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## New Maritime Silk Road: Converging Interests and Regional Responses

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### Abstract

*The Maritime Silk Road (MSR) emphasises improving connectivity but more importantly, it is designed to improve China's geostrategic position in the world. This paper discusses revival of the Maritime Silk Road. It begins with a narration of the historical background of MSR, its origin and development, followed by an analysis of latest announcements by the Chinese leaders to revive it. It also discusses reactions from China's neighbours, including India. Finally, the paper sums up the discussion. It concludes that the MSR is an effort in initiating a 'grand strategy' with global implications. The MSR initiative could be very helpful in reinforcing cooperation and raising it to a new level of maritime partnerships. Nevertheless, China has yet to cultivate the much-needed political and strategic trust.*

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## **Introduction**

The new Chinese leadership seems fairly optimistic in its effort to reshape the country's global posture in a bold and creative way, a key element of which is to build an economic system through external cooperation. Undoubtedly, the proposal of reviving the Maritime Silk Road (MSR) reflects this innovative approach. Indeed, the success of the MSR initiative will be of much significance to regional stability and global peace. The oceans provide the most important medium for both peacetime and wartime activities, from trade to national conflict. Also, "the maritime strategies of the Asian powers are designed primarily to defend their homelands and associated vital national security interests on the oceans and seas".<sup>2</sup> It is little wonder then that this proposal has attracted enormous interest among policy makers and scholars. Is there a confluence of maritime interests or is the idea to revive the Silk Road of the Sea an instrument of Chinese grand strategy?

## **Origin and Development of the MSR**

The origin of the earliest silk roads was rooted in the complicated relationships between urban-agricultural China and pastoral peoples from the Eurasian steppe. Liu and Shaffer in *Connections Across Eurasia*, have discussed the emergence of the Silk Road of the Sea. Around the middle of the first century CE there were two separate but simultaneous expansions of communities known for their interest in trade. One movement involved the Yuezhi-Kushan nomads. Almost two centuries earlier they had moved from east to west, from the steppe on China's northwest frontier to a region that was northwest of the Indian subcontinent in present-day Afghanistan. Then, they crossed the Hindu Kush Mountains and expanded towards the southeast, extending their rule over a large part of the Indian subcontinent.

The other expansion, which was solely commercial in nature, was carried out by maritime traders from the eastern end of the Mediterranean whose homelands had been conquered during the eastward expansion of the Roman Empire. In the middle of the first century CE they went eastward from Egypt to India by sea. The people involved in these two expansions met at the Arabian Sea ports on the Indian subcontinent's western coast, in present day

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<sup>2</sup> Bernard D Cole, *Asian Maritime Strategies: Navigating Troubled Waters*, Annapolis: Naval Institute Press, 2013, p.1.

Pakistan and north-western India. Thus, the Yuezhi-Kushan pastoralists and the Mediterranean sailors together created a new, maritime branch of the silk roads.<sup>3</sup>

China has a very long and successful history as a maritime power.<sup>4</sup> The decline of the Silk Road drove the Chinese and their trading partners to the seas in search of an alternative highway of exchange.<sup>5</sup> The Roman Empire traded with Iran and India by sea, for the profit was tenfold, and the emperor wanted to send emissaries to China. Since Iran tried to monopolise the silk trade, it prevented the overland Silk Road from being opened to traffic, forcing China and Rome to open up sea traffic. Iran's continuous monopoly made Rome anxious to bypass the overland route and establish a direct sea route to China. In 166 CE, Roman Emperor Marcus Aurelius succeeded in dispatching an envoy to China via Vietnam with ivory, rhinoceros horns, and hawk's-bill tortoises, initiating direct trade between the two sides.<sup>6</sup>

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<sup>3</sup> Xinru Liu and Lynda Norene Shaffer, *Connections Across Eurasia: Transportation, Communication, and Cultural Exchange on the Silk Roads*, New York: McGraw Hill, 2007, p. 44.

<sup>4</sup> F. W. Mote, *Imperial China 900 – 1800*, Cambridge, Mass.: Harvard University Press, 1999, p.717.

<sup>5</sup> Zheng Yangwen, *China on the Sea: How the Maritime World Shaped Modern China*, Leiden: BRILL, 2012, p. 23.

<sup>6</sup> Bin Yang, *Between Winds and Clouds: The Making of Yunnan (Second Century BCE to Twentieth Century CE)*, New York: Columbia University Press, 2009, p. 55.

**Figure – 1: Silk Road of the Sea<sup>7</sup>**



**Source:** Li Jiao, “Unprecedented Excavation Brings Maritime Silk Road to Life”, *Science*, 23 April 2010, Vol. 328, No. 5977, p.425.

