Between Giants
The Sino-Indian Cold War in the Indian Ocean

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Executive Summary

Strategic competition between India and China in the Indian Ocean is growing and has the potential to profoundly impact the stability and security of the region. The Indian Ocean is becoming the scene of a sustained contest that in some ways resembles strategic competition during the Cold War. This will include pressure on Indian Ocean states to align themselves with one side or another within an increasingly unstable and complex strategic environment.

The series of political crises that occurred in the Maldives during 2018 presages significant future instability right across the region. These events demonstrated the influence wielded by Delhi and Beijing, but also the constraints they each face. The Maldives political crises began in February 2018, involving a “self-coup” by the Chinese-backed President Abdulla Yameen. Although this represented a further erosion in India’s traditional security role in the country, Delhi found itself with few good options to respond. But Yameen’s shock election loss in September 2018 to his opponent, Ibrahim (“Ibu”) Solih, demonstrates the power of democratic forces and the constraints that are also faced by China. It is another chapter in a long-term competition for influence that will likely be played out in different ways elsewhere in the region.

Indeed, it appears that as part of its Belt and Road Initiative, China will actively pursue all economic opportunities available to it in the Indian Ocean without significant regard for Indian sensitivities. Despite rhetoric of the “Wuhan spirit” that emphasizes Sino-Indian policy coordination in the region, there is no real sense that China should limit its opportunities or divide them with India. China is also pursuing infrastructure projects, including ports and airports, without regard for their short-term economic feasibility. This often involves large amounts of debt, corruption and/or the provision of political support for local leaders. These factors may make it difficult for non-Chinese players to compete.

Moreover, China encourages India’s neighbors to develop close political and security relationships with Beijing and opposes any suggestions that India should be allowed a sphere of influence in which it exercises special rights. In the long term, China has many strategic imperatives in the Indian Ocean that may drive a significant military presence in the region. This could range from full service naval/air bases to more discrete access/logistical
support arrangements. But for the time being, Beijing will be cautious about being drawn into a direct security role in local conflicts, including domestic political disputes and disputes with India. The Indian Ocean is far away from China and its military position there is currently weak.

India has long-term aspirations to leadership of the Indian Ocean. Traditionally, it has perceived a sphere of influence in South Asia in which it plays a pre-eminent economic, political and security role. These aspirations are being increasingly tempered by the reality of China’s regional presence and economic power. India remains highly resentful of any Chinese economic presence or political influence in the island states of the Indian Ocean; however, it also recognizes that its short-term options may be constrained.

As this competition plays out, the Indian Ocean island states also exercise considerable agency. Some countries may try to insulate themselves from competition by declaring themselves “non-aligned”, but many will also seek economic or political benefits from the major players. Some will seek to balance against perceived Indian hegemony through economic and political relationships with outside powers such as China and Saudi Arabia. At the same time, China’s Indian Ocean partners will generally resist requests by Beijing to establish a security presence, although they may not be able to do so indefinitely. These factors point to an increasingly unstable and contested strategic environment.
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Introduction

Strategic competition between India and China in the Indian Ocean is growing and has the potential to profoundly impact the stability and security of the region. This contest has similarities to strategic competition experienced in the region during the Cold War, when major powers battled for influence and control over smaller and weaker states. The series of political crises that occurred in the Maldives during 2018 brought this concern to a head. It demonstrates the influence wielded by Delhi and Beijing, but also the constraints they each face in the region. The Maldives political crises began in February 2018, involving a “self-coup” by the Chinese-backed President Abdulla Yameen. Although this development represented another major erosion in India’s traditional security role in the country, Delhi found itself with few good options to respond. Yameen’s shock election loss in September 2018 to his opponent, Ibrahim (“Ibu”) Solih, demonstrates the power of democratic forces and the constraints that are also faced by China. It is another chapter in a long-term competition for influence that will likely be played out in different ways elsewhere in the region.

The Sino-Indian relationship in the Indian Ocean is one part of a broader strategic relationship between them that combines elements of cooperation, coexistence and competition. But there are also factors that tend to give the Sino-Indian security relationship in the Indian Ocean a sharper dynamic. This paper explores the reasons for strategic competition between them and the potential consequences for small Indian Ocean island states. It will focus on Sino-Indian strategic competition in the Maldives during 2018 and what lessons this may provide for the broader region.

Section 1 of this paper gives an overview of Sino-Indian competition in the Indian Ocean in light of their regional aspirations. It argues that there are fundamental differences in perception between the two countries that will drive strategic competition between them for the foreseeable future. Section 2 describes the growth of strategic competition in the Maldives over the last decade and China’s and India’s options in the face of the 2018 Maldives political crises. It argues that both Delhi and Beijing face significant constraints in the region, which may have led them to try to temporarily mitigate competition. Section 3 broadens the lessons from Maldives into other Indian Ocean island
states. It argues that while we should expect to see Sino-Indian strategic competition continuing in the island states, there will be significant differences between them. The island states also have a significant degree of agency that leads them to resist demands from both China and India.
An overview of Sino-Indian strategic competition in the Indian Ocean

Key drivers of strategic competition between India and China in the Indian Ocean include basic differences in perceptions about their status in the region and in the international system. Delhi considers itself the leading Indian Ocean state and a natural leader of the region. It also perceives itself as the regional security manager in South Asia and parts of the Indian Ocean. It takes a somewhat proprietorial attitude towards the Indian Ocean, perceiving the presence of extra-regional powers, particularly China, as essentially illegitimate. In contrast, while Beijing assertively expands its economic and political role in the Indian Ocean, it refuses to recognize India’s claims towards major power status or its claims for special prerogatives.

