China’s Strategy of ‘String of Pearls’ and South Asia

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Abstract:

Indian Ocean has always remained a center of economic development and security of Asian states. Therefore, China’s shift from Pacific Ocean to Indian Ocean for the sake of energy security and economic development can be seen. China has developed a network of ports and naval bases in Indian Ocean through diplomatic means for expanding its influence. This study aims to examine the nature of string of pearls strategy of China that how China is utilizing its economic tools to fulfill its commercial interest in the larger Indian Ocean region. International community often relates “string of pearls” strategy with China’s hostile naval build up in IOR by creating network of naval bases along the littorals of Indian Ocean. This article has emphasized on the commercial nature of string of pearls strategy with reference to the South Asian States under soft power.
theory. Though it's a challenging task for China to increase its influence in the Indian proximity but China is operating on the principle of creating common grounds for both the host states as well as donor state in the South Asian region.

Keywords: India Ocean, String of Pearl, Strategy, Infrastructural Development, Dollar Diplomacy

Introduction

“To keep a lamp burning we have to keep putting oil in it” by Mother Teresa. In this regard the giant economy of China represents that lamp and to keep that lamp burning China needs energy resources. When the economic success of a state like China largely depends upon its ability to have an access to the unabated energy resources then the emergence of any port and pipeline strategy by China shouldn’t be a surprise for the rest of the world (Kim, spring 2011). Moreover, China has two major interests in IOR, which are economic gains and security of energy supply routes. To achieve these goals China does not need a network of military and naval bases in the IOR rather It can achieve its objectives through soft power diplomacy. (Bo, 2014). The western originated phrase “string of pearls” often used as an ambiguous strategy because of its negative connotation but this study aims to analyze the nature of string of pearls strategy under the theoretical framework of soft power approach with reference to the South Asian pearls including Pakistan, Bangladesh and Sri Lanka. According to Heritage Foundation Senior Research Fellow Dean Cheng, who specializes on China, Chinese investments in port facilities in nations along the Indian Ocean littoral are largely commercial and infrastructure development programs. To become military bases, these investments would require a far larger, more overt military presence, including access treaties with the host countries, hardening of facilities to withstand attack, and most likely the presence of units of the People’s Liberation Army (PLA) (Curtis, 10 march 2016) Scholars and researchers have analyzed
strategy of String of Pearls in different dimensions. Stuart (2015), in his paper title” China and India: A ‘new Great Game’ founded on historic mistrust and current competition”. He has highlighted the nature of strategic competition between India and China; both states seem to enter into a rivalry which seems as an emergence of ‘new great game’ Khurana (2008), in his article “China’s ‘String of Pearls’ in the Indian Ocean and its Security Implications” has discussed the Chinese purpose to defend its geopolitical and strategic interest due to its growing interdependence, trade imports in the Indian Ocean. Effective naval presence in the Indian Ocean will secure its dominating position.

Theoretical Framework

China has always tried to create a benign or a very peaceful and harmonious image of China and Chinese culture to the outside world. For this purpose soft power has become an important feature of China’s foreign policy. The term “soft power” was initially coined by Joseph Nye in his book. He describes the term simply “soft power is an attractive power”. He excluded the economic perspective because he was of the view that economic sanctions are a type of hard power which states use against each other. Different scholars from the history worked on this term and they have further expanded the scope of soft power like Joshua defines soft power as anything that is outside from military and security realm. He includes cultural diplomacy, economic engagements, infrastructure development and economic aid assistance under the umbrella of soft power. The researcher will examine the “String of Pearls” strategy particularly in the context of soft power approach.

