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Developments in the Indian Ocean strategic environment: planning for a multipolar region*

Évolution de l'environnement stratégique de l'océan Indien : planification d'une région multipolaire

Summary

After several decades of US predominance, the Indian Ocean is now becoming a much more complex, congested and contested strategic space. Key drivers of this change include a relative decline in US military dominance, the emergence of India as a major region power and China's growing economic and military presence. This paper discusses some key features of the changing regional environment in the Indian Ocean, including its implications for the future roles of major and middle powers, and what this might mean for smaller or developing countries.

Keywords
Indian Ocean, competition, power, strategic space

Résumé

Après plusieurs décennies de prédominance américaine, l'océan Indien devient aujourd'hui un espace stratégique beaucoup plus complexe, encombré et contesté. Les principaux moteurs de ce changement sont le déclin relatif de la domination militaire américaine, l'émergence de l'Inde en tant que grande puissance régionale et la présence économique et militaire croissante de la Chine. Ce document examine certaines caractéristiques clés de l'évolution de l'environnement régional dans l'océan Indien, y compris ses implications pour les rôles futurs des grandes et moyennes puissances, et ce que cela pourrait signifier pour les pays plus petits ou en développement.

Mots-clés
Océan Indien, compétition, puissance, espace stratégique

* **BREWSTER David,**
Senior Research Fellow with the National Security College
Australian National University dhbrewster@bigpond.com

dhbrewster@bigpond.com

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After several decades of US predominance, the Indian Ocean is now becoming a much more complex, congested and contested strategic space. Key drivers of this change include a relative decline in US military dominance, the emergence of India as a major region power and China's grow ing economic and military presence. This paper discusses some key features of the changing regional environment in the Indian Ocean, including its implications for the future roles of major and middle powers, and what this might mean for smaller or developing countries. These strategic trends have only been accelerated by the COVID-19 crisis. This paper concludes that middle powers are also likely to play a more active role in the region than ever before. Further, smaller and developing countries will find it difficult to escape the impact of strategic competition.

The changing role of the United States

The United States is the predominant power in the Indian Ocean and may remain the strongest power for the next 20 years or so, even as its relative lead diminishes. But there are many uncertainties about the US role in the region, and not just those caused by the uncertainties of the Trump administration's policies. Washington's strategic focus in the Indian Ocean is and always has been centred on the Persian Gulf, with the remainder of the region being of only secondary interest. The United States has long considered the Indian Ocean as a highway to and from the Persian Gulf region, but it has otherwise shown little interest in helping to build an effective region-wide architecture that could help provide stability and support international norms such as freedom of the seas.

Despite current US military predominance in the Indian Ocean, the transience of its position could quickly become apparent if there were a significant erosion in Washington's credibility as a security guarantor in the region. There is a view, at least among some Indian Ocean countries, that one day the US Fifth Fleet will sail for home from the Persian Gulf. If that occurs, then Washington may hope that India will assume a much-expanded role in the Indian Ocean region as a leading provider of public goods, operating with US assistance. Whether that hope would be fulfilled is open to question.

It is certainly possible that the Persian Gulf could maintain its importance to the US in coming years, but if technological advances in the extraction of gas and oil continue to reduce US dependence on imported energy then the Indian Ocean could easily become much *less* important to the US. There have been massive increases in oil and gas production in North America over the past decade. In 2011, only 16% of the oil imported by the US came from the Persian Gulf (down from 24.5% in 1990)[1] and that proportion has continued to fall much further.

Just as importantly, US energy imports as a proportion of its needs are falling. The International Energy Agency has predicted that the US will be a net exporter of

1 Standard Life, *The Weekly Focus: a market and economic update*, 8 October 2012.

natural gas by 2020[1]. The reduction in US dependency on energy imports may be further magnified by increased use of non-hydrocarbon energy sources in the future.

A significantly reduced US dependence on Persian Gulf oil could fundamentally alter the US defence commitment to the Indian Ocean. Washington will have more strategic options, including the option of not acting in response to threats. In the not-too-distant future, a US administration might not always feel compelled to protect energy being exported to China or other countries. It may, for example, conclude that whatever (largely immeasurable) benefits that might accrue from US military dominance of the Gulf are outweighed by their huge (and very measurable) financial costs.