This is leading to an ever-sharper and long-running contest between India and China in the Indian Ocean. Despite the April 2018 Wuhan Summit between President Xi and Prime Minister Modi, there are few reasons to believe that India and China are likely to come to a long-term accommodation about their respective security roles or relationships in the Indian Ocean. Indeed, there is a real risk that their security interactions will become ever more competitive as China’s presence in the region grows and as uncertainties grow over the US global role.

China’s growing role in the Indian Ocean region

China’s economic and political influence is growing quickly throughout the Indian Ocean region (IOR), particularly as part of the Belt and Road Initiative (BRI). The BRI represents a fundamental play by China to reshape the world around it through developing connectivity and other essential infrastructure across Eurasia, the Indian Ocean region, Africa and South Pacific. Its impact may be most profound in the IOR, where it has the potential to fundamentally reshape the strategic dynamics of the region.

Chinese infrastructure projects, involving investment in ports, roads and railways under the umbrella of the BRI, are one of the most
controversial features of China’s regional presence, including because of concerns over “undue” influence over local governments and the potential military use of nominally commercial infrastructure. Although BRI projects are often advertised by Beijing as a form of “aid”, they rarely meet OECD concepts of Official Development Assistance, and interest rates on loans often exceed those offered by international funding agencies. Funding is often provided on a non-transparent “no questions asked” basis that requires the use of Chinese companies to build and, sometimes, operate the infrastructure.

China may be using the BRI to develop political and diplomatic dependencies in some IOR countries, including large states such as Pakistan and Myanmar and island states such as Sri Lanka and Maldives. In the Maldives, for example, publicly disclosed BRI related indebtedness has caused gross government debt to reach 109% in 2018, making it “highly vulnerable” to debt distress. This debt (as well likely significant amounts of undisclosed indebtedness) is set to increase significantly and there seems little likelihood that it can be repaid.¹

But Chinese investments can sometimes also lead to popular political backlashes where there are insufficient perceived benefits to local populations. In Myanmar, a backlash against the scale of Chinese investments caused the military junta to suspend the proposed USD 3.6 billion Myitsone dam project in 2011 as part of a broader move to diversify Myanmar’s economic relationships. In Sri Lanka, the relationship of the Rajapaksa government to China, including in relation to the controversial Hambantota port project,² was one factor in the government’s electoral defeat in December 2014.

In conjunction with the BRI, China has several strategic imperatives in the IOR that will likely lead to a substantial long-term military presence in the region. China’s most important interest is the protection of its trading routes over which energy is carried from the Middle East and Africa. Beijing is keenly aware that these sea lines are vulnerable to threats from state and non-state adversaries, especially at the narrow “chokepoints” of the Strait of Hormuz and the Malacca Strait.

But China has many other important strategic interests in the IOR. These include the need to provide security for Chinese people and investments in unstable countries and having the capability to evacuate Chinese nationals in response to local crises. Other interests include the

². There, a Chinese state-owned company allegedly bribed then president Mahinda Rajapaksa to construct a USD 1 billion port in his hometown. When the associated debt could not be repaid, the Chinese company acquired control of the port under a 99-year lease.
need to support for UN peacekeeping and HADR/SAR operations and, potentially in the future, the desire to conduct interventions against violent extremists or to even support local partners.

China's military presence in the IOR began with a semi-permanent naval presence in the Arabian Sea from 2008 and now includes China’s first overseas military base in Djibouti. China’s capabilities in the region are currently focused on Military Operations Other Than War (MOOTW), but this will likely evolve to include a substantial naval presence as well as air force and, potentially, limited ground forces. This will involve basing requirements in the region. In addition to its current base at Djibouti, China will likely establish a naval and air presence in Pakistan, and probably elsewhere in the IOR, such as East Africa and the central/eastern Indian Ocean.

Indian concerns about China’s presence in the Indian Ocean

China's growing role in the IOR is bringing it into increasing conflict with India. India has long had ambitions to become the leading power in the Indian Ocean. Though few Indian officials might care to publicly admit it, for a long time many in New Delhi have seen the Indian Ocean as “India’s Ocean”, at least in the long term.\(^3\) As one US analyst commented a decade ago, “New Delhi regards the Indian Ocean as its backyard and deems it both natural and desirable that India function as, eventually, the leader and the predominant influence in this region—the world’s only region and ocean named after a single state”.\(^4\)

India's aspirations in the Indian Ocean reflect several strands of strategic thinking. To some extent, it is connected with India's aspirations to be seen as a major power. Influential Indian strategists such as K. Subrahmanyam argued that leadership of the Indian Ocean was part of India’s “manifest destiny”.\(^5\) But India’s reasoning is mostly defensive. Its colonial experience drove a view that it must either establish a forward defense perimeter in the Indian Ocean to preclude intervention in the subcontinent or that extra-regional powers must otherwise be excluded from the vicinity of India.