Origin of the Phrase

The phrase “string of Pearls” was initially coined by a US defense contractor Booz Allen Hamilton in his report “Energy futures in Asia” in 2005. That report was prepared for the US Defense Department and presented to US defense secretary Donald H Rumsfeld. (Bo, 2014) According to that report China’s investment and its increased involvement
in the construction and development of ports and other naval facilities in the littorals of Indian Ocean could be used by China as a strategy to create a network of naval bases through diplomatic ties along the littoral of Indian Ocean and South China Sea. This strategy was termed as “string of pearls” by a US think tank. The report also elaborated the route of this string which stretches from the coast of mainland China to the littorals of South China Sea and entered into Indian Ocean along the littorals of Arabian Sea and reaches to Persian Gulf. The main objective of these naval bases is to project its power overseas and to safeguard its energy supply routes. String of pearls comprises of specific pearls which includes Hainan Island, an upgraded airstrip in Woody Island in Parcel Archipelago, Kra canal, deep sea port in Sittwe Myanmar, a container shipping facility in Chittagong Bangladesh, Sri Lanka and Pakistan. (Suri, 2016) It is important to mention it here that China has neither accepted nor denied the “string of pearls” strategy yet. Since then this phrase has become a topic of debate in International community. Different scholars and think tanks have used this phrase in their reports with different perceptions.

Although, almost, 12 years have been passed away since the inception of this phrase but up till now no evidence has been found regarding western originated fear and misconception about the establishment of Chinese overseas military bases in the IOR for hostile purposes. Since 2005 this fear has embedded in the minds of policy makers and strategists particularly in USA and India that China’s expansion in the Indian Ocean aims to encircle India and to monitor the US presence in the Indian Ocean. India has this perception that increased Chinese presence in the Indian Ocean will directly target Indian interest and its legacy in the Indian Ocean region. Through Indian Ocean China will monitor the presence of US and India in the region. To overcome this fear India has adopted some counter strategies to contain Chinese influence in the region like diplomatic engagements, strategic partnership with US (details will be discuss in next chapter). This negative perception is the outcome of mistrust and old enmity between both the states. (Colonel Sanjive Sokinda, 2015) Further, China has been using different means to have an easy access to
these pearls such as, dollar diplomacy, infrastructure development and establishing common grounds:

**Dollar Diplomacy**

China is increasing its interaction with the host states (i.e. pearls) by strengthening its diplomatic ties with them in the form of trade and other economic ventures, by exchanging visits of higher officials and representatives from state owned enterprises. China is using the tool of “dollar diplomacy” to increase its influence in the host countries. Majority of the pearls is either underdeveloped or developing third world states like Pakistan, Bangladesh, Myanmar, Sri Lanka and other smaller states in the IOR. These states are more vulnerable to instability because of weak political system, weak economic and social structure. In such scenario China is willingly providing economic assistance in the form of economic aids, loans, grants and material assistance and technical expertise to the host states for their economic development on very soft conditions. China’s unending funding to the host states on relatively cheap conditions is developing addiction of aid and investment in the host countries and they cannot get out of it (Kim, spring 2011).

China’s foreign aid model attracts the donor states because of some special features which makes it different from western foreign aid model. Chinese approach for aid contradicts with western approach but this is more effective in achieving global developmental goals. The Four main characteristics of China’s foreign aid model are,

- It emphasizes on aid-trade investment deals and creates a win-win situation for both parties without posing burden on the poor donor state.
- Chinese investment comes with the no strings attached means that China respects the national sovereignty of donor states by its non-interference policy, whereas in contrast western aid comes up with hard conditionality.
- It is completely bilateral in nature and China retains its control over the
• money through Chinese companies that how it spent. In this way Chinese aid directly contributes to the development of technology, agriculture and in other sectors.
• It covers grants, concessional loans and interest free loans separately and initiatives for economic diplomacy are taken by different government departments including agriculture, commerce, defense and international affairs (Ron Matthews, 2016).

