

China's Malacca Bluff

Examining China's Indian Ocean Strategy and Future Security Architecture of the Region

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Abstract

China's rise has been a topic of wide-ranging studies in international politics. Trade-driven economics appear to be the primary driver of Beijing's meteoric rise. From 2007 to 2017, China contributed as much to global trade enlargement as all other countries. Accordingly, the Indian Ocean, China's trade highway, became a crucial lifeline for Beijing. In fact, China has openly discussed its vulnerabilities in the ocean, the most debated one being the so-called *Malacca dilemma*. However, in contrast with Beijing's depiction of the Malacca dilemma, China appears to be bluffing its vulnerability to assert its domination on these straits. In doing so, China intends to project power into the wider Indian Ocean region (IOR), which China has started to consider as its legitimate zone of influence. China's approach to the IOR reveals a long-term strategy with a potentially destabilizing impact that necessitates a cooperative security architecture in the region. This article first analyses China's Malacca dilemma and responses to the dilemma through a Chinese prism. Second, it examines the *Malacca bluff*, the underlying Chinese IOR strategy, and its impact. Last, the article recommends a multilayered security arrangement for the region.

With China becoming the world's production center, its energy demands grew dramatically. China's domestic oil consumption increased by 30 percent per year at the beginning of the twenty-first century.¹ However, Chinese domestic oil production continued to lag. China imported 120 million tonnes of oil, a 40-percent increase over 2003, compared to only a 2-percent increase in domestic oil production.² There was a corresponding increase in the consumption of natural gas. China's natural gas consumption multiplied 3.4 times—from 13.7 million tonnes in 1993 to 60.6 million tonnes in 2007.³ Although domestic gas production was able to meet the demand, the International Energy Agency forecasted that domestic consumption would soon outgrow the supply.⁴ The writing on the wall was clear. If China was to sustain its economic growth, it must rely increasingly on ship-borne fossil fuel imports from the Middle East and Africa.

The Chinese Communist Party's (CCP) legitimacy quickly became intertwined with meeting the rising energy demands to sustain economic growth. In a country where regimes have had a history of imploding, the foundational necessity of the CCP is to exercise a stronghold over the mammoth population. Central to that necessity is the CCP's propaganda of being the sole driver of the Chinese state from the "century of humiliation" to rejuvenation. China's growing reliance on oil imports, necessary for domestic stability and economic growth, made it imperative for the CCP to do whatever necessary to secure its sea lines of communication (SLOC).⁵ Any vulnerability in oil transport directly affected domestic stability and the CCP's close control over its people. Energy security, in this way, became inextricably linked to the CCP's survival in a rapidly expanding economy and, hence, a national or regime security imperative. This energy security entailed securing the maritime trade routes that necessarily passed through the Malacca Strait and led to the articulation of the term *Malacca dilemma*.

To understand China's so-called dilemma, it is essential to look at the geography of the strait and surrounding areas. President Hu Jintao first used the term *Malacca dilemma* at a CCP economic work conference in 2003.⁶ According to Hu, the vulnerability of the straits is principally a function of geography. East–West trade routes linking China and the oil-producing countries must pass through the IOR, with few entries or exit points and large distances between them.⁷ One critical entry–exit point is the Malacca Strait, which measures 1,100 km in length, with the narrowest width being 2.8 km at the Phillips Channel. Hu made it clear that this geography creates a potential chokepoint critical to the economy and, hence, the security of China.⁸ He added, "Certain powers have all along encroached on and tried to control navigation through the strait."⁹ This was a veiled attack on the US presence in the surrounding region, which was not a new development. Experts, who bought this narrative, further explained that the strait was vulnerable to piracy and terrorist attacks—especially post 9/11—and potential blockages due to accidents.¹⁰ As a result, according to Chen Shaofeng, the Malacca Strait became a vulnerability for China that could be exploited by adversaries and non-state actors and hold Beijing hostage to their terms.¹¹ Looking at the problem through the Chinese prism paves the way for understanding the Chinese responses in a way that Beijing wants the international community to view them.

Beijing's responses to the Malacca dilemma, of concern to this article, are primarily two. First is the military strategy to ensure secure passage for Chinese vessels traversing the Malacca Strait. The CCP claims, as a purely defensive act, are incumbent upon the People's Liberation Army Navy (PLAN) assuming a more significant role in guaranteeing safe passage for trading vessels through the straits. From Beijing's viewpoint, this will contribute to overall regional security and pro-

mote free and open seas, thus alleviating China's vulnerability. Second, China should find alternative pathways bypassing the Malacca Strait. Such projects include China–Pakistan Economic Corridor (CPEC) linking Gwadar Port in Pakistan to Xinjiang Province in China, the Myanmar Oil Pipeline to Kunming in China, and the Kur Strait in Thailand.¹² The solutions, briefly, seem straightforward and justified for any state aiming for security and prosperity. However, the Chinese responses have far-reaching ramifications for the region and demand a microscopic analysis of this so-called *dilemma* to understand Beijing's true ambitions.