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5. There are parallels between these views and China’s maritime security ambitions in the Pacific as a foundation for its global ambitions.
The idea of an exclusive sphere of influence in and around the Indian subcontinent is sometimes labeled as India’s “Monroe Doctrine”. It follows ideas from the British Raj and also echoes the US Monroe Doctrine, which was propounded by the United States in the nineteenth century as a way of rejecting the presence of “outside” powers in the Americas. The Monroe Doctrine was invoked by Prime Minister Jawaharlal Nehru as an expression of the newly-independent India’s determination to rid the subcontinent of residual colonial influence and exclude other powers from the entire South Asian region.\(^6\) India’s Monroe Doctrine has been expressed in different ways, but has broadly involved an assertion that the military presence of “outside” powers in its neighborhood is illegitimate and that its neighbors must instead rely upon India as a regional manager and security provider.\(^7\) Although it primarily described India’s role in South Asia, it also influences Indian strategic thinking about the entire Indian Ocean region.

But nineteenth century concepts of “spheres of influence” do not necessarily sit easily with ideas of sovereignty and non-interference. Pakistan, in particular, rejects any notion that India has any “special rights” as a keeper of regional security. India’s other neighbors also resent India’s perceived hegemonic tendencies, but still tend to be prudent about developing security relationships with “other” powers.

Indian thinking about its role in the Indian Ocean is now often reflected in new terminology: that India should be recognized as a “net security provider” to its region. This was pronounced by Prime Minister Manmohan Singh in 2013 and followed by the Modi administration from 2014 on.\(^8\) What constitutes the role of “net security provider” is elastic and undefined. Nor is the extent of India’s “region” entirely clear, but it certainly includes South Asia and its maritime surrounds, some island states of the southwest Indian Ocean and increasingly also the Bay of Bengal area (see Figure 1).

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There are signs that at least some policy-makers in Delhi may now be more willing to face up to the realities of China’s economic power in the Indian Ocean. The April 2018 Wuhan Summit between Xi and Modi seems to have involved a recognition that India’s aspirations towards spheres of influence were no longer realistic. As one Indian official commented: “The days when India believed that South Asia was its primary sphere of influence and that it could prevent other powers, such as China, from expanding its own clout are long gone (...) India cannot claim sole proprietorship of the region. We can’t stop what the Chinese are doing, whether in the Maldives or in Nepal, but we can tell them about our sensitivities, our lines of legitimacy. If they cross it, the violation of this strategic trust will be upon Beijing.”

Nevertheless, China’s growing presence in the IOR causes significant concerns for India. The BRI fits a long-standing narrative that China is

pursuing a so-called “String of Pearls” strategy in the Indian Ocean that will involve the development of a string of naval bases right across the northern Indian Ocean. China’s relationships in the region are generally not perceived in Delhi as being a legitimate reflection of China’s interests in the region. Many in Delhi perceive China’s regional relationships as being directed against India: either as a plan of maritime “encirclement” or to keep India strategically off balance in the region, just as China’s relationship with Pakistan has long kept India off balance in South Asia.

There is a view that India needs to act quickly to secure its neighborhood from China before it is too late. As the 2012 report, Non-Alignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century by a number of leading Indian strategic thinkers, noted: “The Indian Ocean falls second in [China’s] present order of priority (...) It is in our interest that China remains preoccupied with its first-tier, more immediate maritime theatre [in the western Pacific] (...) We need to use this window of opportunity (...).” 10

India is responding to China’s presence in the Indian Ocean in several ways. One is to develop its own military capabilities, including building its navy and military facilities on Indian territory and, if possible, building facilities in friendly Indian Ocean states such as Mauritius and/or Seychelles. A second is to reinforce economic and military relationships with smaller neighbors. This includes India’s SAGAR (Security and Growth for All in the Region) initiative, which is intended to enhance connectivity between India and its neighbors. 11 There have also been proposals to establish multilateral regional groupings led by India, such as the “Indian Ocean 5” (India, Sri Lanka, Maldives, Mauritius, Seychelles), but these have come to nothing because of tensions among its putative members. 12 A third response is to reinforce Indian networks with major “countervailing” powers such as the United States and Japan, as well as Indian Ocean “middle powers” such as France, Australia and Indonesia, to help balance China.

But India’s concerns about any Chinese presence in the Indian Ocean are exacerbated by another factor – India’s desire to maintain China’s strategic vulnerability in the Indian Ocean. Unlike other dimensions of the relationship, such as economics, nuclear weapons or the Himalayan border, where India is at a disadvantage to China, the Indian Ocean is the theatre in which China is most strategically vulnerable. The Indian Ocean’s geography

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14 gives India big natural advantages against China. China has corresponding disadvantages, including the need to deploy its naval forces to the IOR through narrow and dangerous chokepoints and then cope with uncertain logistical support when it arrives.\(^13\) India’s natural strategic advantages in IOR give the maritime dimension of the relationship a special strategic significance. A desire by Delhi to maintain this potential bargaining chip against Beijing substantially complicates Sino-Indian relations in the Indian Ocean.

**China’s perspectives on India and its role in the Indian Ocean**

Beijing takes a quite different view from India on the legitimacy of its presence in the IOR. Many Chinese strategists believe that India lacks comprehensive national power and tend to give it a status below that of other Asian powers, making China less respectful towards India compared with other powers. There is also a pronounced asymmetry in threat perceptions: India tends to regard China as a significant threat, whereas China is much more focused on the United States. Beijing strongly resists suggestions that India has any right to restrict China’s relationships in the IOR or that India should be somehow recognized as having a sphere of influence in the region. China takes the view that it is free to enter into relationships as it chooses with India’s neighbors.

These differences in perceptions means that, in the past, Beijing has paid little heed to Indian sensitivities about China’s relationships in the region. Some argue that China suffers from strategic “blind spots” in understanding the perspectives of its neighbors, particularly with India.\(^14\) Strong Chinese beliefs about their country’s history may make it difficult for Chinese to put themselves in their neighbor’s shoes and reassure them about China’s growing power. These beliefs may also tend to make China dismissive of Indian fears.