For example Pakistan and China entered into a Free Trade Agreement FTA in 2007 and their annual bilateral trade exceeded to EUR 13.48 billion in 2015 and has a potential to exceed further in the next three years. Both states are interested in the extension of FTA by focusing on different sectors like banking industry cooperation (Vandewalle, June 2015). Wu Gourquan (director of department of Asian affairs) elaborated the trade relations between Pakistan and China that positive developments have been witnessed in the previous year as the Total trade volume between both states have increased from $ 5.7 billion to $100.11 billion throughout the period of 2000 to 2015 and the total value of contracts signed between both the states have increased from $ 1.8 billion to $ 150.8 billion (Guarquan, 2016)

**Infrastructural Development**

China is heavily investing for the infrastructure development in the littorals of Indian Ocean Region particularly in the South Asian and South East Asian states which includes Pakistan, Bangladesh, Sri Lanka, Myanmar, Bhutan, Nepal and Maldives. Chinese government and state enterprises are supporting the infrastructural development in these states by constructing ports, road and railway networks, highways, pipelines, energy projects and industrial projects. China has launched $ 46 billion to Pakistan for the construction of mega project CPEC. (Akhter, 2016) Under this mega project China is creating network of roads and railways in the country. The major infrastructure projects include Gawadar port, pipeline along with highway from Gawadar to western province of China, lahore-karachi highway (Pakistan), Chitacong deep sea port (Bangladesh) and
Hambantota deep sea port, Colombo Port City (Sri Lanka) in South Asia. The majority states where China is investing in infrastructure development are poorer states with poor infrastructure and transportation system, so in such a scenario when China is willing to develop those poor infrastructures, then how the host state can say no to it.

**Establishing common grounds**

China is creating a win-win situation for the host states. Development of sea port in a state leads toward economic development through increase in trade and other commercial activities so by constructing ports and by developing infrastructures China is not only securing its own interest but it also benefits the host state as well. Let take the example of Pakistan here; China contributed about $198 million for the first phase of Gawadar Port, that amount was four times more than the host country’s contribution. By the operationalization of Gawadar port in November 2016 Pakistan has got an opportunity to boost its economy. Gawadar port acts as an alternative for Bin Qasim port and Karachi Port in case of any blockade. As history has witnessed during 1971 Bangladesh war and 1999 kargil war India blocked the Karachi port. China is also investing in the construction of road and railway networks in Pakistan which will eventually upgrade the transportation network of Pakistan. (Kim, spring 2011)

**Factors that support China’s Peaceful commercial Intentions**

China’s rivals have only exaggerated their fears and perceptions regarding Chinese expansion in the IOR for hostile purposes. US and Indian lobbies are trying to create a negative impression in the international system without providing any strong evidence that support their stance against China. Some major factors which support China’s mercantile intentions regarding string of pearls strategy are given below:-

The emergence of a conflict situation is not in the interest of China and even other major stakeholders as well. It will be very imprudent for China
to create such a hostile situation, which would directly affect its trade routes in the IOR. China has shifted its focus from pacific to Indian Ocean in order to counter its fear of “Malacca Dilemma”. The major objective of China is securing its energy supply routes because its economic structure heavily depends upon that imported energy supply. The fate of Chinese Communist Party (CCP) also depends upon its economic development. The friendly water of Indian Ocean is a better option for China as compare to the hostile water of Pacific Ocean, where China is facing number of challenges in the form of territorial issues and increased US presence (ALI, 2013). This shift in China’s foreign policy can be consider as its pivot to Asia just like US which has opted its pivot to south east Asia policy in recent years. (Vandewalle, June 2015)

China believes in the policy of “Peaceful rise” which is also known as peaceful development. The policy was coined by Chinese leaders in 2003. The policy states that China will develop its economy by taking advantage from peaceful international environment and at the same time China will also contribute for the maintenance of world peace as well. This feature has become a major component in Chinese foreign policy. This policy also reflects in the statement given by Hu Jin Tao in 2004 that “China's rise "will not come at the cost of any other country, will not stand in the way of any other country, nor pose a threat to any other country," (Pan, 2006). China is smartly using its diplomatic skills for achieving its peaceful rise through economic engagement and regional cooperation. History has witnessed that a Chinese sailor Admiral Zheng from Ming Dynasty went on 7 voyages with his large fleets towards pacific and Indian Ocean region in the 15th century but he never tried to conquer those areas rather he tried to trade goods like silk and spices with them. He created a legacy, which is irreplaceable. This is what China is doing in the 21st century and preserving that legacy. China wants to rise in the world by creating a friendly image (Bo, 2014).