A reduced US presence in the Gulf, a significant erosion of US credibility as a security provider, or both, could spark a period of intense strategic competition as China, India and other countries move to fill any perceived power vacuum. That would be likely to have a knock-on effect right across the Indian Ocean. There's little reason for the US to be in the eastern Indian Ocean (beyond Southeast Asia) if it isn't in the western Indian Ocean. A strategic reordering of the region could occur much faster than some might wish–as was the case when Britain precipitously withdrew its military forces from east of Suez in the late 1960s.

These issues may be further complicated by another cross-cutting issue. The nature of the US regional defence presence may also be altered by the changing dynamics of the Indo-Pacific, in which the two oceans are seen as more interdependent strategic spaces. This could lead to significant changes in US regional defence strategy. For example, it may make financial sense for the US to adopt a strategy based on swinging its naval and other defence resources between the Pacific and Indian Ocean theatres in response to crises (just as the Royal Navy used a "swing" strategy involving moving its fleet between several different theatres many decades ago). This could reduce the burden of maintaining large forward deployments in both East Asia and the Persian Gulf. However, this would come at the cost of the relative certainties for local states that arise from maintaining a large permanent military presence. Some Indian Ocean states might wonder whether the United States will actually come to their assistance in times of need, particularly if US forces were fully engaged in a conflict with China in the western Pacific.

Overall, US allies should also anticipate that the United States will become more demanding, expecting its allies to bear a greater share of the burden in the Indian Ocean and to facilitate US access to the region.

1 International Energy Agency, *Energy Policies of IEA countries: the United States, 2014 review*, Paris, OECD, 2014.

The emergence of India as a major regional power

A second major change in regional dynamics comes from the emergence of India as the biggest economic and military power among Indian Ocean states. It is likely that India's relative power will continue to grow and that it will become more assertive across the region well beyond the shores of South Asia. India has long harboured ambitions to be recognised as the leading Indian Ocean power, with special security responsibilities in the region. What that might mean in practice is yet to be seen.

Since 1947, India has also shown a strong aversion to the presence of other major powers in the Indian Ocean, although previously it had little power to do anything about it. In the 1970s, those concerns were once directed at the United States, but they're now very much directed at China. Growing strategic competition between India and China is likely to become an increasingly important factor in the dynamics of the region.

China's growing presence in the Indian Ocean

Another big change is China's growing presence in the region. Beijing has important strategic interests in the Indian Ocean that are likely to drive an ever-greater Chinese military presence in coming years. China's most crucial interest is the protection of its trading routes, over which around 82% of its imported oil needs are transported from the Middle East and Africa. These sea lanes are highly vulnerable to threats from state and non-state adversaries, especially at the so-called maritime "choke-points" of the Strait of Hormuz and Malacca Strait.

But China also has other important strategic interests in the region, including a growing number of Chinese nationals and investments related to its Belt and Road Initiative (BRI). The imperative to protect people and assets is likely to become an increasingly important driver in China's military presence across the region[1].

The opening of China's first overseas military base in Djibouti in 2017, which will support anti-piracy operations and help protect China's interests in Africa, indicates that its military presence is likely to continue and grow to meet its various strategic needs. This will be likely to include a significantly expanded naval presence, far greater than the current average of four or five warships in the region, to perhaps more than 20 warships. This would be likely to be accompanied by permanent deployments of contingents of Chinese marines and other supporting services. Such a presence may significantly constrain the relative freedom of action that US forces currently enjoy in the region.

China's principal security focus to date has been in the western Indian Ocean, but it is also becoming active in the eastern Indian Ocean including by conducting

1 David Brewster, "The Red Flag Follows Trade: China's Future as an Indian Ocean Power", in *Strategic Asia 2018–19: Mapping China's Expanding Strategic Ambitions,* Washington DC, National Bureau of Asian Research, 2019), p.175-210.

annual naval exercises near Australia's Christmas Island since 2014. In the future, China may also seek to establish a naval support facility in the eastern Indian Ocean[1].

Strategic competition between India and China in the Indian Ocean

Competition between China and India may become an even more important driver of regional dynamics[2]. India has long aspired to be recognised as a leading power in the Indian Ocean, with special security responsibilities. India sees China's growing economic, political and military presence in the Indian Ocean as creating a fundamental challenge to those ambitions. This is provoking some sharp reactions from India.