This negative dynamic is exacerbated by China’s approach towards the BRI. Beijing claims that these initiatives are purely economic and takes the position that it does not require India as a partner in the region. It need not explain its regional initiatives to India nor ask for India’s cooperation. Indeed, in many cases, Beijing appears to be actively seeking to displace Delhi.


Between Two Giants: Sino-Indian strategic competition in the Maldives

The recent political crisis in the Maldives provides an excellent example of the changing strategic dynamics of the Indian Ocean – and also the constraints that both India and China face in the region. The Maldives is an archipelago of around 1200 small islands stretching north-south over an area of some 35,000 km² in the central Indian Ocean. It has a tiny population of some 400,000 people. It is economically weak, politically unstable, increasingly radicalized, and will probably be one of the first victims of rising sea levels. Its future is uncertain at best.

But the Maldives also has a strategic significance that outweighs its size. The islands are also a chain of unsinkable aircraft carriers sitting astride the vital sea-lanes across the northern Indian Ocean. A large proportion of trans-Indian Ocean shipping passes through the Eight Degree Channel to the north of the archipelago (used by ships headed to and from the Malacca Strait) or the One and a Half Degree and Equatorial Channels in the middle and south of the archipelago (generally used by ships headed for the Sunda or Lombok straits) (see Figure 2). Any strategy of interdicting (or protecting) those SLOCs across the northern Indian Ocean – by any country - would likely require the use of those islands.

The Maldives is also a significant source of security threats to the region. Its sparse population and many uninhabited islands make it a potential haven for terrorists, pirates and smugglers. Over the last decade, many of its Muslim population have become radicalized, particularly under the influence of Saudi-sponsored Wahabist ideologies. Many Maldivians have been involved in fighting with the Lashkar-e-Taiba terrorist group in northwest Pakistan, and around 200 Maldivians travelled to the Middle East after 2013 to join ISIS. These problems may be heightened by future environmental threats such as the potential failure of the fishing industry (which employs around half of the workforce) due to collapse of fishing stocks and/or the effects of climate change.

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Figure 2: The Maldives
India as the traditional security provider to the Maldives

For decades after its independence in 1965, the Maldives was seen as more or less a security appendage of India. A defining moment in the relationship occurred in November 1988 when India acted decisively to prevent an attempted coup against Maldives President Abdul Gayoom. A force of around 80 Sri Lankan mercenaries infiltrated the Maldives capital of Malé and took control of key points in the city. But they failed to capture President Gayoom, who requested assistance from several countries, including India, the United States, Britain, Pakistan, Sri Lanka and Malaysia.

New Delhi responded to the crisis with uncharacteristic speed and decision, seeing it as India’s responsibility (and prerogative) to act. On the same day as Gayoom requested India’s assistance, the Indian Air Force airlifted some 300 paratroops to Hulhulé Airport, on an island near Malé. Within several hours, Indian troops had taken control of Malé and rescued Gayoom. Most Indian troops were withdrawn from the Maldives after order had been restored, with a small number remaining for a year after the attempted coup.

India’s 1988 intervention in the Maldives is seen by many as a model for the benign leadership role that India could play in the Indian Ocean. It was undertaken at the express invitation of the Maldives government, Delhi achieved its objectives quickly and efficiently, and it was sensitive to avoid any appearance of military occupation. For many years after 1988, the bilateral relationship between India and the Maldives was close. India was the dominant trading partner and many Maldivians travelled to India for study and health facilities. In the security realm, India provided equipment and training to the Maldivian armed forces and the Indian Navy assisted with maritime security.

In 2009, President Mohamed Nasheed, the country’s first elected leader signed a comprehensive security agreement with India that included the provision of a patrol boat, the stationing of Indian aircraft and the provision of training to the Maldivian security forces. India agreed to build a coastal radar surveillance system across the Maldives archipelago. It also sponsored a trilateral maritime security cooperation arrangement with the Maldives and Sri Lanka that included meetings of national security advisors, cooperation in maritime domain awareness and training, and regular coast guard exercises.
China’s growing role in the Maldives

But India’s political influence in the Maldives has been waning for some years, especially after the Nasheed government was deposed in a coup in 2012, to be replaced by President Abdulla Yameen in 2013. Although Nasheed repeatedly sought to involve Delhi in the crisis (including taking refuge in the Indian High Commission in Malé when he was threatened with arrest), Delhi’s reaction was restrained. It chose to take a largely hands-off approach to the political disputes in Malé. On his part, President Yameen actively sought to diversify his international support through relationships with Beijing, Riyadh and Islamabad. One of his first actions was to cancel a contract that had been given to GMR, a private Indian company, to upgrade and operate Hulhulé Airport for 25 years (the upgrading work was later awarded to a Chinese company).

Under Yameen’s leadership, China’s economic and political influence in the Maldives soared in the space of a few years. Beijing seems to have targeted the Maldives as an important partner in the region, beginning with a USD 500 million package of Chinese loans in September 2012. In September 2014, President Xi Jinping made the first visit by a Chinese head of state to the tiny country, describing it as a “small pearl.” Within a few years, China became the country’s biggest sources of tourism (with numbers rising from 60,000 in 2009 to 360,000 Chinese visitors in 2015 – representing more than 30% of total tourists).