Recent archaeological research on the MSR indicates that ancient Asian ships carried people and goods quickly and safely.<sup>8</sup> Indeed, the Asian ships were a major force in early history, carrying both commerce and culture to new heights. The MSR had reached its maximum extent, linking the Persian Gulf and the Red Sea to China by the first century CE. Much of Eurasia witnessed remarkable prosperity and cultural progress at this time. Asia enjoyed a significant advantage in the balance of trade with the West.<sup>9</sup> The oldest surviving texts suggest that commercial practices had already become standardised along the MSR by the time of the Roman Empire.<sup>10</sup>

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<sup>7</sup> **Editor’s Note:** The maps in this paper have been extracted by the author from different sources. The Institute of South Asian Studies (ISAS), Singapore, does not confirm the accuracy and authenticity of these maps.

<sup>8</sup> Li Jiao, “Unprecedented Excavation Brings Maritime Silk Road to Life”, *Science*, 23 April 2010, Vol. 328, No. 5977, pp.424-425.

<sup>9</sup> John N. Miksic, *Singapore and the Silk Road of the Sea 1300 – 1800*, Singapore: NUS Press, 2013, pp.32-33.

<sup>10</sup> John N. Miksic, *Singapore and the Silk Road of the Sea*, p. 35.

In remote antiquity, the Chinese began to look for sea routes over which to export silk, and these routes in turn increased China's friendly contacts with the outside world. Early in the Western Zhou Dynasty, sea routes were opened leading to Japan to the east and Vietnam to the south. During the Han Dynasty Chinese merchants often engaged in business with merchants who had travelled by sea from Guangzhou, turning the city into a trade centre for pearls, rhinoceros horns, elephant tusks, and hawk's-bill tortoises.

In the days of the Western Han Dynasty, Chinese seagoing vessels sailed from the Leizhou Peninsula via Vietnam, Thailand, Malaysia, and Myanmar to distant Kanchipuram in southern India, and brought huge quantities of gold and silk goods in exchange for pearls, precious stones, and other specialties of those countries. The ships would then sail back from Sri Lanka. This route was opened along the South China Sea both for the silk trade and for the trunk line of traffic on the Maritime Silk Road.

Chinese silk was a great attraction to the rest of the world. Envoys from countries in Southeast, South, and West Asia, and Europe were dispatched to establish good relations with China. They brought gifts in exchange for silk and opened up trade. Historical records reveal that envoys from South and Southeast Asian countries as well as from Rome were among the earliest to come by sea to China seeking diplomatic relations. They brought "treasures" to China as gifts, while their Chinese hosts presented them with coloured silk in return.

In reality, these polite exchanges were nothing but a disguised form of trade, and Chinese silk began to be treated as a symbol of peace and friendship. The ruling classes of early China almost always bestowed silk on "tributary states". Such exchanges gradually became more frequent, and the value of silk rose, becoming in some cases equal to or greater than that of gold. The MSR developed into a route for envoys of friendship, with far greater significance than a purely mercantile road.

