/politics/2012/07/obama-challenges-china-at-wto-over-auto-tariffs/>>, accessed 6 July 2012; Nicholas Lardy, 'Legislation to Sanction China: Will It Work?', *Peterson Perspectives Interviews on Current Topics*, Edited transcript of interview with Steve Weisman, , 7 October 2011, available at <<http://www.iie.com/publications/interviews/pp20111007lardy.pdf>>, accessed 3 July 2012.

¹²⁴ Kissinger, 'The Future of U.S.-Chinese Relations', p. 54.

¹²⁵ Jeffrey Schott, 'US Economic Sanctions: Good Intentions, Bad Execution', *Statement before the Committee on International Relations*, Washington, DC, 3 June 1998, available at <<http://www.iie.com/publications/papers/paper.cfm?ResearchID=314>>, accessed 3 July 2012.

¹²⁶ Lardy, 'Legislation to Sanction China: Will It Work?'

¹²⁷ Dwyer, *Obama Challenges China at WTO Over Auto Tariffs*.

These tentative US steps toward sanctions against China demonstrate the effect that its difficult economic situation is having on its foreign policy. The US economy is fragile and companies seeking to prosper through difficult times require a positive political relationship between the two countries.¹²⁸ A stable and productive China is important for US and the US Foreign Secretary Hillary Clinton's oft quoted question, 'How do you deal toughly with your banker?'¹²⁹, highlights the US' dilemma and reduced ability to wield its economic influence generally, and against China specifically.

It is in global interests for Chinese and Indian economies to continue to prosper, the economic consequences of a clash between these countries would be significant, particularly given the global and euro zone financial issues that have been constant since 2008. A major drawn out clash between any of the US, India and China would economically exhaust the countries and the region; According to Sun Tzu, countries do not benefit from protracted war.¹³⁰

A clash between the US and China over protection, trade and economic disagreements is plausible, however this would be more likely if the economic core of a nation state were significantly threatened. The consequences to national economies of a major drawn out conflict are significant enough for the three nations to seek resolution before conflicting over minor economic disagreements.

Disagreements over trade practices are common among competing nations and there is no reason to suggest that despite these, the US could not co-exist economically with China and India. A US economic recovery depends on the continued prosperity of these two growing markets so it is in the US' national interest to avoid conflict in all but the most extreme of circumstances.

¹²⁸ Lardy, 'Legislation to Sanction China: Will It Work?'

¹²⁹ 'US embassy cables: Hillary Clinton ponders US relationship with its Chinese 'banker'', *The Guardian*.

¹³⁰ Kissinger, 'The Future of U.S.-Chinese Relations', p. 47; Sun Tzu, *The Art of War*, Oxford Press, New York, 1963, p. 73.

Conclusion

The US dominates in most of the key pillars of national power, however it is financially stretched and nationally tested by a decade of Middle Eastern wars that have drained the nation's finances and reduced its domestic appetite for conflict.

While it is US foreign policy to support a peacefully rising China, the rebalancing of its forces toward the Pacific and efforts to reinforce regional alliances and agreements suggest that it is preparing for just the opposite. The most significant shift in US foreign policy in the Indo-Pacific is its relationship with India, a former adversary during the Cold War. While the US is frustrated at Indian bureaucracy and indecision, it understands the dynamics of a growing India and national concerns over an increasingly power China. A conflict between India and China would place the US in the difficult circumstance of having to broker between competing regional nuclear powers or choose between a nuclear security partner and a nuclear adversary.

China is currently rising peacefully and the US and China have managed security concerns, particularly in the Taiwan Strait, for many decades. While each is suspicious of the other, the two countries have mutual security concerns, such as piracy and terrorism, which could form the basis of a co-existent relationship. The future is unpredictable which makes transparency increasingly important to avoid perception-based misunderstandings and mistakes.¹³¹

¹³¹ Kazianis, *Can China Crash U.S. Pivot Party?*; Feigenbaum, p. 90.

CHAPTER 4

CHINA IN THE INDO-PACIFIC REGION

‘Profound changes are taking shape in the Asia-Pacific strategic landscape. Relevant major powers are increasing their strategic investment. The United States is reinforcing its regional military alliances, and increasing its involvement in regional security affairs.’