China also quickly became a major investor in the Maldives, including in several actual or proposed airport and port projects across the archipelago. As at 2018, these include:

- **Hululé Airport**, near Malé. This includes a USD 830 million airport upgrade, and a USD 400 million housing project on reclaimed land and a bridge linking the airport to the capital.

- The iHavan Integrated Development Project on Maldives’ northernmost Ihavandhippolhu Atoll, which overlooks the 8 Degree Channel to the north of the archipelago. This would include an airport, a large transshipment port and an industrial zone. According to some reports, a Chinese port development has been proposed on Gaadhoo island on **Laamu Atoll** in central Maldives (which is adjacent to the One and a Half Degree Channel).

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Several islands have also reportedly been transferred to Chinese companies (either through long leases or purchase), ostensibly for tourism purposes. In early 2018, former President Nasheed claimed that China had already acquired 17 islands. However, the status of these reported deals is subject to considerable uncertainty.19

Chinese influence has grown significantly since mid-2017. In August 2017, three Chinese warships made a surprise visit to Malé.20 In December 2017, without prior notice, Yameen signed a Free Trade Agreement with Beijing with the likely intention of displacing India as Maldives’ largest trading partner. As China’s Global Times commented: “It won’t be easy for India to maintain its political influence in South Asia if its own economic presence is weakening.”21 A Joint Ocean Observation Station at Makunudhoo (in the north, near India) was announced in February 2018.22 Analysts suspected that this station would do more than just monitor environmental conditions.

China’s economic engagement with the Maldives has led to significant indebtedness leading to claims that China has created a “debt trap”. According to a recent report by the US-based Center for Global Development, the Maldives debt grew from 73% of GDP in 2015 to a forecast of 109% in 2018, making the Maldives by far the most indebted BRI participant country of the 23 countries in the study. This indebtedness will make the Maldives “highly vulnerable” to debt distress.23 In December 2017, former President Nasheed claimed that already over 70% of Maldives’ current foreign debt was owed to China, on which the loan interest alone was “more than 20 percent of Maldives’ budget.”24 Disclosures in November 2018 of large amounts of previously undisclosed debt would bring total indebtedness to China to some USD 3.2 billion, which is a multiple of prior estimates.25 Overall, there seems there are significant risks that the debt will not be repaid. The inability of Maldives to repay these loans could result in China taking ownership of some projects (including the national airport) as occurred with Hambantota port in Sri Lanka.

President Yameen argued that New Delhi should be able to differentiate between its economic relationship with China and its security relationship

with India, claiming that the Maldives should be allowed benefit from Chinese investment without compromising its sovereignty or endangering India’s security. As a Maldives official commented, “Our government has made it very clear that we are not going to allow any kind of military establishments or military undertakings in the Maldives. Not for China, not for any other countries.” But the Maldives’ options in its security relationship with China may become more constrained, as it has become more indebted to China.

Overall, the trajectory of the Maldives over the last several years has involved ever-greater Chinese economic and political influence, creating a real likelihood of the development of a Chinese security presence in the islands. A Chinese listening post, support facilities or access to airfields or ports would be valuable addition to China’s military position in the central and eastern Indian Ocean.

Other regional players

China is not the only country that has been active in the Maldives. The influence of Saudi Arabia and Pakistan has been growing for several years. For some years, Pakistan has sought to take advantage of Yameen’s estrangement with India, including stepping up military and intelligence ties and offering Pakistani-built military aircraft in place of those maintained by India. Over the last decade, there has also been a big influx of Saudi money into the Maldives, including funding for Wahhabi imams and mosques. Saudi Crown Prince Mohammed bin Salman has been a frequent visitor; he has reportedly acquired several islands and cooperated with China on several projects. It is possible that Riyadh may see cooperation in the Maldives as a way of convincing China that Saudi Arabia – and not its regional rival, Iran – should be a key partner in the BRI. There is also speculation that, as unlikely as it may seem, Saudi Arabia may seek to establish a security presence in the Maldives as a function of its regional rivalry with Iran. Under its new leadership, Saudi Arabia has shown much greater willingness to extend its regional reach in the Horn of Africa and further into the western Indian Ocean.

The February 2018 Crisis

A series of political crises began in February 2018, when President Yameen acted to suppress growing protests against his autocratic rule, effectively conducting a “self-coup” against the country’s democratic institutions. Yameen declared a state of emergency, closed parliament, defied rulings from his country’s highest court and imprisoned its chief justice and opposition leaders, including the former president of 30 years, Abdul Gayoom.

Delhi was highly troubled by these attacks on Maldives’ democratic institutions, which, among other things, would remove remaining checks on further Chinese influence in the Maldives. There is little doubt that Delhi would have liked to see Yameen replaced with a leader much friendlier to India’s interests. But, in reality, Delhi found that it had no good options to respond to these events.31

One option involved threats to restrict trade and/or travel between India and the Maldives. This would have caused substantial inconvenience and hardship for the population given the close links between the two countries. But Delhi was very wary of imposing sanctions against the Yameen regime that were not guaranteed to achieve India’s objectives. Such measures would likely be unpopular and may well push the regime even further into China’s arms. The Indian foreign policy establishment takes seriously the lessons of India’s failed sanctions against Burma after the 1988 coup, which did not achieve their aims and only pushed the Burmese military junta further into Beijing’s arms. India’s partners such as the United States and Australia were also not willing to impose sanctions against the Yameen regime, especially if Delhi was not willing to do so.