**Figure – 2: Ancient Silk and Spice Routes**



Source: <http://draconia.jp/blog/wp-content/uploads/2013/10/SilkRoadMapOKS.jpg>

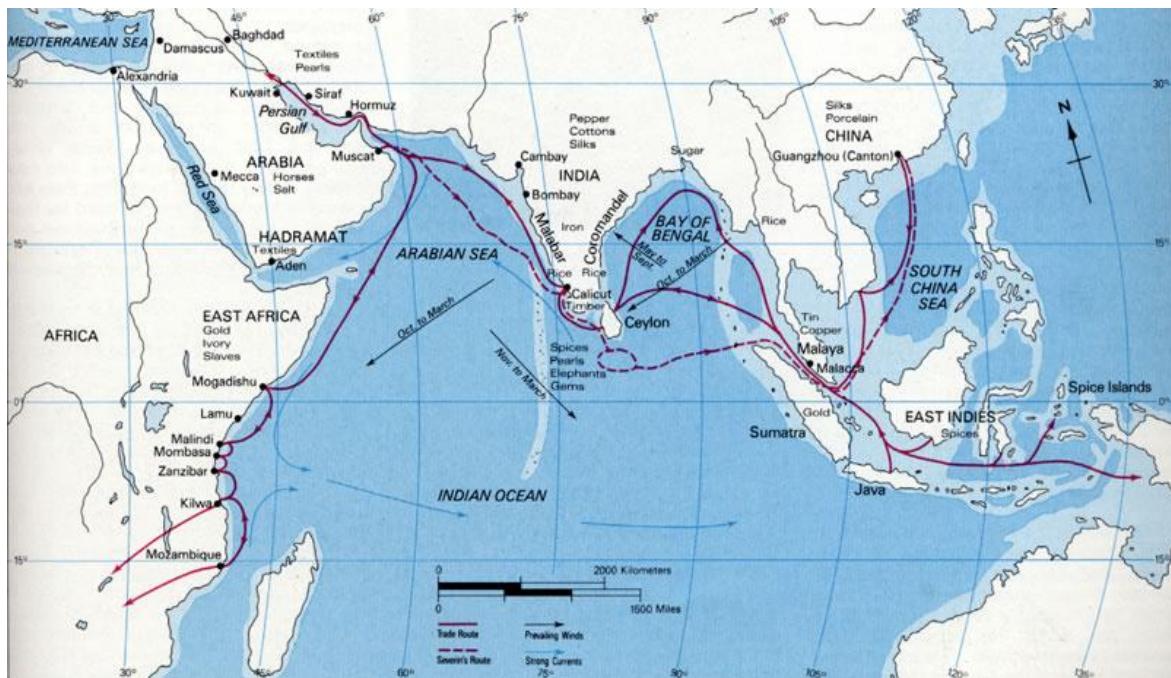
Further, there were other reasons behind developing the MSR. Transport by land was fraught with problems. The route was vulnerable to attack and control by foreign powers. Moreover, the route passed only through the west, whereas China's main export commodities, such as silk, porcelain, and tea, were produced on the southeastern coast. The Silk Road passed through mountains and deserts with atrocious weather, making transport of heavy or fragile merchandise expensive and inconvenient. In the middle of the Tang Dynasty, when Turkey seized Central Asia, and Tibet occupied Hexi, the overland Silk Road went into decline. Sea transport, on the other hand, looked very attractive.<sup>11</sup>

China has more than 18,000 kilometers of coastline and a good number of ports open all year round, and the country was a world leader in shipbuilding and navigation. The sea route was more accessible to manufacturers of export products, and ships could carry more than pack animals, at less expense and with fewer hazards. Navigation was by this time fairly advanced, and Chinese navigators had some ability to predict monsoons. Indeed, people living in the

<sup>11</sup> See, Sun Yifu (Ed.), *The Silk Road on Land and Sea*, Beijing: The China Pictorial Publishing Co., 1989.

coastal areas were “persistent in creativity and innovations while accruing valuable experiences, resulting in improved navigation capabilities in water.”<sup>12</sup> Thus the Silk Road turned to the sea and flourished.

**Figure – 3: Season of Sailing and the MSR**



Source: [http://www.seaceramic.org.sg/events/agm07/trade\\_routes800pix.jpg](http://www.seaceramic.org.sg/events/agm07/trade_routes800pix.jpg)

The MSR was divided into two main sectors: lands “above the wind” (ports in the Indian Ocean), and lands “below the wind” or (the straits of Malacca, South China Sea, Java Sea, and further east). These terms referred to season of sailing (see Figure 3). Long-distance voyaging along these routes became possible once seafarers discovered the rhythm of wind, which provide reliable power for sailing ships.<sup>13</sup>

What is really remarkable about the Silk Road, however, is the fact that, by and large, it remained a peaceful means of inter-state commercial activity and inter-ethnic cultural exchange. The ancient Silk Road did not lead to wars and strife, much less colonialism and

<sup>12</sup> Li Qingxin, *Maritime Silk Road*, Shanghai: China Intercontinental Press, 2006, Translated by William W. Wang, p. 7.

<sup>13</sup> John N. Miksic, *Singapore and the Silk Road of the Sea*, p. 37.

imperialism.<sup>14</sup> The MSR was not only a trading route but also a course for preaching the ways of the Buddha.<sup>15</sup>

## Reviving the MSR

China has proposed to revive the centuries-old ‘Silk Road of the Sea’ into a 21<sup>st</sup> century Maritime Silk Road. The curiosity all around is how this could be used as a means of diplomacy, helping Chinese leaders to meet their idea of ‘national revival’. This proposal has attracted enormous interest among policy makers and scholars. Is there a confluence of maritime interest or is the idea to revive the Silk Road of the Sea an instrument of Chinese ‘grand strategy’? It would, however, be useful to understand the concept of ‘grand strategy’ before going into details of the MSR.