People’s Republic of China, National Defence White Paper 2010.¹³²

Introduction

China has historically exercised a closed market system, under autonomous and authoritarian rule, however it has in the last three decades emerged from its ‘100 Years of Humiliation’¹³³ to embrace economic development, diplomatic adjustment and an almost democratic communist system.

This is major change for a nation with a healthy sense of global importance that has historically regarded itself as an exporter of ideas and culture. In past centuries, China has described itself as the Middle Kingdom between Heaven and Earth, such is the position that it believed it held in the world order. That it has successfully incorporated Western democratic characteristics into a communist system speaks for its agility and its long-term vision for China’s future.¹³⁴

The Indo-Pacific region is important to the supply of resources to but China also regards it as within its rightful sphere of influence. Much as India has a sense of its pre-eminent position within the Indian Ocean, so too does China within the South China Sea. China though, has a national requirement for resources from the Middle East and guaranteeing supply through the SLOC between it and the Middle East is critical to its continued economic development. This establishes a Chinese national interest in the Indo-Pacific region that draws it into a necessary relationship with other

¹³² Chinese Communist Party, *China’s National Defence in 2010*, 31 March 2011, Information Office of the State Council, available at http://www.china.org.cn/government/whitepaper/node_7114675.htm, accessed 7 May 2012.

¹³³ Kurth, p. 46.

¹³⁴ Kurth, pp. 42-46.

major nations, such as India and the US, and ASEAN nations.¹³⁵ China has interests in the Indo-Pacific region and the extent to which it forces these could set the scene for stability, regional and global, in the Asian Century.

Chinese Diplomacy

China has transformed its diplomatic approach to world affairs in order to present as a powerful and peaceful friend rather than an aggressive challenger.¹³⁶ It has accepted institutions and multilateralism as necessary features of engagement in the region and while preferring a bilateral approach, China's willingness to conduct diplomatic business multilaterally is evidence of its shift.¹³⁷ While China has many regional relationships, its relations with India and the US will determine regional stability.

India

China's diplomatic relations with India have been characterised by clashes over their shared border and Chinese support for Pakistan, India's traditional enemy. China has worked to improve relations with India, assisted by the end of the Cold War and changing global economic dynamics that has seen both nations prospering.¹³⁸ Some analysts argue that geography is proving a binding factor as both China and India grow cautious about the potential for an overbearing and 'realist' US dealing with China to be a destabilising regional factor. Geography may be a binding factor but it is also one that needs to be overcome given their border issues and India's concern that China's 'String of Pearls' is opening a new maritime border front in the Indian Ocean. While China maintains that the refuelling bases are for industrial and commercial use rather than containment, India is concerned that they could be

¹³⁵ *China's Strategic Objectives in the Indian Ocean Region: Future Directions International Workshop Report 23 May 2011*, Future Directions International, Perth, 2011.

¹³⁶ Ding Dou, 'The Rise of China: Conflict or Harmony in East Asia?', in L.P. Er & L.T. Wei (ed.), *The Rise of China and India: A New Asian Drama*, World Scientific Publishing, Singapore, 2009, pp 13-14.

¹³⁷ Dou, in L.P. Er & L.T. Wei (ed.), pp 14-16; Beeson, p. 205; Tong Xiaoling, 'China's Foreign Policy in the Asia-Pacific', *Presentation to Centre for Defence and Strategic Studies study tour*, Beijing, 5 April 2012; Guoguang Wu & Helen Lansdowne, 'International multilateralism with Chinese characteristics: Attitude changes, policy imperatives, and regional impacts', *China Turns to Multilateralism: Foreign policy and regional security*, Routledge, London, 2008, p. 3.

¹³⁸ K.M. Seethi, 'Emerging India and China: Potentials and Constraints', in L.P. Er & L.T. Wei (ed.), *The Rise of China and India: A New Asian Drama*, World Scientific Publishing, Singapore, 2009, pp 32-35.

converted for military use and that they pose a significant threat to future Indian naval power projection and regional influence.

China presents as a wise diplomatic hand, India as cautious and uncoordinated and there is potential for competition as China and India flex in the region. India and China have worked to improve their long-fractious diplomatic relationship but arguably China is most focussed on its diplomatic relationship with the US.