China believes in access rather than bases which mean that China can establish an easy access to its energy supply routes by establishing diplomatic ties with the pearls (states) so it does need the establishment of overseas naval bases in the IOR. India perceives that China is increasing
its influence in the periphery of India for monitoring and encircling its activities through proper naval bases. There are three main purposes of a military base, to conduct intelligence and surveillance, for power projection and for logistical support, but in the contemporary era with the advancement of technology and communication system, the establishment of military bases is not that much critical as it used to be in the history. China has revolutionized its information and intelligence system over the past decade and through C4ISR (command, control, communication and computers, Intelligence, Surveillance and Reconnaissance) technology China can easily collect information by sitting in its homeland, they does not need overseas forward naval bases in south Asia. (C4ISR comprises of satellites, unmanned vehicles, open source intelligence and cyber technology). These pearls will serve mainly as refueling and resupplying hub for China (ALI, 2013).

It will be a major challenge for China to convince the host states that the establishment of PLA naval base in their state will serve their own interest. No state will allow its territory to be used for hostile purposes. The loyalties of these states cannot align with any single power, as they have diplomatic and military relations with all major stakeholders (US, India, China) in the IOR. These states can be referred as swing states.

For the purpose of energy security Indian Ocean is of immense significance for China as about 80% of China’s energy imports pass through the Strait of Malacca and that strait is very vulnerable to disruption. This can be used as a weapon against China by other state and non-state actors in the region. So to reduce its dependency on Strait of Malacca China is trying to create an alternative supply route through south Asian states to the mainland China. Energy security and the safeguard of SLOCs is the major objective of China in the Indian Ocean. If China really wanted to establish PLA forward navy and military bases in the littorals of Indian Ocean then she would never say no to a welcome call by any host state but China did not accept any offer like that.

Seychelles minister of foreign affairs Jean-Paul Adam announced in December 2011 that his country has invited China to establish a
military/naval base in their country but China’s defense department responded that China will only consider replenishment and port calls by other countries. (Bo, 2014)

**China in South Asian Region**

The south Asian region is of immense significance because of its geostrategic location and bulk of natural resources in it. The region connects with energy rich areas of Middle East and central Asian states. It has become an attractive site for different major powers, which are trying to increase their influence in the region by using different diplomatic, economic and military tools i.e. US launched its operation “war on terror” in 2001 in Afghanistan against terrorism or Islamic radicalism and under this operation US led NATO forces stayed in south Asia for almost 15 years and that’s how US used its hard power to influence the region but on the contrary side there is an example of China, which is using its soft power diplomacy to increase its influence in the region.

South Asian region mainly comprises of 8 states, Pakistan, India, Nepal, Bhutan, Bangladesh, Sri lanka, Maldives and Afghanistan, and out of these 8 states, almost 4 states share a common border with China which includes India, Pakistan, Nepal and Bhutan, this factor automatically enhances the significance of these states in People’s Republic Of China (PRC) foreign policy (Scott, 2010). The south Asian region is of immense importance in PRC’s foreign policy because of some geostrategic reasons firstly India’s rise as a regional power is influencing the China’s rise as a global power; secondly China’s increased energy demands and its easy access to resource rich areas through south Asia (transit routes), thirdly to contain the Islamic/jihadist radicalism infiltration to Chinese province Xingiang from Afghanistan and Pakistan particularly after the event of 9/11. China has remained an active actor in the politics and security of the region. After 9/11 China has developed deeper interest in the south Asian region (Scott, 2010). To achieve its interest China has been using diplomatic and economic means to strengthen its relations with the south Asian states. These economic engagements will not only benefit China but also fulfill the interest of the region as well.
The economic rise of Beijing and its ability to invest in the infrastructure and port development projects in the south Asian region has become an important feature of this region in recent years. China's initiated mega projects in south Asia includes One belt one road (OBOR) - 21st century maritime silk road MSR, China Pakistan economic corridor CPEC and Bangladesh China India Myanmar corridor BCIM have the ability to become a game changer for Asian region. (Chandran, 2016)

The researcher emphasizes on “String of pearls” strategy particularly under the umbrella of south Asian region. The potentially important pearls in south Asia include India, Pakistan, Bangladesh and Sri Lanka are of immense importance for China’s economic and strategic interest. The research will focus on China’s soft power diplomacy with respect to these pearls.