Grand strategy denotes “a country’s broadest approach to the pursuit of its national objectives in the international system”.<sup>16</sup> The state seeks to pursue its national objectives in the international system. Understanding this international environment “is essential to the formulation of any sensible strategic policy”.<sup>17</sup> It needs to be understood as the ends that a state seeks as well as the means it employs to meet these ends. A state’s grand strategy provides an understanding of its long-term foreign and security policy goals. One may ask a question: what are the key elements of China’s grand strategy? The key elements of China’s grand strategy may be elaborated as follows:<sup>18</sup>

- Acquire “comprehensive national power” (CNP)<sup>19</sup> essential to achieving the status of a “global great power that is second to none”;

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<sup>14</sup> John Wong, “Reviving the ancient Silk Road: China’s new economic diplomacy”, *The Straits Times*, 9 July 2014, also available at <http://www.straitstimes.com/news/opinion/invitation/story/reviving-the-ancient-silk-road-chinas-new-economic-diplomacy-20140709#sthash.L3ivwxYQ.dpuf>.

<sup>15</sup> Li Qingxin, *Maritime Silk Road*, p. 34.

<sup>16</sup> Robert H. Dorff, “A Primer in Strategy Development”, in Joseph R. Cerami and James F Holcomb, Jr. (eds.), *U.S. Army War College Guide to Strategy*, Carlisle Barracks, P.A., Strategic Studies Institute, 2001, p. 12.

<sup>17</sup> Williamson Murray and Mark Grimsley, “Introduction: On Strategy”, in Williamson Murray, Macgregor Knox and Alvin Bernstein, *The Making of Strategy: Rulers, States, and War*, Cambridge: Cambridge University Press, 1999, p. 5.

<sup>18</sup> J. Mohan Malik, “India’s Response to China’s Rise” in Kevin J. Cooney and Yoichiro Sato (eds.), *The Rise of China and International Security: America and Asia Respond*, (New York: Routledge, 2009, p. 178).

<sup>19</sup> China has been focussing on economic development in its pursuit of CNP. The various elements of CNP include resources, manpower, economy, science and technology, education, defence, and politics. For a detailed analysis on this, see Jian Yang, “The Rise of China: Chinese Perspectives” in Kevin J. Cooney and Yoichiro Sato (eds.), *The Rise of China and International Security: America and Asia Respond*, New York: Routledge, 2009, pp. 16-19.

- Gain access to global natural resources, raw materials, and overseas markets to sustain China’s economic expansion;
- Pursue “three Ms”: military build-up (including a naval presence along the vital sea lanes of communication and maritime chokepoints), multilateralism, and multipolarity; and
- Build a worldwide network of friends and allies through “soft power” diplomacy, trade and economic dependencies via free trade agreements, mutual security pacts, intelligence cooperation, and arms sales.

One important aspect of China’s grand strategy is ‘strategic access’.<sup>20</sup> China is going out in search of natural resources and developing overland transport networks in pursuit of its national interest. As part of its strategy, China is developing roads, railways, ports, and energy corridors through its western region, across South Asia and beyond.<sup>21</sup> The idea of reviving the MSR manifests Chinese innovative approach and its grand strategy. Why are routes so important to China? What is this politics of routes?

## The Politics of Routes

The politics of routes in Southern Asia has played a key role in the region’s military affairs, in political development, economic growth, and cultural change. It enhances an understanding of the nexus between security and development issues. Routes create access, and lie at the heart of people’s relations to the environment, and it is as much political as it is geographical.<sup>22</sup> Access in space has been “organised at all times in history to serve political ends, and one of the major aims of politics is to regulate conditions of access”.<sup>23</sup> Consideration of security often plays a major role in matters of development. In fact, insecurity (real or perceived) often fosters development in peripheral regions considerably.

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<sup>20</sup> The term ‘access’ normally subsumes all types of bases and facilities (including technical installations), aircraft over flight rights, port visit privileges, and use of offshore anchorages within sovereign maritime limits. The term strategic access is used more broadly to include, for instance, access to markets, raw material sources, and/or investments, penetration by radio and television broadcasts, and access for intelligence operations. See Robert E. Harkavy, *Great Power Competition for Overseas Bases: The Geopolitics of Access Diplomacy*, Canada: Pergamon Policy Studies on Security Affairs, Pergamon Press Canada Ltd, 1982, pp. 14-43.

<sup>21</sup> See Rajeev Ranjan Chaturvedy & Guy M. Snodgrass, “The Geopolitics of Chinese Access Diplomacy”, *German Marshall Fund of the United States Policy Brief*, 29 May 2012.

<sup>22</sup> Mahnaz Z. Ispahani, *Roads and Rivals: The Politics of Access in the Borderlands of Asia*, London: I.B. Tauris & Co. Ltd. Publishers, 1989, p. 2.

<sup>23</sup> Jean Gottmann, *The Significance of Territory*, Charlottesville: University of Virginia Press, 1973, p. 27.