United States

Sino-US relations have been strained since the Korean War, however China softened its anti-US diplomacy and rhetoric following the September 11, 2001, Islamist terrorist attacks on the US mainland. This 'Black Swan' became a bonding event as China, which faces its own Islamist threat in Xinjiang province, aligned with the US against a common enemy.¹³⁹

China has had to decentralise power in order to progress economically but this has carried risk for a centralised for the centralised communist party foreign policy machine. With decentralisation has come greater freedoms, including speech and public expressions of dissatisfaction are now common in China. This has been fractious for Chinese foreign policy as communist party officials, business people, citizens and even members off the People's Liberation Army (PLA) comment publicly on the decisions of the Chinese Communist Party (CCP).

China is breaking new foreign policy ground and is feeling its way. It has a broad national strategy of good neighbourliness, peaceful rise and incorporation into global mechanisms and order but its strong sense of nationalism and place in the world order suggests that it will tire of working to others rules and attempt to inject rules of its own construction. Some in China view calls for it to comply with global rules as attempts to contain its economic progress and others call for China to more vigorously defend core interests, particularly the territorial integrity issues of Taiwan and Tibet

¹³⁹ John Owen, 'Transnational Liberalism and American Primacy; or, Benignity Is in the Eye of the Beholder', in John Ikenberry (ed.), *America Unrivaled: The Future of the Balance of Power*, Cornell University Press, New York, 2002, pp. 258-259.

and interests in the South China Sea.¹⁴⁰ All of this would bring it into direct competition with the US, which has been the author of many of the rules of major global institutions. Similarly, a hard line on Taiwan, Tibet and/or the South China Sea would all likely provoke a US response, diplomatic at best but on security issues such as Taiwan and the South China Sea, more likely military.

The Dean of International Studies at Peking University argues that despite lacking a single overarching document outlining it, China's national strategy is based on the principles of maintaining CCP primacy, territorial integrity and unification and continued economic and domestic development.¹⁴¹ A Future Directions International workshop agreed with this assessment, however added domestic challenges such as an ageing population, natural resources and balancing employment, inflation and equitable wealth distribution as growing core domestic issues that China must manage.¹⁴² Cascading further, FDI assessed that Chinese Indian Ocean region objectives included in the establishment of a regional diplomatic relations network, preventing India and the US from interfering in China's objectives and guaranteeing access to markets and supply by land and maritime LOC.

China lacks the deep alliance and agreement network of the US and the regional trust that the US and India enjoy. While it is working hard diplomatically to address this, its assertive behaviour in the South China Sea is not supporting its cause amongst ASEAN nations, with Indonesia for example commenting that its behaviour may be '...an indication of how an economically strong and militarily powerful China might act in the future.'¹⁴³ Indo-Pacific nations seek Chinese economic engagement but fear Chinese diplomatic and military dominance. Assertive Chinese behaviour plays into those fears and will prompt ASEAN countries to encourage India and particularly the

¹⁴⁰ Linda Jakobson & Dean Knox, 'New Foreign Policy Actors in China', *Stockholm International Peace Research Institute*, SIPRI Policy Paper No. 26, September 2010, pp. 47-51.

¹⁴¹ Wang Jisi, 'China's Search for a Grand Strategy: A Rising Great Power Finds Its Way', *Foreign Affairs*, Vol. 90, No. 2, March-April 2011, p. 71.

¹⁴² *China's Strategic Objectives in the Indian Ocean Region, Future Directions International Workshop Report 23 May 2011.*

¹⁴³ 'Indonesia-China: Relaxed and comfortable', *The Interpreter, Lowy Institute for International Policy*, available at <<http://www.lowyinterpreter.org/post/2011/02/28/Indonesia-China-relaxed-and-comfortable>>, accessed 2 March 2012; Rizal Sukma, 'Indonesia-China Relations: The Politics of Re-engagement', *Asian Survey*, Vol. 49, No. 4, July-August 2009, pp. 595-600, available at <<http://www.jstor.org/stable/10.1525/as.2009.49.4.591>>, accessed 4 March 2012.