Delhi views China's presence in South Asia and the broader Indian Ocean with particular suspicion and anxiety. China's growing relationships with countries in the region aren't perceived as being a legitimate reflection of Chinese interests, but as being directed against India, to encircle it or keep it off balance.

Beijing takes a quite different view from Delhi on the legitimacy of its presence in the Indian Ocean. Many Chinese strategists believe that India lacks comprehensive national power to be a first-tier power in Asia, and that it wouldn't be able to provide security across the Indian Ocean. Beijing also strongly resists any suggestion that India has any right to restrict China's relationships in the region.

As a result, Beijing pays little heed to Indian sensitivities about those relationships. Some argue that China suffers from a strategic "blind spot" in understanding the perspectives of its neighbours, particularly India, and doesn't understand the anxieties that it's creating across the Indo-Pacific.

This negative Sino-Indian dynamic is exacerbated by China's BRI. Beijing claims that its BRI projects are purely economic and that it doesn't need India as a partner. This only fuels Indian suspicions that the BRI is part of a Chinese strategy to dominate the region.

Over the past few years, strategic competition between India and China in the Indian Ocean has grown and has included a race between them to gain control over or access to ports or naval bases: for China, in Djibouti, Gwadar (Pakistan), Hambantota (Sri Lanka) and Kyaukpyu (Myanmar); and for India, in Seychelles, Duqm (Oman) and Sabang (Indonesia).

It is more likely than not that competition between India and China will continue to grow in coming years, as is demonstrated by the fighting between the Indian Army and the PLA in Ladakh in June 2020. However, overt competition, or the risk of conflict, in the Indian Ocean maritime space is currently partly dampened by US naval predominance. However, were that to decline, for example, due to a drawdown

1 David Brewster, "China's Naval Presence in Indian Ocean Will Grow," *Oxford Analytica,* 28 May 2019.

2 David Brewster, *India and China at Sea: Competition for Naval Dominance in the Indian Ocean*, Oxford, Oxford University Press, 2018.

of US defence resources in the Persian Gulf, then their strategic competition would become far more overt and intense.

In the future, we may see ever more jostling for influence between India and China across the Indian Ocean. Strategic competition between those countries may lead to the greater militarisation of the region, as India feels impelled to respond to China's moves. This will be likely to make the Indian Ocean a much more complex and difficult strategic environment.

The growing role of middle powers

The roles of India and China are being complemented by the greater presence and activities of several middle powers in the Indian Ocean. Australia is a major regional power with significant interests in the north-east Indian Ocean and the Middle East and among the most capable navies in the region. France has long had a large military presence in the region in connection with its Indian Ocean territories, and Japan is also building its military, economic and political presence.

Other middle powers are also becoming more active in the region, including Middle Eastern countries such as Turkey and the United Arab Emirates, and eastern Indian Ocean states such as Sri Lanka and Indonesia.

Indonesia has particular strategic significance for Southeast Asia and the Indian Ocean. Through the 20th century it largely turned its back on the Indian Ocean giving its attention to Southeast Asia and further north. But Indonesia may increasingly come to understand the considerable influence it can wield across the Indian Ocean region, including through its relationships in Southeast Asia and the Islamic world. Its announcement of a "global maritime fulcrum" strategy in 2014 seemed to indicate a greater awareness of its valuable strategic position at the intersection of the Indian and Pacific oceans, although that strategy has been little implemented. However, Jakarta's period as chair of the Indian Ocean Rim Association (2015–17) provided an excellent example of the strength of Indonesia's soft power across the Indian Ocean and its ability in being able to bring a highly diverse set of regional partners together.

Indonesia is already the Indian Ocean's second largest economy in purchasing power parity terms, and a continuation of its sustained (if perhaps unremarkable) rate of economic growth will substantially enhance its power. It is likely that Indonesia will find new ways of exerting its new-found economic influence in the region.

All of these developments point towards the Indian Ocean becoming a much more multipolar and complex strategic environment than at any time in modern history. Overall, the middle powers will likely play a much more important role in the regional balance of power than ever before. Further, as the relative power of the United States declines then Indian Ocean states may increasingly need to navigate potentially shifting coalitions among different powers.