Malacca Bluff: Looking Beyond the Chinese Version of the Malacca Dilemma

A detailed examination of China's Malacca dilemma reveals multiple ambiguities exogenous to the Malacca Strait. These are essentially three: geographical, security, and behavioral ambiguity. First, examining the geographical ambiguity, one needs to zoom out from the Malacca Strait and not look at it in isolation as Beijing wants the world to view it. Conducting a macro-analysis of the surrounding region, the Malacca Strait is not the only way out of the IOR. There exist three other adjacent straits—the Sunda, Lombok, and Makassar—and making this detour is not economically as costly as the CCP narrative depicts. If there must be a chokepoint, it would be the Strait of Hormuz.¹³ So then, according to Hu, China faces a Malacca dilemma, but why not a Hormuz dilemma or, for that matter, a Sunda, Lombok, or Makassar dilemma?¹⁴ Geographically, the Hormuz and the entire IOR are a much bigger vulnerability because that region is not a traditional stronghold of the PLAN, and instead a locale where the United States and India enjoy a superior advantage.

Beijing exaggerates China's security concern in the Malacca Strait for three reasons. First, three neutral countries—Indonesia, Malaysia, and Singapore—surround the Malacca Straits. These countries resist any international attempts, including US initiatives, to administer the straits amid concerns that it would compromise the local coordination efforts between them in the region.¹⁵ Second, there is local disagreement regarding the primary threat to the straits. On the one hand, the United States and Singapore highlight the vulnerability of the waterways to terrorism and piracy. On the other hand, Malaysia and Indonesia believe that some countries are using the threat of piracy and terrorism as an excuse to exercise a strategic stronghold over the region.¹⁶ These counterbalancing viewpoints rule out a single actor's targeted blockade of the strait. Moreover, Beijing shares this concern about terrorism and piracy, which threatens all countries equally, meaning the issue is neither Western- nor China-specific.¹⁷ Coordinated maritime patrol activities by the three

surrounding countries successfully reduced piracy attacks to just four incidents in 2008 from 38 in 2004.¹⁸ Third, as highlighted before, while attempting to enforce a blockade against the Chinese, the United States is more likely to prefer Hormuz over Malacca, as the US Navy enjoys unchallenged superiority in the former. Even in a hypothetical scenario, if the US blockades Malacca, and all the other surrounding straits, an expensive proposition, China can reciprocate by blockading US allies such as Japan, South Korea, and Taiwan through the East and South China Seas. Discussing Malacca Straits, You Ji, a professor at the University of Macau, argued, “SLOC risks are often overstated, by seeking to portray SLOC insecurity as a matter of life and death for nations, in view of its adverse impact on economy.”¹⁹

In terms of behavioral ambiguity, a Chinese president using the party conference platform in 2003 to highlight the Malacca Strait as China’s Achilles’ heel appears unusually inconsistent. Traditionally, the party conferences center on the propaganda of the party’s pivotal role in taking the Chinese nation forward and future action plans. This highlighting of a strategic vulnerability, a behavioral inconsistency, might be a tactful ploy to legitimize China’s pivot to the IOR and strategic signaling to the international community of expanding Chinese ambitions. In other words, China intends to dominate the straits and use them to springboard its naval presence in the IOR. Overall, the three factors reveal China’s Malacca bluff and uncover the underlying Chinese strategy toward the IOR.

China’s Indian Ocean Strategy

China’s Malacca bluff relates to the significance of the IOR for Beijing. As a result, China began following a “Two Oceans” strategy to exercise control over the Indian and Pacific Oceans. Both oceans are critical to sustaining Chinese growth. The Indian Ocean is the maritime highway for China’s raw materials and energy needs. The Pacific Ocean is the pathway for its export-led economy. While the United States and its allies present a formidable challenge to China in the Pacific, the power vacuum in the IOR and incoherent security architecture therein offer an excellent opportunity for Chinese expansion. China’s new strategy in the IOR is not ad-hoc. Instead, it represents a well-conceived and formalized doctrinal effort. China’s defense white papers from 1998 to 2008 demonstrate this transformation, where the narrative shifted from “China does not station troops or set up military bases in a foreign country” to distant force projection.²⁰ The 2008 global financial crisis strengthened Chinese beliefs about the West’s decline and how China could lead the globe to economic revival. To achieve this, China appears to be following a three-pronged strategy in the IOR that can be divided into economic, military, and diplomatic lanes.