US to remain diplomatically, economically and militarily engaged in the Indo-Pacific, counter to Chinese strategic objectives.¹⁴⁴

Chinese foreign policy objectives indicate that Taiwan, Tibet and any other issue that threatens territorial integrity will remain a national 'red line' issue over which it would likely respond militarily. China has not declared contested claims in the South China Sea as core national interests and it remains unclear just the lengths to which China would go to protect them, although it is warning off US involvement in the resolution process currently underway with ASEAN and Japan.¹⁴⁵

Foreign minister Yang Jiechi's comments in 2010, in response to questioning regarding China's assertive behaviour in the South China Sea, were instructive for their candidacy. His assertion that by virtue of the difference in size and power, smaller regional nations will have to accept Chinese actions in the South China Sea, are the sort of 'might is right' messages that fuel regional and global fears that China's military build up is more than just a natural by-product of its economic growth.¹⁴⁶

Given the interconnected Chinese objectives of economic development and guarantee of supply, actions that reduce the flow of resources to China would likely prompt a national response from China. China would likely clash with any state or non-state actor that threatened the integrity of the Indo-Pacific SLOC's.¹⁴⁷ This presents an opportunity for India and the US to engage closely with China as an agreement to guarantee SLOC integrity would increase transparency and likely ease some of China's containment concerns.

¹⁴⁴ Amitav Acharya, 'Asia Is Not One', *Journal of Asian Studies*, Vol. 69, No. 4, November 2010, pp. 1001-1013.

¹⁴⁵ Daniel Ten Kate, 'China warns on territorial disputes', *The Australian Financial Review*, 12 July 2012, p. 19; Michael Wei, 'Tension over islands heightens', *The Australian Financial Review*, 10 July 2012, p. 14.

¹⁴⁶ 'The dragon's new teeth', *The Economist*, Vol. 403, No. 8779, April 7-13 2012, p. 23.

¹⁴⁷ James Kurth, 'Confronting a Powerful China with Western Characteristics', *Orbis*, Vol. 56, No. 1, Winter 2012, pp. 54-55.

Chinese Armed Forces

Historically China has not had expeditionary intentions for its national and military power, preferring to draw nations to it rather than extend beyond its primary areas of geographic interest.¹⁴⁸ The Chinese military has traditionally been a domestically focussed force of last resort, held in reserve behind layers of respectful and deceptively polite diplomacy. It espouses the Confucian teaching of building of alliances to weaken an opponent and the aspiration to defeat an opponent through guile, cunning and diplomatic encirclement rather than through direct confrontation. Victory through resignation to Chinese power is preferred to wasteful conflict and usually with some form of concession to allow its opponent to 'save face'.¹⁴⁹ There are clear parallels between China's historical concept of military employment and its geopolitical behaviour since the establishment of the PLA.

The PLA is undergoing a modernisation process that involves a shift from force quantity to quality, or 'informization',¹⁵⁰ reducing from over 3 million in 1990 to 2.3 million in 2012 and significantly increasing its military budget.¹⁵¹ Its military spending is assessed to have increased from US\$30 billion in 2000 to US\$160 billion in 2012, still well behind the US but far more than India.¹⁵²

Although China has the largest military and the second highest military spending in the world, the PLA has not been tested against a peer enemy and assessments are that it lacks the command and control and joint culture necessary to inflict a combat defeat against a credible peer competitor.¹⁵³ While the PLA Navy has contributed ships to the international anti-piracy task force in the Gulf of Aden, it lacks the expeditionary naval capability that would be necessary to prevent US disruption of its shipping in the SLOC beyond the First Island Chain, outlined in Figure 5.

¹⁴⁸ Kissinger, *On China*, p. 8.

¹⁴⁹ Kurth, pp. 44-55.

¹⁵⁰ Chinese Communist Party, 'China's National Defence in 2010', *Information Office of the State Council of the People's Republic of China*, 31 March 2011, available at <http://www.china.org.cn/government/whitepaper/node_7114675.htm>, accessed 7 February 2012.

¹⁵¹ 'The dragon's new teeth', *The Economist*, Vol. 403, No. 8779, April 7-13 2012, p. 23.

¹⁵² 'The dragon's new teeth', p. 23.

¹⁵³ 'Jane's Sentinel Security Assessment – China and Northeast Asia: China Executive Summary', *Jane's Military and Security Assessments*, 29 July 2011, available at <<http://jmsa.janes.com/JDIC/JMSA>>, accessed 29 May 2012; 'The dragon's new teeth', p. 26.



Figure 3. The First and Second Island Chains. PRC military theorists conceive of two island “chains” as forming a geographic basis for China’s maritime defensive perimeter.