Implications for smaller countries

These developments will place smaller or developing countries in a difficult position. Several Indian Ocean states such as Sri Lanka, Myanmar and Maldives are suffering the adverse effects of strategic competition between the major powers.

In some ways it may be understandable for smaller countries to try to avoid the impact of strategic competition by declaring themselves neutral or non-aligned. That might sound good in theory, but in practice but there are considerable uncertainties as to whether that sort of strategy could ever work, especially in the absence of a broader Non-Aligned Movement (NAM) that could provide broad international support for weaker states. The NAM is essentially a spent force international system, with no meaningful influence. Many of its leaders, including India, have found other ways to gain security.

In this environment, simply declaring oneself "non-aligned" has little or no meaning. This means that smaller or developing countries in the region may need to find new and innovative ways of balancing their position between large powers. Bangladesh's efforts to gain the benefits of Chinese investment while respecting India's security interests in the region provides an interesting and relatively successful example of this balancing approach.

Attempts to build multilateral structures and norms in the Indian Ocean are valuable and worthwhile. However, in this particular regional environment they will always come with very significant limitations.

New strategic geometries in the Indo-Pacific

All these developments are also spurring new and more complex strategic geometries across the region. These may develop as the foundation stones of a new strategic architecture that could help mitigate the impact of strategic competition in the region.

In the past, many countries relied on their security relationship with the United States as part of the so-called "hub and spokes" alliance system. But in recent years we are seeing increasingly close relationships between US alliance partners, for example, between Australia and Japan, essentially directly connecting the "spokes" in the US alliance system. Another trend is for closer bilateral security linkages between US allies and states outside the US alliance system. The Australia–India and France-India defence relationships are examples of this.

A third trend is towards the establishment of "minilateral" security dialogues, involving small informal groupings of states that share common security interests on particular issues. These networks are now only nascent but they provide valuable forums for the discussion of issues and could provide new structures for cooperation in the Indian Ocean–perhaps ultimately the "building blocks" for a broader regional security architecture[1].

1 Frédéric Grare, "A French perspective on Australia's role in the Indian Ocean", *Lowy Interpreter,* 7 April 2020.

For several years, Australia, India and Japan have undertaken a regular trilateral dialogue at Foreign Secretary level. This has been a very successful vehicle for exchanging views on issues of shared concern across the Indo-Pacific and could increasingly become a mechanism for the coordination of efforts by the three countries in the Indian Ocean.

Another prospective Indian Ocean triangle focused on the eastern Indian Ocean, involves Australia, India and Indonesia. The three countries have begun holding regular senior officials' meetings on shared interests in the Indian Ocean, including concerns about China's actions in the South China Sea and transnational maritime security issues such as illegal fishing.

Another potentially important regional structure is the "Quad" involving Australia, India, Japan and the United States, which resumed in 2017 after a hiatus of almost 10 years. Despite considerable rhetoric about this grouping, it is still fairly rudimentary. India is currently emphasising non-security aspects of the arrangement. It isn't clear what the next steps for the Quad will be, but Delhi will likely to take an incremental approach towards developing a four-way security relationship as a graduated response to future Chinese assertiveness. At the very least, India is finding the Quad a useful device for leveraging its relationship with China.

The events in Ladakh in June 2020 may well cause India to draw closer to the other Quad partners.

Some might argue that one shouldn't pay too much attention to the Quad itself, as there are many other structures in which like-minded countries can work together. However, to the contrary, others argue in favour of building the "Quad Plus", which would include additional partners such as France[1].

Conclusion

We are seeing some fundamental changes to the strategic environment in the Indian Ocean. Over the last decade we have seen growing strategic competition among major powers in the region which will likely worsen in coming years. In particular, any significant retrenchment of US defence resources in or around the Persian Gulf could create a perceived power vacuum which would lead to significant instability.

Several middle powers, including Australia and France, are also likely to play a more active role in the region, including through the development of minilateral coalitions which could become an important part of the region's security architecture. Increased strategic competition among the major powers may also put smaller and developing countries in a difficult position. They will not be able to escape the impact of strategic competition just by declaring themselves neutral they need to actively balance the interests of the large powers.

1 Dr. Rajeswari Pillai Rajagopalan, *Towards a Quad-Plus Arrangement?*, Perth US-Asia Centre, Indo-Pacific Analysis Briefs 2020, vol. 1.

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