First, China understands the influence of financial might in a region that has fragile nation-states. The IOR states—such as Pakistan, Sri Lanka, Bangladesh, and Myanmar—struggle with a combination of military coups, fragile economies, and weak political institutions and have been historically susceptible to external influences. Beijing has engaged these nations with mammoth infrastructural projects under China's Belt and Road Initiative (BRI), termed a “win-win” endeavor for all by President Xi Jinping. Each of these IOR states is a party to the project, where Chinese corporations have undertaken port infrastructures and unsustainable debt policies.²¹ Similarly, China has also engaged Seychelles, Maldives, and Madagascar with lucrative infrastructural aid.²² The infrastructure addresses China's SLOC concerns by providing alternative transport routes, normalizing the Chinese presence in the IOR, and allowing greater surveillance over shipping routes. The projects, though, are yet to be economically viable, let alone spurring growth in the host countries. However, the projects provide an excellent opportunity of bringing China to the table and granting Beijing a stronger voice in the IOR. Also, these debt traps increase China's hold over domestic politics and policy making in these states and allows China to shape the narrative within the IOR.

Second, while geo-economics drive Chinese policies, a robust military presence in the IOR is foundational to the Chinese strategy of regional hegemony. Accordingly, the PLAN assumed a central focus in future military planning. China's 2008 White Paper argues, “Struggles for strategic resources, strategic locations, and strategic domination have intensified,” highlighting the urgent need to develop distant water capabilities.²³ The 2015 white paper unambiguously stated, “China will work to seize the strategic initiative in military competition.”²⁴ As a result, China's military presence in the IOR increased significantly. From deploying a nuclear submarine in the IOR for the first time in 2013 to a satellite-tracking ship making a port call at Hambantota in 2022, China's military IOR presence has steadily increased.²⁵ Through evacuation operations in Yemen, a naval base in Djibouti in 2017, and agreements for military access to ports in Bangladesh, Myanmar, Pakistan, and Sri Lanka—accompanied by military exercises with host nations—China has signaled its long-term intentions in the IOR.²⁶ Also, by arguing that the Indian Ocean does not belong to India, Beijing clarified its position in the IOR by rejecting any contradicting claims by a regional player.²⁷ China's undersea intelligence-gathering and surveying operations hint that Beijing intends to develop offensive and counteroffensive capabilities in case of a broader crisis and prevent any sea-based interdiction of its trading routes. In short, a strong naval presence is crucial to Chinese hopes of securing trade and projecting economic might in the IOR and its surrounding areas.

Third, Beijing has firmly established China's position in the IOR's multinational forums through diplomatic coercion. China proactively tapped into the growing economic and security needs of the IOR's secondary powers and island nations. While Beijing has always enjoyed an "all-weather friendship" with Pakistan due to shared enmity with India, China also became Bangladesh's most extensive military hardware and textile import partner.²⁸ Similarly, China has engaged with four island nations of the IOR—Sri Lanka, Maldives, Mauritius, and Seychelles—which have geographical centrality to China's maritime trade routes. China is the largest export destination for Sri Lanka and has been a major military hardware supplier to Colombo. More than 50 high-level visits between China and these countries, and post-BRI announcements, indicate the importance that these "new natural partners" hold for China. The support of these secondary powers and island nations ultimately paved the way for increased Chinese influence in regional organizations such as the Indian Ocean Rim Association (IORA) and the Indian Ocean Commission (COI).²⁹ In short, Beijing is employing hard- and soft-power tactics to arm-twist its way into the IOR. Financial levers provide China with diplomatic and military maneuvering space. Through its three-pronged strategy, Beijing has been aggressively pushing forward to stamp its authority as a regional hegemon and fill the power vacuum in the IOR arising from a relative US decline and a perceived Indian incapability to respond.