Figure 5: The First and Second Island Chains¹⁵⁴

The PLA is not capable enough to be on peer status with the US but compares well against the Indian military, which is undergoing its own modernisation process and is deficient in some of the same areas as the PLA.¹⁵⁵ It has or is acquiring most of the necessary elements, such as UAV, advanced cyber warfare capabilities, missiles and naval capability, putting it together to achieve a true anti-access/area denial capability out to the Second Island Chain is currently beyond the PLA and may be so for the next 40 years.¹⁵⁶ China understands that continued economic development underpins its domestic stability and its aspirations as a leader in global affairs. Guaranteed supply is critical and an expeditionary naval capability able to sustain operations out to the Second Island Chain and into the Indian Ocean is a critical supporting element.¹⁵⁷

¹⁵⁴ The University of Texas, *The First and Second Island Chain Map 2009*, available at <[www.http://www.lib.utexas.edu/maps/middle_east_and_asia/china_military_power_2009.html](http://www.lib.utexas.edu/maps/middle_east_and_asia/china_military_power_2009.html)>, accessed 13 July 2012.

¹⁵⁵ ‘Jane’s Sentinel Security Assessment – China and Northeast Asia: China Executive Summary’.

¹⁵⁶ ‘The dragon’s new teeth’, p. 26.

¹⁵⁷ ‘Jane’s Sentinel Security Assessment – China and Northeast Asia: China Executive Summary’.

While its Defence policy is aligned with national policy statements regarding peaceful and good neighbourly build up, the PLA seems to be more aggressive in its local behaviour, potentially unilaterally and absent direction from the CCP.¹⁵⁸ This marks a trend in the PLA as it moves from a military of quantity to one of quality. Quality requires better joint capability, improved command and control and more agile systems and processes to streamline decision making. It also suggests delegated decision making, something that has not been a common feature of the Chinese military and which it may struggle to control. Ensuring that the PLA is acting in accord with CCP direction will be critical to transparency and avoiding the sort of minor incident that can quickly develop into a clash at the national level.

Part of the issue is that the US and regional nations want China to use its power to assume more global responsibility, yet voice concern at its build up.¹⁵⁹ Without a formal military-to-military relationship between the PLA and US forces, the opportunities to increase transparency are reduced to initiatives such as the India/US/China participation in anti-piracy operations in the Gulf of Aden. Piracy is an issue in the Malacca Straits and, given the importance of this SLOC chokepoint to future geopolitical interaction between the strategic triangle of the US, China and India, a cooperative operation mirroring the Gulf of Aden would be a prime opportunity to increase transparency and familiarity.

China is undergoing an unmatched military build up but is aware of the danger and economic/political consequences of military clash in the Indo-Pacific. It must protect its interests in the South China Sea and SLOC to the Middle East to ensure its continued development. China's economic development depends on maritime trade routes and economic development is vital for its internal stability and global aspirations.

¹⁵⁸ Chinese Communist Party, 'China's National Defence in 2010'; Jakobson & Knox, pp. 47-51.

¹⁵⁹ 'The dragon's new teeth', p. 25.

Chinese Economy

While much commentary on China is focussed on its economic rise, it would be more accurate to describe it as resurgence. The US economy has been the leading global economy since the nineteenth century, however China had the world's largest economy for many of the previous eighteen.¹⁶⁰

China's US\$11.3 trillion GDP is quickly closing in on the US' 15.4 trillion US dollar GDP, with India's US\$4.5 trillion GDP trailing.¹⁶¹ The key difference however, comes with a comparison of population and GDP per capita, which is a key indicator of the middle class wealth and therefore national 'comfort'. In this measure the US is well ahead due to its much smaller population; China's GDP per capita is US\$5430, compared to the US' US\$48,442 and India's US\$1489.¹⁶² This is a key concern for China. The nation's middle class has become accustomed to prosperity and growth and any significant downturn would prompt a more vocal Chinese population to question the CCP performance.

It is unsurprising that China would wish to establish a support network and guarantee supply given the volume of natural resources that travel through the major SLOC to China. Figure 5 demonstrates that the volume of oil travelling the Straits of Malacca is the second highest of the major world maritime choke points. India has the geographic positioning and the US has the naval capability and the effect on China's economy of a blockage here would be significant. A blockade would however, affect many other nations and a blockade of Chinese shipping along this SLOC would be an extreme of circumstance given the likely Chinese military response. Furthermore,

¹⁶⁰ Angus Maddison, 'The World Economy: A Millennial Perspective', Appendix B, pp. 261-263, cited by Henry Kissinger, *On China*, The Penguin Press, New York, 2011, p. 11; *Chinese Economic Performance in the Long Run*, available at <http://www.theworldeconomy.org/impact/Chinese_Economic_Performance_in_the_Long_Run_960_2030.html>, accessed 3 July 2012.