Another option would have been to try to unseat Yameen, including through military intervention, replacing him with a leader more conducive to Indian interests. Indeed, former President Nasheed suggested an Indian military intervention.32 But there are no indications that the Indian government seriously contemplated military intervention and there were many good reasons against such an action. For a start, such an intervention had no justification under international law, a requirement that India usually takes seriously. Unlike 1988, there was no invitation from the Maldives authorities, no threats to Indian nationals, and no widespread violence.

But even with legal justification, an Indian military intervention in Malé would be far riskier and less fruitful compared with 1988, when India was widely perceived as benign. The transformation of Maldives society since that time, including the radicalization of parts of the population, means that the Indian military could expect to be treated as alien invaders. There would also be significant risks that Maldivian extremists could seek revenge through attacks on India. The “blowback” India experienced from its 1987 military adventure in Sri Lanka, including the assassination of former Prime Minister Rajiv Gandhi in India by a Sri Lankan Tamil extremist, is another ever-present lesson.

China was another major constraint on Delhi’s options. Any Indian military intervention would almost certainly have relied on Hulhulé Airport, which provides the only easy gateway to the capital. For one thing, the de facto control of Hulhulé Airport by a Chinese company (including the likely presence of Chinese security contractors) would substantially complicate matters. There would also have been a broader political price to pay. Chinese officials warned India against intervention, stating that Beijing did not want the Maldives to become another “flashpoint” between the two countries.33 With the Doklam standoff in the Himalayas34 fresh in their memories, Indian decision-makers were hesitant to ignite yet another front with China, particularly in the lead up to Indian general election in May 2019.

In contrast, Beijing responded to the February crisis with firm support for Yameen, warning against external intervention. An editorial of the Global Times stated, “Political struggles are supposed to be internal affairs, and New Delhi has no justification to intervene in Male’s affairs.”35 On its part, the Chinese foreign ministry affirmed, “We believe the Maldives government, political parties and people have the wisdom and capability to deal with the current situation on their own.”36

As elsewhere in the Indian Ocean, Beijing argues that the Maldives is entitled to develop relationships, including security relationships, with other countries. As the Global Times commented: “As an independent sovereign country, the island republic increasingly desires to rid itself of excessive Indian influence and maximize its interests by developing diplomatic ties with all major powers (...) Any attempt to seek or sustain a sphere of influence in the Indo-Pacific region, such as India’s desire to strengthen its

34. This involved a tense confrontation between Chinese and Indian troops between May and August 2017 in Himalayan territory claimed by both China and Bhutan, triggered by Chinese road construction activities.
35. “India Must Stop Intervening in Malé”, Global Times, 6 February 2018.
control over the Maldives or the US Indo-Pacific strategy, is doomed to fail as it runs counter to the development demands of countries in the region.”

While Beijing offered political support to Yameen, it was not willing to provide military support. Despite media claims, the Chinese navy was not deployed to the Indian Ocean in connection with the Maldives crisis. While a Chinese naval task force made a brief appearance in the eastern Indian Ocean in early February, some 3,700 km from Maldives, this was almost certainly part of regular Chinese naval exercises that have been held annually south of Java in late January/early February since 2014. The Chinese government also reportedly refused a request for a Chinese security presence to protect the Yameen regime. Beijing was not willing to risk a confrontation with India in the far-away Maldives, where China had little or no capacity to provide support or influence events.

These realities seem to have led both Delhi and Beijing to conclude that they had more important issues elsewhere. When Indian Foreign Secretary Vijay Gokhale made a surprise visit to Beijing later in February 2018, both sides seemed keen on softening the rhetoric. Chinese Foreign Minister Wang Yi commented: “We hope that the Indian side will handle sensitive issues prudently and work with China to promote the sound development of China-India relations.” Delhi’s statement that “all countries can play a positive role, instead of doing the opposite” simply reflected the reality of the constraints India faced in the Maldives.

**The Election Surprise of September 2018**

As it was, Delhi had no practical choice but to settle in for the “long game” with Malé. Although Yameen announced that he was willing to hold a Presidential election in September 2018, his control over virtually all institutions of state, his relentless harassment of opposition leaders and refusal to allow international observers led to an assumption that he had the election safely rigged.

In the months afterward, Yameen seemed to be fulfilling Delhi’s worst nightmares. His government reportedly stopped renewing work visas for

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38. The Maldives special envoy to China, Mohamed Saeed, reportedly asked China to provide “security” to protect Chinese investments in the Maldives, which was refused. See I. Bagchi, “How ‘India First’ Turned into ‘China First’ for Maldives”, Times of India, 10 February 2018.
some 29,000 Indian residents in the Maldives, perhaps as a way of gaining further leverage over Delhi.\textsuperscript{42} Yameen also sought to terminate the presence of Indian Naval helicopters and their supporting contingents on Addu and Laamu Atolls (a move that Delhi strongly resisted). Whether or not Yameen saw their presence as a potential threat to his regime, his attempts to remove them were seen in Delhi as trying to clear the decks for a Chinese security presence.

However, in September 2018, to the surprise of virtually all foreign observers, Yameen lost the Presidential election to the opposition candidate from the Maldives Democratic Party, “Ibu” Solih (as Nasheed was prohibited by law from running for the presidency, he withdrew his nomination and handed it to his colleague, Solih.) The reasons for this election upset are not yet entirely clear, but the margin in favor of Ibu Solih (58-42%), despite the many hurdles put in front of him, indicates that there was a major groundswell of public opinion against Yameen. The election appears to have been decided on domestic factors: Solih had not explicitly made China an election issue during the campaign, although allegations of corruption by Yameen and his ruling circle were a major issue as was Yameen’s crackdown on political rights.\textsuperscript{43} After some prevarication, Yameen formally handed over power to Ibu Solih, who assumed office in November 2018.