Sino-Indian Relations

India and China both are giant economies with big market heavily depend upon energy resources, old civilizations, large population and territorial size (Iman, 2013). India is using an extensive strategic and military partnership with US. India because of its size, geographical proximity with China, big military power and its commanding role in Indian Ocean is of immense strategic significance for US against China. In Aug 2016 India granted permission to US battleships to start routine patrolling at Indian naval bases for resupply and refueling purposes and India has also supported US claim over South China Sea that China is threatening the freedom of sea navigation. India’s “Look East Policy” cannot be ignored in this context though it was initiated in 1991 as a product of cold war under which India decided to cooperate with Southeast Asian states over economic and strategic issues. Currently this policy has become a cornerstone in India’s foreign policy. India is making efforts to counter balance China’s expansion in the Indian Ocean by developing relations with Asia Pacific. This would have severe implications for China in future.

Bangladesh
The diplomatic relations between China and Bangladesh officially started in 1975 but initially relations between both parties were not much friendly as China supported Pakistan in 1971 war against India as a result of which Bangladesh came into existence as an independent state. China perceived Bangladesh as a stooge of India and refused to recognize it as an independent state. China casted its first veto in UNO against the entry of Bangladesh in UN. But later own the harsh relations turned into smooth and friendly terms. Both states are cooperating over economic, cultural, social and political issues. Bangladesh is significant for China not only because of its geographical location but also because of its immense economic potential. It has maintained a steady 5-6% GDP rate since 1996. Bangladesh can provide an access to China’s province Yunnan through Myanmar into Indian Ocean. China’s increased investment in infrastructure and port development under 21st century maritime silk road also reflects the geostrategic importance of Bangladesh in Chinese foreign policy (Kahandawaarachch, 2015). Bangladesh is relatively a small state and about 92% of its seaborne trade handles by Chittagong port which make this port a busy station for ships and cargos. In order to meet the increased maritime traffic Bangladesh government has decided to construct deep sea port at sonadia. This situation has attracted many external actors who are showing their interest in the construction of deep sea ports in Bangladesh, those actors are China, India and Japan. (Shepard, 2016)

In the development and modernization of Chittagong port China has remained an active participant. In 2010 China was publically invited for the expansion of Chittagong port and the country pledged $9 billion towards the endeavor (Shepard, 2016). Thus the details of this project have been kept out of public eyes. Chittagong port is geographically very significant for China because of its opening at Bay of Bengal in the Indian Ocean. This would act as a transit route for China’s energy imports and reduce its dependency on Strait of Malacca (Suri, 2016). Besides from Chittagong China is also in consultation with the Bangladeshi government for the contract of sonadia port but nothing has decided yet over that but China has also signed MoU with Bangladesh over the construction of payra deep sea port. The Bangladesh government cannot afford to align
itself only with China because of increased international pressure and Indian influence over it. So in June 2015 Bangladesh granted permission to Indian cargo ships to use Chittagong port for commercial purposes. It is quite difficult for China to develop ports in states that are in close proximity with Indian influence (Suri, 2016). But still China is trying to achieve its objectives of promoting regional connectivity and economic development in Asia.