¹⁶¹ Central Intelligence Agency, *GDP Purchasing Power Parity 2011*, available at <www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html>, accessed 16 May 2012.

¹⁶² Central Intelligence Agency, *Country Comparison: GDP (Purchase Power Parity)*, available at <<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html>>, accessed 13 July 2012; The World Bank, *GDP per capita*, available at <<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>>, accessed 13 July 2012.

global traders, including the US and India, rely on a prosperous China.¹⁶³ It would hardly be in any nation's national interests to curb China's economic growth, particularly given the current global financial circumstances.

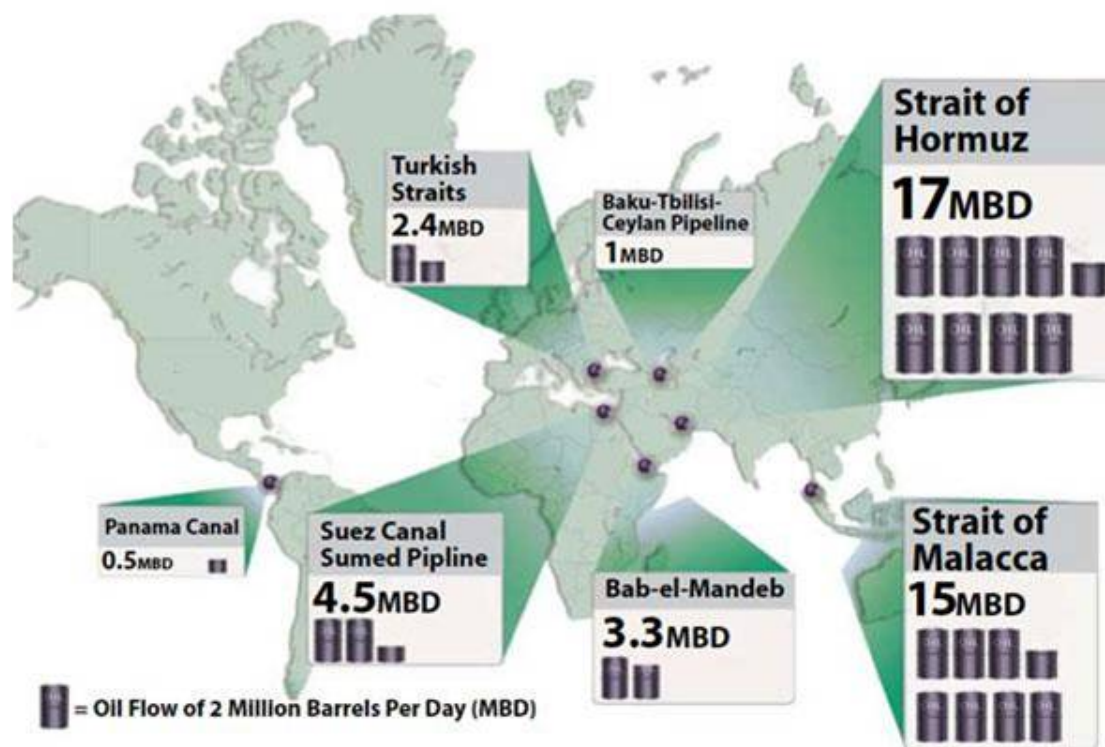


Figure 6: Major Global Oil Chokepoints¹⁶⁴

China has actively sought inclusion into world economic mechanisms and this bodes well for the future as China accepts, on the surface at least, the global rules and norms governing responsible fiscal behaviour. It has not to this stage wielded its significant economic leverage, either the fact that so many other nations rely on its growth for ongoing development or indeed the significant national US debt that it owns. This is a concern for global nations, however irresponsible fiscal behaviour is a double edged sword. China needs to continue developing to achieve its domestic and global objectives and behaviour leading to a slowdown could result in as much damage to its own objectives as to its opponents. While certainly a potential tactic in the future, to date there has been no indication of this style of Chinese economic power play.