Routes are “the means for the movement of ideas, the dominant culture and ideology of the political centre, to its peripheries”.<sup>24</sup> Routes (land, sea, air) can define the territorial reach and physical capabilities of the state and are integral to the achievement of its political, economic, and military potential. “Transport infrastructure defines, in a sense, the material conditions for a state’s internal and external capabilities”.<sup>25</sup>

Control over and expansions of routes are important to obtain optimum economic benefits from trade with other states. To increase their economic productivity, security, and market size, states may also form integrated regional groupings in which conditions of access are eased for member-states relative to non-members. Such regional integration policies often involve the joint expansion of physical channels of communication and transport. Mahnaz Z. Ispahani, a member of the Council on Foreign Relations and a South Asia expert, notes, “In decisions on foreign infrastructural aid, economic, political, strategic and geographical concerns intersect. The infrastructure of access is also “dual-use”: depending on its location and specifications, it can be an instrument of economic development or a tool of internal security or external defence”.<sup>26</sup> States may be characterised by their “circulation” systems, or systems of transport and communication which permit the movement of men, goods, and ideas within the state and between it and other parts of the world.<sup>27</sup> Further, maritime access plays a significant role in the formation of strategic alliances and security ties. The proposal to reopen the MSR by the Chinese leaders should be seen in this light.

Chinese President Xi Jinping updates the spirit of the ancient Silk Road by calling for the joint development of an economic belt along the Silk Road and a Maritime Silk Road of the 21st century. This is clearly a reflection of Chinese grand strategy. These two initiatives of overland and maritime Silk Roads aim to seize the opportunity of transforming Asia and to create strategic space for China. The question, therefore, is that how could such initiatives be suitable to advance strategic objectives.

There are various ways to advance strategic objectives through such initiatives, for example, by supporting friends and clients, by pressurising enemies, by neutralising similar activities

<sup>24</sup> Jean Gottmann, “The Political Partitioning of Our World: An Attempt at Analysis”, *World Politics*, Vol. 4, July 1952, p. 515.

<sup>25</sup> Mahnaz Z. Ispahani, *Roads and Rivals*, p.2.

<sup>26</sup> Mahnaz Z. Ispahani, p. 10.

<sup>27</sup> Richard Hartshorne, “The Functional Approach in Political Geography”. *Annals of the Association of American Geographers*, Vol. 40, June 1950, p. 104.

by other naval powers, by exerting a more diffuse influence in politically ambiguous situation in which even one's own objectives may be uncertain, or merely by advertising one's nautical power. Indeed, maritime power has certain advantages as an instrument of diplomacy. First, naval forces are more resilient. Second, naval forces have greater visibility. Being seen on the high seas or in foreign ports a navy can act as a deterrent, provide reassurance, or earn prestige. Third, and more importantly, sea allows naval ships to reach distant countries and makes a state possessed of sea power the neighbour of every other country that is accessible by sea.<sup>28</sup> Thus, proposed initiative of the MSR has clear strategic purpose and is a helpful channel for Chinese grand strategy.

## 21<sup>st</sup> Century Maritime Silk Road

China is experiencing a “Deng Xiaoping Moment 2.0”.<sup>29</sup> The new Chinese leaders seem fairly optimistic in their efforts to reshape the country’s global posture in a bold and creative way. One key element of this is to build an economic system with upgraded opening-up and external cooperation. Undoubtedly, the proposal of reviving the MSR demonstrates this innovative approach. Figure 4 gives a glimpse of proposed Silk Road. According to this Figure, the MSR will begin in Fujian province, and will pass by Guangdong, Guangxi, and Hainan before heading south to the Malacca Strait. From Kuala Lumpur, the MSR heads to Kolkata, then crosses the rest of the Indian Ocean to Nairobi. From Nairobi, it goes north around the Horn of Africa and moves through the Red Sea into the Mediterranean, with a stop in Athens before meeting the land-based Silk Road in Venice.

Indeed, the success of the MSR initiative will be very consequential to regional stability and global peace. Today, China is in the process of remaking history at sea, and some scholars see it as ‘China’s maritime renaissance’. Indeed, “A ‘Great Leap Outward’ onto the world’s ocean is visible in China’s growing merchant marine; rise in the global shipbuilding market; increasing reach in building and managing off-shore ports and port facilities; and efforts to develop a modern ‘blue-water’ navy”.<sup>30</sup>

<sup>28</sup> Hedley Bull, “Sea Power and Political Influence”, *The Adelphi Papers*, Volume 16, Issue 122, pp.1-9.

<sup>29</sup> Rajeev Ranjan Chaturvedy, “Reviving the Maritime Silk Route”, *The Hindu*, 11 April 2014, available at <http://www.thehindu.com/opinion/op-ed/reviving-the-maritime-silk-route/article5896989.ece>.