**Sri Lanka**

Sino- Sri Lankan relations can be referred as friendly relations since the beginning as both states established their diplomatic relations in 1957 and cooperated with each other in economic, technical and political sphere. China also supported Sri Lanka in its civil war against LTTE and played a very crucial role in that war in 2009. China supported Sri Lanka at that time when all the other doors were closed. Western world imposed sanctions on Sri Lanka for abusing human right violation in the civil war, at that time China provided weapons, aircrafts and other technical and military assistance to Sri Lankan government in their war against Tamil tigers. Both states also supported each other at different global and regional platforms like UNO, SAARC, (IOR-ARC) (Kahandawaarachch, 2015). The unusual geographical location of Sri Lanka in the center of the Indian Ocean near the busiest maritime trade route makes it a more significant actor in the strategic calculus of China. In terms of port construction Chinese Port Harbor engineering company has actively contributed for the construction of Hambantota port and China has also contributed for modernizing Colombo Port in Sri Lanka. Both states have also signed the proposal of constructing a port city at Colombo with Chinese investment. But with the change of government in 2015 the situation became different for China, as a pro Indian government came into power which would definitely influence the Sino-Sri Lankan relations in future. (Suri, 2016).

**Pakistan**
Pak-China relations have settled a new example of friendly cooperation in political, economic, cultural, social, technical and military sphere. Pakistan and China are considered as an “all-weather friends” Pakistan is a site of large Chinese investment in the region. China is investing heavily in Pakistan for infrastructure development, energy projects, trade cooperation and cultural exchange programs. Some mega projects which have been initiated by China are construction of Gawadar port and China Pakistan economic corridor CPEC. Gawadar port is of immense geostrategic importance as it will connect Chinese western province Xinxiang to the oil rich Middle East with less transportation cost. CPEC will connect Gawadar to Chinese western province. China wants to develop its western province by connecting it with Gawadar. The Gawadar Port is located at the junction of three commercially significant regions south Asia, central Asia and middle east and this mega project will strengthen the strategic position of Pakistan in the regional context. Well it’s a win -win situation for both parties, Pakistan is also getting benefit from this port development and infrastructure construction projects. Pak-China alignment creates a new balance of power in the region. India and China have converging interests in the region and to achieve those interest both states are trying to increase their influence in the region and at the same time both are trying to contain each other influence in the region. In this scenario Pak-China strategic partnership over Gawadar Port has become a major threat for India and to overcome this threat India is supporting the construction of Chabahar Port in Iran though that project was temporarily shut down because of western imposed economic sanctions over Iran but after the removal of sanctions in 2015 both parties are planning to resume that project. Chabahar Port has the potential to give tough competition to Gawadar Port.

**Conclusion**

In the contemporary era of globalization and economic interdependence economy has become an important instrument in power politics. Now conventional warfare has been replaced by economic warfare. States are competing with each other for economic development and are trying to increase their influence in other states through economic tools like MNCs,
economic enterprises, private and public sector engagements, trade and other economic agreements. That’s what China is doing around the world particularly in Asia. China needs energy for the development of its economy so for sustainable economic growth China heavily depends upon the imported energy resources mainly from Africa and Middle East. China has two major interests in the IOR, to safeguard its energy supply routes and economic gains. To achieve these interests China is using “dollar diplomacy” to increase its influence in the region. By providing aid and assistance for infrastructural development and by investing in port development projects China is trying to achieve its interest in South Asia. The phrase “string of pearls” was basically a western originated concept which has been perceived by International community as a hostile expansion of Chinese navy around the IOR to monitor and encircle its strategic rivals but no evidence has been found yet that support their stance. But on the other hand China is playing its game very smartly by using the tool of economic diplomacy. China is reluctant in using the phrase “string of pearls” because of its negative connotation that’s why China has rebranded its strategy by initiating “One belt One Road” strategy under which China is heavily investing in the construction of ports and development of infrastructure projects along the littorals of South China Sea and Indian Ocean. The port development is directly related to economic development of the host state as well as donor state. Increased Chinese involvement in port construction and infrastructure development particularly in the south Asian states will create more opportunities for economic development in those states and it will open up new markets for Chinese goods and will help to promote regional connectivity and economic integration. It may be a challenge for China to increase its involvement in port construction projects particularly in smaller south Asian states like Bangladesh and Sri Lanka, which are in close proximity with India.
References