¹⁶³ 'India and China: Friend, enemy, rival, investor', *The Economist*, Vol. 403, No. 8791, 30 June-6 July 2012, pp. 31-32.

¹⁶⁴ Business Insider, available at <<http://www.businessinsider.com/map-of-the-day-did-terrorists-just-attack-one-of-the-7-global-oil-chokepoints-2010-7>>, accessed 7 July 2012.

Conclusion

China has the world's fastest developing economy and a rapidly growing military but whether this growth accords to a master strategy is questionable. Former Australian Prime Minister Kevin Rudd suggests that beyond growth, development and military build up, the Chinese elite is as unclear on China's role in a new global order and how it might carry itself. China is, suggests Rudd, as unclear on its grand strategy and how it might as the Western world is.¹⁶⁵

China does however have some clear national 'red lines', which if stepped over by India or the US would prompt friction and potentially clash. Analysis suggests that threats to further separate Taiwan, Tibet or other Chinese sovereign territory and significant threats to its supply of resources necessary for continued growth would elicit a Chinese military response.

China could co-exist with India and the US over South China Sea territory if ASEAN could broker an agreement between the various claimants. Equally, the potential exists for China to enter a coalition with the US and China on maritime freedom and SLOC security from piracy and other non-traditional or non-state threats, such as terrorism. Kevin Rudd suggests that a window of opportunity exists to shape the Chinese security posture while it remains under consideration by the political elite. China, the US and India should be looking at this opportunity to galvanise against common threats and increase collective transparency while China's national strategy remains malleable.¹⁶⁶

¹⁶⁵ Kevin Rudd, 'West Unprepared for China's Rise', *The Weekend Australian*, July 14-15 2012, p. 15.

¹⁶⁶ Rudd, p. 15.

CHAPTER 5

CONCLUSION

Thucydides suggested that nations go to war motivated by honour, fear and/or interest.¹⁶⁷ While much in world affairs has changed since the Peloponnesian wars, these motivators have contemporary parallels in the Indo-Pacific given the US, India and China's shared sense of individual exceptionalism and the distrust, lack of transparency, containment fears and competition for power and prosperity.

This paper has analysed the Indo-Pacific Region strategies of India, the US and China to establish potential areas of mutual interest and agreement, or friction and disagreement. It has done so through examination of each nation's diplomacy, military and economy, and aspects of national identity where relevant to its potential future actions.

Analysis has shown that there are points of national strategic intersection between the three nations that could form the basis of agreements, but that a formal coalition between any two of the three countries is unlikely. Furthermore, while India and China perceive hedging and containing and all three powers conduct alliance building, economic positioning, military posturing and diplomatic brinksmanship to achieve their ends, numerous friction points have the potential to develop into diplomatic and/or military clash. The extent to which they are able to remain in co-existence will set the regional security agenda.

Coalition

There are few opportunities for true coalition, however the US is supporting India in order to balance rising China, deepen its network in the region and benefit economically from India's young domestic market. India is accepting the assistance in order to benefit from US support for its objectives in global fora, to develop its military capability, to counter one of its traditional foes and to draw on US support for

¹⁶⁷ Donald Kagan, *On the Origins of War and the Preservation of Peace*, Magill Book Reviews. Ed. Frank Northen Magill. Salem Press, 2005, available at <<http://www.enotes.com/origins-war-preservation-peace-salem/>>, accessed 20 June 2012.

continued economic growth. While this might fall short of an alliance, there is certainly the potential for the US and India to form a strong partnership, particularly if China becomes more forceful or belligerent.

The US Navy will remain the dominant maritime force in the Indo-Pacific for at least the next decade and likely much longer. For this period both India and China must accept that the US will be the guarantor of maritime security in the strategic SLOC and broader Indo-Pacific maritime environment and look to opportunities to develop maritime cooperation rather than competition. The three powers share a desire for SLOC stability to guarantee resource supply and could form a maritime coalition to deal with common non-traditional maritime threats.

Drawing on the example of cooperation in the Gulf of Aden Counter-Piracy Task Force, the three nations should establish a regional maritime task force to counter non-traditional threats, such as piracy, proliferation of WMD and terrorism, in the Indo-Pacific. In time, its responsibilities could broaden to include response to regional humanitarian crises and disaster relief. Such a task force must include ASEAN countries to increase legitimacy and would serve to increase military-to-military exposure, develop mutual trust and improve transparency.