<sup>30</sup> Howard J Dooley, “The Great Leap Outward: China’s Maritime Renaissance”, *The Journal of East Asian Affairs*, Vol. 26, No. 1(spring/summer 2012), p. 55.

Thrust on reviving the ancient maritime route is the first global strategy, for enhancing trade and fostering peace, proposed by the new Chinese leaders. The MSR borrows and inherits the ancient metaphor of friendly philosophy to build a new one in the 21<sup>st</sup> century. It emphasises improving connectivity with Southeast Asia, South Asia, West Asia and even Africa, by building a network of port cities along the Silk Route, linking the economic hinterland in China. More importantly, it aspires to improve the Chinese geo-strategic position in the world.

**Figure – 4: 21<sup>st</sup> Century Silk Roads**



Source: <http://www.xinhuanet.com/world/newsilkway/index.htm>

### Aims and Objectives of Reviving the MSR

According to the Chinese Foreign Ministry spokesperson Hua Chunying, the reason why China proposed the building of the Maritime Silk Road is to explore the unique values and ideas of the ancient Silk Road, namely mutually learning from each other, and to add new content of the current era, thus to achieve common development and common prosperity of all countries in the region.

“China proposed to build the Maritime Silk Road of the 21st century with the aim of realizing harmonious co-existence, mutual benefit and common development with

relevant countries by carrying out practical cooperation in various fields, such as maritime connectivity, marine economy, technically-advanced environmental protection, disaster prevention and reduction as well as social and cultural exchanges in the spirit of peace, friendship, cooperation and development”.<sup>31</sup>

In fact, since the Tang Dynasty, the MSR had been a major channel of communication, through which ancient China made contacts with the outside world. Chinese leadership has promised to transform China through a national rejuvenation in order to realise “Chinese dream”. The MSR initiative, in fact, is an attempt to create a favourable international environment conducive to China’s continuing development, and thus, it manifests an important element of Chinese grand strategy.

The idea of the MSR was outlined during Li Keqiang’s speech at the 16<sup>th</sup> ASEAN-China summit in Brunei,<sup>32</sup> and Xi Jinping’s speech in the Indonesian Parliament<sup>33</sup> in October 2013. Chinese leaders underlined the need to re-establish the centuries-old seaway as the 21<sup>st</sup> Century Maritime Silk Road, while celebrating the 10<sup>th</sup> anniversary of the ASEAN-China strategic partnership. The main emphasis was placed on stronger economic cooperation, closer cooperation on joint infrastructure projects, the enhancement of security cooperation, and the strengthening of maritime economy, environment technical and scientific cooperation.

The new leaders put forward the “2+7” formula of cooperation — consensus on two issues: deepening strategic trust and exploring neighbourly friendship, and economic development based on mutual benefits and win-win outcomes. They also put forward seven proposals — signing the China-ASEAN good neighbour treaty; more effective use of the China-ASEAN Free Trade Area and intensive Regional Comprehensive Economic Partnership negotiations; acceleration of joint infrastructure projects; stronger regional financial and risk-prevention cooperation; closer maritime cooperation; enhanced collaboration on security; and more

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<sup>31</sup> Chinese Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on 13 February 2014, available at <http://sc.china-embassy.org/eng/fyrt/t128254.htm>.

<sup>32</sup> “Premier Li Keqiang Attends the 16th ASEAN-China Summit, Stressing to Push for Wide-ranging, In-depth, High-level, All-dimensional Cooperation between China and ASEAN and Continue to Write New Chapter of Bilateral Relations”, 10 Oct 2013, available at <http://www.chinaembassy.org.nz/eng/zgyw/t1088098.htm>.

<sup>33</sup> Wu Jiao, “President Xi gives speech to Indonesia’s parliament”, *China Daily*, 2 Oct 2013, available at [http://www.chinadaily.com.cn/china/2013xiapac/2013-10/02/content\\_17007915.htm](http://www.chinadaily.com.cn/china/2013xiapac/2013-10/02/content_17007915.htm).

intensive people-to-people contacts along with increased cultural, scientific and environmental protection cooperation.<sup>34</sup>

China aims to accelerate the establishment of an Asian Infrastructural Investment Bank (AIIB), which could provide a strong investment and financing platform for multimodal connectivity, like building high-speed rail, ports, airports, within related countries. AIIB is Beijing's brainchild to steer development along the proposed Silk Road. According to news reports, twenty two countries have so far shown interest in China's bold push to establish the AIIB, with a registered capital of US\$ 100 billion. The fund is sizeable enough to compete with the ADB, which runs on a capital of US\$ 165 billion and is dominated by Japan and the United States. In fact, China has invited India to participate in the AIIB as a founding member.<sup>35</sup> Meanwhile, in order to get wider support, China may consider establishing the bank headquarters in one of the capitals along the MSR, possibly Jakarta, Bangkok, Singapore and other capitals deemed friendly.<sup>36</sup> This new financial structure could also be helpful in reducing dependence on the US dollar and move towards trade in the respective national currencies.