Despite Beijing's rhetoric that the increased Chinese presence in the IOR is for the improvement of collective security, the future trajectory of the IOR appears to be volatile. This instability can be attributed to two factors. First, the unprecedented Chinese presence dials up the Indo-US security dilemma. India has historically approached the IOR as its sphere of influence and resisted any extraregional interference. With China rejecting any such Indian claims and developing potential dual-use infrastructure all around the Indian peninsula, termed the *string of pearls*, the situation heightens New Delhi's sense of insecurity and resulting responses.³⁰ Similarly, China's naval exercises with Iran and Russia in the region challenge the US domination in the region.³¹

Second, Chinese investments and infrastructural projects tend to be destabilizing. Chinese economic aid was lucrative to host countries due to the reluctance of international institutions to extend assistance of such magnitude. Thus, it was no surprise that Sri Lanka, Pakistan, and others defaulted on loan repayments to China.³² Also, the increasing presence of Chinese nationals and private security firms in these countries is seen as a form of neocolonialism, replete with all the inequities of that era. The rising domestic resistance to the Colombo Port project and the Baloch resistance to the Gwadar project illustrate domestic resistance in these nations toward Chinese influence.³³ With Sri Lanka having declared bank-

ruptcy, a nuclear-tipped Pakistan struggling to finance itself, and concerns that Bangladesh and Myanmar are backsliding from democracy, the future of the IOR appears anything but stable. This instability necessitates urgent measures to address security concerns in the region.

Recommendations for a Multilayered Security Architecture

China's investments and increased presence in the IOR destabilize the region in terms of security and economy. Despite this, a formalized security architecture cannot solve the heightened security dilemma of the region. Frequent calls for institutionalizing Indo-Pacific dialogues such as Quadrilateral Security Dialogue (Quad) into an Asian NATO occur without looking at the history of failure of such organizations in the area. The Southeast Asian Treaty Organization (SEATO) and Central Treaty Organization (CENTO), created in the aftermath of World War II, failed within 25 years of their creation.³⁴ The region is largely unsuitable for such architecture due to existing geographic, political, economic, cultural, and historical divergence. Moreover, such an organization that excludes China will only amplify Beijing's security dilemma and further destabilize an already volatile region. Also, excluding minor but crucial countries contiguous to these critical chokepoints from a security architecture incites discontentment and is viewed as extra-regional interference.

The complications and conflicting viewpoints in the IOR necessitate a multi-layered and inclusive security arrangement that incorporates major powers *and* regional players. There are three possible ways of articulating this arrangement. First, such an arrangement should address contiguous states' concerns regarding local issues such as piracy and terrorism. For example, ensuring security in the Malacca Straits should be the responsibility of Malaysia, Indonesia, and Singapore. The role of powerful states will be limited to capacity building and sharing maritime domain awareness. This will not only assuage the concerns of smaller states but also transfer the much-needed ownership to more relevant parties and possibly address the shared security dilemma of great powers in the region.

Second, the great powers must carefully navigate their conduct in forums such as Quad and the Australia–United Kingdom–United States (AUKUS) trilateral. Cooperative international forums can heighten an adversary's security dilemma or mitigate it through strategic signaling. The naval exercises conducted by AUKUS and the Quad must be conducted in a manner to send a balanced signal and not be mere displays of power that provokes an equal response from the adversary. Additionally, Quad and AUKUS should incorporate measures where more states can observe and participate in cooperative efforts.

Third, there needs to be enhanced cooperation and dialogue between regional organizations such as the IORA, COI, and maritime security–focused communities like the Indian Ocean Naval Symposium (IONS) and the Malacca Strait Patrols (MSP).³⁵ Formalized dialogue at political and military levels in a disarrayed region will build a shared understanding of maritime issues and possibly eliminate conflict points. In other words, the instability of the IOR cannot be solved by mimicking NATO—and definitely not by isolating China. India and the United States must understand that the Chinese presence in the IOR cannot be reduced to zero. Likewise, Beijing must realize that its security dilemma in the IOR is exaggerated and that China cannot dominate the region, irrespective of its evolving naval capabilities.

Conclusion

The quest for resource hoarding and military domination in the IOR is not new but ironic in that an ostensibly anti-imperialist China is exhibiting the traits it professes to resent—essentially engaging in a form of neocolonialism.³⁶ China's IOR strategy is simple: increasing the economic dependence of vulnerable countries to secure political leverage.³⁷ By characterizing the Malacca Straits as a vulnerability, Beijing intends to legitimize China's domination and use the straits as a gateway to control the geopolitically crucial Indian Ocean. Due to the increased militarization of the region and conflicting viewpoints of the IOR states, a multi-layered and inclusive security architecture is necessary. It should focus on addressing contiguous states' local concerns and enhancing strategic communication among major powers about concerns and conflicts. On the other hand, following a traditionalist security approach will only escalate the security dilemmas of major players, where they may end up engaging themselves in self-perpetuating conflicts. Ultimately, the solution lies in normalizing the Chinese presence in the IOR without derailing stability and undermining major players' legitimate spheres of influence. ✪

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Notes

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