It is almost certain that the Maldives new leadership of President Solih (with former President Nasheed at his side) will seek to tilt Maldives’ strategic alignment back in the direction of India. Solih and Nasheed will likely play much greater public deference towards India’s traditional role with the Maldives (including retaining a small Indian military presence). Although Solih refrained from publicly criticizing China during the election campaign, Nasheed was outspoken about Yameen’s tilt to China. Among other things, Nasheed said a “cold war” is taking place in the Indian Ocean between India and China and countries will need to take sides.\textsuperscript{44} Nasheed has now declared that the new government will review all the agreements that Maldives had signed with China under Yameen’s five-year rule between 2013-2018.\textsuperscript{45} The pointers are that Solih and Nasheed will also likely try to broaden and improve the Maldives relationships with countries such as Japan, the United States and Australia. Maldives has sought to rejoin the

\textsuperscript{42} S. Haidar, “Downturn in Ties with Maldives Hits Indians’ Job Opportunities”, \textit{The Hindu}, 13 June 2018.


\textsuperscript{44} “Cold War’ between India, China in Indian Ocean: Nasheed”, \textit{South Asia Monitor}, 24 September 2018. \url{https://southasiamonitor.org}.

Commonwealth (which Yameen had quit in 2016), opening the door for Britain to also play a supportive role.

But the new government will also need to face economic realities. Maldives will need to find ways to service its indebtedness to China, and China’s investments across the Maldives may have also stirred public expectations for foreign money. Solih could easily find himself in a similar position to President Maithripala Sirisena in neighboring Sri Lanka, who overthrew the authoritarian Mahinda Rajapaksa in an election upset in January 2015, promising to rewrite the “unfair” Chinese projects that Rajapaksa had signed up for. Sirisena was soon faced by economic realities. Sri Lanka already had large debts to China on a series of projects, including the controversial Hambantota port. When these amounts could not be repaid, Sirisena was forced to hand over control of the port to China on a 99-year lease.

There is no suggestion (yet) that the Maldives could be forced into handing over major assets such as Hulhulé Airport, but it will almost certainly require significant amounts of financial support if it is not to fall into a debt trap. India has already offered a loan of USD 1 billion to help pay down Maldives’ debt to China – on the condition that the island distances itself from Beijing.46 Future development projects will also mean attracting funding from India, Japan and Saudi Arabia. If countries such as India and Japan fail to step up, there is a real possibility that, in the long term, the Maldives could even gravitate towards a Saudi sphere of economic influence. In short, recent events should be seen as just a new chapter in the struggle for influence in the Indian Ocean.

Sino-Indian competition: consequences for Indian Ocean states

As discussed previously, differences in perceptions about their regional roles have the potential to fuel strategic competition between India and China right across the littoral and island states in the Indian Ocean. Strategic competition is growing, and is increasingly reminiscent of US-Soviet competition for influence in the Cold War, complete with coups, pay-offs and maneuvering for military bases. But compared with the Cold War, this coming period of competition is likely to be more multipolar and complex.

Recent events in the Maldives have demonstrated that the impact of this competition can be most pronounced in the island states with smaller populations, weak economies and/or unstable governments, all of which make them relatively vulnerable to outside influence. The diversity of Indian Ocean island states makes generalizations difficult, but the following points may be relevant to all Indian Ocean states.

**Relationships between large and small neighbors:** Relationships between very large and powerful countries and their small neighbors have their own dynamics and can often be difficult to manage. Some interest groups in the smaller state will often try to draw the large state into domestic political disputes, which the larger neighbor may find difficult to resist. Small states often seek to balance against perceived hegemony of the larger state by forming relationships with outside powers that can provide significant benefits. A stable relationship (such as was reached between Finland and the Soviet Union during the Cold War) requires both sides to show sensitivity and restraint, and for the small state to reassure its large neighbor that it will not allow its territory to be the source of threats. Sino-Indian strategic competition threatens to destabilize this difficult balance.

**Location and religion:** There are some important differences between different Indian Ocean island states. Sri Lanka and the Maldives are geographically close to the Indian subcontinent, within the inner ring of

India’s perceived security sphere. India has long actively influenced their domestic affairs, including on occasion through armed military intervention (Sri Lanka in 1987 and Maldives in 1988). Their relationships with India are also complicated by religion: Sri Lanka’s majority Buddhist population has long resisted Hindu “hegemony”, and a large proportion of the Maldives’ Muslim population has become radicalized in recent years. Mindful of their huge neighbor next door, both Sri Lanka and the Maldives have developed limited balancing relationships with extra-regional powers.

Other island states more distant from the Indian subcontinent such as Mauritius and Seychelles tend to have more relaxed relationships with India. Mauritius has historically a very close economic, political and security relationship with India due to its ethnic makeup, which is likely to continue for the foreseeable future. Seychelles also sees India in generally benign terms, although since independence (in 1976), it has also skillfully played the game of extracting benefits from several competing powers. Other island states, such as Madagascar and Comoros, are largely beyond India’s cultural sphere.