Indeed, China is taking decisive steps to improve its overall geopolitical position by developing extensive transport networks, building roads, railways, ports, and energy corridors through such initiatives. The MSR could be a symbol of unity among nations and a commitment to cooperation. Further, this initiative could contribute to greater connectivity and complementarities for the entire Asia. Cooperative mechanisms and innovative approach through this scheme could help to develop and improve supply chain, industrial chain, and value chain, and would, thus, strengthen regional cooperation.<sup>37</sup>

This initiative is aimed to boost infrastructure development and structural innovation, to improve business environment of the region, to facilitate an orderly and unimpeded flow of

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<sup>34</sup> Justyna Szczudlik-Tatar, "China's New Silk Diplomacy", *PISM Policy Paper*, No. 34 (82), December 2013, pp.3-4.

<sup>35</sup> Atul Aneja, "China invites India to join Asian Infrastructure Investment Bank", *The Hindu*, 30 June 2014. Also see, Ananth Krishnan, "China shows economic clout with push for new banks", *The Hindu*, 16 July 2014.

<sup>36</sup> Author discussed this issue with Chinese scholars and some officials during his recent visit to Sichuan from 28 July to 2 August 2014.

<sup>37</sup> It is based on author's discussion with Chinese scholars and officials in Sichuan from 28 July to 2 August 2014, including at the Institute of South Asian Studies, Sichuan University and at the China West Normal University.

production factors and their efficient distribution, to accelerate development of landlocked countries and the remote areas, to lower costs and barriers of trade and investment, and to drive greater reform and opening-up by regional countries. Through its ‘silk diplomacy’ Beijing aims to strengthen exchanges among people of different nations, regions, classes and religions; to explore the potential of the “soft” aspect of exchanges and cooperation; to consolidate the foundation of friendship among people; and to contribute positively to peace and development in Asia.<sup>38</sup>

As discussed above, the MSR will also be helpful in promoting certain strategic objectives — for example, in supporting friends and clients, neutralising similar activities by other naval powers, or merely by showcasing one’s maritime power. Indeed, naval power has certain advantages as an instrument of diplomacy. Naval forces are more resilient, and they have greater visibility. Thus, the proposed MSR has clear strategic objectives, and India and many other countries are studying the implications of this bold policy statement carefully.

Amidst the ‘irresistible shift’ from the West to the East, Beijing is concerned about the US pivot to the Asia-Pacific region. Also, the MSR could be an attempt to counter the “string of pearls” argument. China’s ‘acrimonious’ relations with some states in Southeast Asia due to maritime disputes have created complex circumstances for itself in building better relations with its neighbours. Through their vision of reviving the MSR, Chinese leaders aim to impart a new lease of life to China’s peripheral policy, and to diffuse the tension with neighbours. Chinese leaders want to reassure their commitment to the path of peaceful development, emphasising that “a stronger China will add to the force for world peace and the positive energy for friendship, and will present development opportunities to Asia and the world, rather than posing a threat”. The main elements of the proposed Maritime Silk Road are policy coordination; connectivity; trade and investment; people-to-people links; and financing development.

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<sup>38</sup> Wei Wei, “Silk Route: The way to prosperity for India, China and the Entire Asia”, *The Economic Times*, 14 April 2014, also available at [http://articles.economictimes.indiatimes.com/2014-04-14/news/49126193\\_1\\_silk-route-maritime-silk-road-indian-ocean](http://articles.economictimes.indiatimes.com/2014-04-14/news/49126193_1_silk-route-maritime-silk-road-indian-ocean).

## **Converging Interests and Regional Responses**

Chinese President, in his speech on “Carrying Forward the ‘Shanghai Spirit’ and Promoting Common Development” at the SCO Summit on 13 September 2013, put forward a four-point proposal: first, to promote mutual trust, mutual benefits, equality, consultation, respect for cultural diversity, and seek the “Shanghai Spirit” for common development; second, to jointly safeguard regional security and stability; third, to focus on the development of pragmatic cooperation; and fourth, strengthen people-to-people communications and non-governmental exchanges by laying solid public opinion and social foundations for development.<sup>39</sup> The proposed Maritime Silk Road offers a number of opportunities for ASEAN countries and India. Though, the idea of rebuilding the MSR is still evolving, it would be useful to see preliminary responses of ASEAN countries and India to this Chinese proposal.

