

## 'Developments in the Indian Ocean Strategic Environment: Planning for a Multipolar Region'



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After several decades of US predominance, the Indian Ocean is now becoming a much more contested strategic space. Key drivers of this change are a relative decline in US military dominance, the emergence of India as a major power with aspirations to play a leading role in the region, and China's growing economic and military presence. As a result, the Indian Ocean almost certainly has a much more multipolar strategic future. This paper explores the changing regional environment, including the changing roles of major and middle powers, and then considers some emerging new security arrangements that could affect the region.

### **The changing role of the United States**

The United States is the predominant power in the Indian Ocean and will probably remain the strongest power for the next 20 years or so, even as its relative lead diminishes. But there are long term uncertainties about the US role in the region, and not just those caused by the current antics of the Trump administration.

Washington's focus in the Indian Ocean is (and always has been) centred on the Persian Gulf, the remainder of the region being of only secondary interest. The United States uses the Indian Ocean as a highway to project power into 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.

Despite current US military predominance in the Indian Ocean, the transience of its position could become apparent if there were a significant erosion in Washington's credibility as a security guarantor.

It is certainly possible that the Persian Gulf could maintain its importance to the US for many years to come, but if technological advances in the extraction of gas and oil continue to reduce US dependence on imported energy then the Indian Ocean could become much less important in US strategy.

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) 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 become a net exporter of natural gas by 2020. The reduction in US dependency on energy imports may be further magnified by increased use of non-hydrocarbon energy sources in the future.

A reduced US dependence on Persian Gulf oil could fundamentally alter the US commitment to the Indian Ocean. It will give Washington more strategic options, including the option of not acting in response to threats. In the not-too-distant future, another US administration might not always feel compelled to protect energy being exported to China or Japan. Washington might 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, 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 is little reason for the United States 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 many might think—as was the case when Britain precipitously withdrew its military forces from east of Suez in the late 1960s.

We could also see important changes in US defence strategy in the Indian Ocean. It may, for example, make 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 between different theatres many decades ago. This could reduce the burden of maintaining large forward deployments in both East Asia and the Persian Gulf. That could have important consequences for the region.

### **The emergence of India as a major regional power**

A second major change in the regional strategic environment is 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. 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. Those concerns were once directed at the US, 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. It has important strategic interests in the Indian Ocean that are likely to drive an ever-greater Chinese military presence in coming years. Beijing'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 the 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. Indeed, in the long term the BRI has the potential to fundamentally alter the strategic dynamics of the region by effectively transforming China from a power with very little regional presence into something approaching a resident power.

The opening of China's first overseas military base in Djibouti in 2017, which supports anti-piracy operations and helps 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, perhaps up to an average of more than 20 warships in the Indian Ocean. This would be likely to be accompanied by permanent deployments of contingents of Chinese marines and other supporting services. This could have major strategic consequences for littoral states.

China's principal security focus to date has been in the western Indian Ocean, but it's also becoming more active in the eastern Indian Ocean. In the future, China may also seek to establish a naval support facility in the eastern Indian Ocean.

### **Strategic competition between India and China in the Indian Ocean**

Competition between China and India may become an ever more important driver of regional dynamics. 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 usually 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 is 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 for 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).

Competition between India and China is currently partly dampened by US military predominance. However, were that to decline, for example, due to a drawdown 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 growing 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. France has long had a large military presence in the region in connection with its Indian Ocean territories, and Japan is also building its 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 Indonesia and Sri Lanka.

Since its independence, Indonesia has 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 make it ever more important. 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 almost any time in modern history. Indian Ocean states may need to navigate potentially shifting coalitions among different powers.

### **New strategic geometries in the Indo-Pacific**

Developments in the Indo-Pacific strategic environment are spurring new and more complex strategic geometries across the region. Although many of these relationships or groupings are in a relatively nascent state, they 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 US as part of the so-called 'hub and spokes' alliance system. However, we're 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 defence relationship is an example of this. A third trend is towards the establishment of minilateral security dialogues, which involve small informal groupings of states that share common security interests on particular issues. These networks are now only nascent. However, they provide highly valuable forums for the discussion of Indian Ocean issues and

could provide new structures for cooperation in the Indian Ocean—perhaps ultimately the ‘building blocks’ for a broader regional security architecture.

For several years, Australia, India and Japan have participated in 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, including in maritime security capacity-building among regional states.

Another developing Indian Ocean partnership is between Australia, France and India—the three Indian Ocean states with the most capable navies. Earlier this year, France signed agreements with Australia and India to share defence logistical support, a key step towards the sharing of military facilities. Geographically, territories of the three countries form a triangle covering the east, west and north of the Indian Ocean, so the sharing of resources and facilities between them may make considerable sense.

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. Together, Australia, India and Indonesia could become an important force in upholding a rules-based order in the Indian Ocean.

Another potentially important regional structure is the ‘Quad’ involving Australia, India, Japan and the US, which resumed in 2017 after a 10-year hiatus. Despite considerable rhetoric about this grouping, it’s still fairly rudimentary. India is currently emphasising non-security aspects of the arrangement

and has resisted including Australia in the associated Malabar naval exercises, probably to support Delhi’s claim that the Quad is not a security grouping. It isn’t clear what the next steps for the Quad will be, but Delhi (and perhaps other partners) are likely to take an incremental approach towards developing a four-way security relationship as a graduated response to future Chinese assertiveness.

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, the recent meeting in New York of foreign ministers from the four Quad countries may indicate that all the parties are taking the Quad increasingly seriously. At the very least, India is finding the Quad a useful device for leveraging its relationship with China.

## Conclusion

It is not ‘business as usual’ in the Indian Ocean. Over the last decade we have seen growing strategic competition among major powers in the region, particularly between India and China. This will likely worsen in coming years. In addition, a retrenchment of US defence resources from the Persian Gulf could create a perceived power vacuum which would lead to significant instability. Several middle powers are also likely to play a more active role in the region, including through the development of minilateral coalitions. Strategic instability could have a significant impact on smaller countries in the region, which may increasingly find themselves the target of major power influence operations.