**Agency and bargaining:** It is also a mistake to assume that small states lack agency. Indian Ocean states exercise greater agency than many assume, and they should not be viewed as mere pawns of the major powers. All developing states in the region are keen to access development capital from countries such as India, China, Saudi Arabia and Japan, and will find ways of attracting capital. Small states will play off relationships with major powers or economic benefits – some more deftly than others. Just as occurred in the Cold War, we may see some smaller Indian Ocean states trying to insulate themselves from the adverse effects of major power competition by declaring themselves “non-aligned” (this time, as between India and China), but willing to take economic benefits from both.

**Balancing:** India’s close island neighbors such as Sri Lanka and the Maldives are also keen to balance what they perceive as Indian hegemony through developing political relationships with other major powers. But there will usually be limits as to how far they can push extra-regional relationships. Yameen may have pushed the limits with India, but the potential for Indian intervention is real, even if unpalatable to Delhi. Yameen was well aware of the fate of President Mahinda Rajapaksa in neighboring Sri Lanka, who was thrown out of power only weeks after allowing a Chinese submarine to visit Colombo in late 2014. India likely played a material role in Rajapaksa’s ouster through helping to organize

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political opposition. Ultimately, India is in the position, if it so chooses, to intervene in the affairs of the Maldives and other island states in a variety of ways, including by military means. China is unlikely to have that option for many years to come.

**Popular pushback:** As events in the Maldives have demonstrated, there will also be popular pushback against governments that are perceived to be dominated by (and corrupted by) foreign powers such as China. This was also a significant factor in changes of regime in nearby Sri Lanka (2015) as we have already seen, as well as in Myanmar (2015) and Malaysia (2018). All these cases worked to the detriment of China, which had befriended authoritarian regimes and extended influence through corrupt practices. In these countries, China has not been successful in winning the “hearts and minds” of the population.

**Potential for Sino-Indian rapprochement:** The April 2018 Wuhan Summit between Indian Prime Minister Modi and Chinese President Xi Jinping raises the potential for a rapprochement between India and China in the Indian Ocean. According to sketchy reports on the Summit, the two sides agreed to enhance policy coordination in their neighborhood to discuss cooperation in the form of “China, India plus one” or “China, India plus X”. According to another report, the Indian side gave assurances that it would not intervene militarily in the Maldives (which likely just reflected reality). China’s Ambassador to India, Luo Zhaohui, later commented that, “China is ready to undertake joint projects with India in Sri Lanka as well as in other countries in the region, such as Maldives and Nepal.” According to Long Xingchun, Director for Indian Studies at the China West Normal University, the two-plus one mechanism “can not only enhance mutual trust between China and India, but prevent other South Asian countries from being caught in between.” But, while that might be a desirable outcome in theory, the fundamental reasons for strategic competition between India and China in the Indian Ocean run deep and any understandings reached at Wuhan are almost certainly only tactical and limited in time.

Conclusion

This paper examined Sino-Indian strategic competition in the Indian Ocean, with a focus on the political crisis that occurred in the Maldives in 2018. Some conclusions include the following points:

- India and China are engaged in long-term strategic competition in the Indian Ocean region. This competition involves very different perceptions of their status and legitimate regional roles. China's strategic vulnerability in the Indian Ocean gives that region particular importance to the larger strategic balance between the two countries.

- China will actively pursue all economic opportunities available to it without significant regard for Indian sensitivities. Despite some of the rhetoric of the “Wuhan spirit” emphasizing policy coordination in the region, there is no real sense that China should limit its opportunities or divide them with India. China may also pursue debt-financed infrastructure projects, including ports and airports, without regard for their short-term economic feasibility. This may involve corruption or the provision of political support for local leaders. These factors may make it difficult for non-Chinese players to economically compete.

- Moreover, China supports the right of India’s neighbors to form political and security relationships with Beijing and opposes any suggestions that India should be allowed a sphere of influence in which it exercises special rights. China has many strategic imperatives in the Indian Ocean, which could be expected to drive a long-term military presence in the region. This could range from full service naval/air bases to more discrete access/logistical support arrangements. Access to airfields may become just as important as access to maritime ports. However, for the time being, Beijing will be very cautious about being drawn into a direct security role in local conflicts, including domestic political disputes and disputes with India. The Indian Ocean is far away from China and its military position there is currently very weak.

- India has long-term aspirations to leadership of the Indian Ocean. Traditionally, it has perceived a sphere of influence in the region in which it plays a pre-eminent economic, political and security role. These aspirations are being increasingly tempered by the reality of China’s regional presence and economic power. India remains highly resentful
of any Chinese economic presence or political influence in the island states of the Indian Ocean; however, it also recognizes that its short-term options may be constrained.

The Indian Ocean island states exercise considerable agency. Some countries may try to insulate themselves from the adverse effects of major power competition by declaring themselves “non-aligned”, but many will also seek economic or political benefits from Sino-Indian strategic competition. Some will seek to balance against perceived Indian hegemony through economic and political relationships with outside powers such as China and Saudi Arabia. At the same time, China’s Indian Ocean partners will generally resist requests by Beijing to establish a security presence on the grounds of sovereignty and fears of an Indian response. But there is a real risk that China’s Indian Ocean partners may not be able to indefinitely resist China’s requests to establish a security presence. Threats against regime survival may actually cause leaders to seek security assistance from Beijing.

The Indian Ocean is likely to be the scene of a sustained contest between India and China and other players that may in some ways resemble strategic competition during the Cold War. This suggests, among other things, that there will be pressure on Indian Ocean states to align themselves with one side or another within an increasingly unstable and complex strategic environment.