Co-existence

Co-existing with a peer competitor is not traditionally within the US national psyche, however it may have little choice if China, and India, rise peacefully. A US attempt to actively contain China could lead to a loss of international legitimacy and could make an enemy of China purely by treating it like one.

China and the US have managed the issue of Taiwanese independence for over sixty years and there is no indication that either nation intends to upset the status quo. This issue is likely to remain one of co-existence for at least the next decade, until such time as Taiwan acts or China senses that it can press its claim diplomatically. The status quo is in China's current interests as it focuses on growth, development and trade.

China and India have managed their shared border area, specifically the Tibet and Jammu Kashmir regions, for some time however it remains a source of tension, particularly for India given the defeat that it suffered at the hands of the Chinese in 1962. While in theory this directly threatens Indian territorial integrity, it could be solved by diplomatic effort and with relatively minor compromise on both sides.

All three powers are prolific traders, although mostly India and the US with China. China has agreed to be bound by global norms under the WTO, however both the US and India have both filed fair trading complaints against China with the WTO. Trade disagreements are common among nations and it is in no nation's interest in the current fiscal environment to progress complaints to the extent that they curb trade or growth, particularly given that Chinese growth is fuelling many of the world's economies.

Despite the major powers seeking to avoid a clash, there is always the potential for an unforeseen event to trigger a crisis between nations, most likely between China and either the US or India. While the US and China are in competition, a misunderstanding is more likely between neighbouring India and China. The two have a history of disagreement, India is diplomatically less mature and both countries are seeking the same goals in the same geographic areas at the same time.

Clash

The fear of containment is strong, India at the hands of China through its 'String of Pearls' and China at the hands of the US and India through sea control of key chokepoints along the SLOC and a maritime presence in the First and Second Island Chains. Containment strikes at the heart of national growth aspirations and is a friction point that would likely cause a clash.

A related maritime environment, The South China Sea, has been a potential flash point for many years. While China has not declared this area a core national interest, it has not demonstrated any flexibility to negotiate on its extensive claims and has in fact been more assertive. A major power, such as the US, could involve itself in this issue if China's behaviour toward ASEAN nations became increasingly aggressive

and the ASEAN negotiation process failed to designate an agreed code of maritime conduct, fishing and resource exploitation rights. There should be continued diplomatic effort to resolve conflicting and competing claims in the South China Sea through the ASEAN Regional Forum. Should ASEAN fail to achieve consensus, it should elevate the issue to the United Nations International Court of Justice for determination.

A serious emerging issue is that of the Chinese water transfer project that would reduce the volume of fresh water of rivers flowing from China into India. Water security is a significant issue for a nation of India's size and this diversion directly threatens the well being of Indian citizens. This is non-traditional security issue that could result in a military clash, particularly given India's more assertive approach to China, if not resolved. India and China should agree and ratify their land border and work toward diplomatic agreement on the Chinese river water diversion project in terms of guaranteed levels of supply for both Indian and Chinese needs.

China's anti-access/area denial capability, including its cyber warfare capability, has the potential to prompt unseen conflict as the US attempts to counter it. China has demonstrated intent to employ cyber warfare and the US has designated cyber attack a hostile act so this certainly has the potential for military clash. Mutual trust is required to prevent pre-emptive employment of this emerging capability.

Conclusion

The potential for clash in the Indo-Pacific in the next decade and beyond is high and each nation can do more to mitigate the risk. In an environment where China fears Indian rise and US containment, India fears Chinese containment and the US fears Chinese dominance, there is the potential for many friction areas to develop into potential areas of conflict. The nations of the Indo-Pacific strategic triangle will need to be careful not to stumble into a conflict born of perceptions and misunderstandings. One need only examine the factors of the Cuban missile crisis between the US and USSR to understand the effects that a lack of clarity and transparency can have at the political level and the consequences of misunderstood intentions. Clear and

unambiguous communication of actions and intentions will be critical to maintaining stability.

All three nations seek economic prosperity, India and China to develop and the US to maintain. As Henry Kissinger points out, the desire for continued economic growth is one of the key arguments against a war for anything short of a direct threat to national integrity or core national interest. Conflict is not in any nation's interests, however it will require the US-China-India strategic triangle to commit to transparency, mutual trust and at least co-existence in the increasingly important and increasingly contested Indo-Pacific Region.

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