## **ASEAN Interests and Responses**

As discussed above, the MSR initiative is a manifestation of China’s growing significance in the global arena, economically, politically, as well as strategically. By promoting port and other forms of infrastructure cooperation, China seeks to ease its territorial disputes with other ASEAN claimant states, and strengthen mutual trust. On the economic front, the MSR proposal will boost maritime connectivity, port and harbour cooperation, and maritime commerce. It also provides a channel of overseas investment for Chinese companies and capital, either in infrastructure construction, or in manufacturing and foreign commodity trade and service sectors. The cooperation will also narrow the huge infrastructure development gap among ASEAN members. For China, such outward infrastructure investment is important for boosting its manufacturing sectors, addressing its domestic production overcapacity and stimulating domestic economic growth.<sup>40</sup>

Recently, ASEAN Community Affairs Development Director Danny Lee remarked that the creation of the new Maritime Silk Road is a very good concept and will bring new

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<sup>39</sup> Xi Jinping Delivers Speech at SCO Summit, and Raises Four-Point Proposal, 13 September 2013, available at [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/xjpfwzysiesgjtfhshzzfh\\_665686/t1077762.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtfhshzzfh_665686/t1077762.shtml).

<sup>40</sup> Yu Hong, “China’s “Maritime Silk Road of the 21<sup>st</sup> Century” Initiative”, *EAI Background Brief*, No. 941, 30 July 2014, available at <http://www.eai.nus.edu.sg/BB941.pdf>. Also see, “ASEAN welcomes China’s new Maritime Silk Road initiatives”, *China Daily*, 15 August 2014, available at [http://usa.chinadaily.com.cn/business/2014-08/15/content\\_18322921.htm](http://usa.chinadaily.com.cn/business/2014-08/15/content_18322921.htm).

opportunities for China and ASEAN to cooperate in many sectors, such as trade, infrastructure and cultural exchange. ASEAN member-states welcome China's initiative of building the new Maritime Silk Road.<sup>41</sup> Notably, ASEAN is currently China's third-biggest trading partner with annual US\$ 443.6 billion bilateral trade, and most of the traded goods are transported via shipping lanes.<sup>42</sup> China has strong experience and technology in infrastructure construction as well as the capital. The MSR could spur the economic development of ASEAN. Besides, it could also promote the people-to-people contact and enhance understanding between China and ASEAN as well as among ASEAN countries.<sup>43</sup>

There is, however, some anxiety within ASEAN states over Chinese actions on the ground that were contradictory to China's stated intentions of goodwill and peaceful cooperation. For example, China's recent move to station one of its oil rigs in the disputed territory in the South China Sea flared up tensions in the Asia-Pacific. Further, it ruptured relationships, and cast doubts among some of the ASEAN countries about Beijing's recent announcements of friendship and good neighbourliness. The deployment of the rig has further fuelled the "China threat" discourse in Asia.<sup>44</sup> The Philippines is apprehensive of Chinese activities and some officials in Manila feel that China was actively seeking "to re-establish a China-dominated regional order in South-east Asia".<sup>45</sup> It is difficult, given such acts of assertiveness on the part of China, for the region's small states not to feel suspicious about any goodwill gesture from it. It will be difficult for China to build a friendly neighbourhood if each move it makes is met with distrust and fear of its intentions. China forgets that, because of its sheer size, any move it makes that seems insignificant to it could have large implications for its small neighbours.<sup>46</sup> Hence, China needs to address the trust deficit that exists among some of its ASEAN neighbours while taking such initiatives.

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<sup>41</sup> see, "ASEAN welcomes China's new Maritime Silk Road initiatives", *China Daily*, 15 August 2014, available at [http://usa.chinadaily.com.cn/business/2014-08/15/content\\_18322921.htm](http://usa.chinadaily.com.cn/business/2014-08/15/content_18322921.htm).

<sup>42</sup> "Key Indicators on ASEAN-China Relations (2013): Trade", available at [http://www.asean-china-center.org/english/2014-03/06/c\\_133164797.htm](http://www.asean-china-center.org/english/2014-03/06/c_133164797.htm).

<sup>43</sup> Goh Sui Noi, "China can try walking in ASEAN states' shoes", *The Straits Times*, 8 Sept 2014, available at <http://www.straitstimes.com/news/opinion/more-opinion-stories/story/china-can-try-walking-asean-states-shoes-20140908>.

<sup>44</sup> See Rajeev Ranjan Chaturvedy, "Deciphering China's Oil-Rig Move in South China Sea", *ISAS Brief*, No. 330, 4 June 2014, available at [http://www.isas.nus.edu.sg/Attachments/PublisherAttachment/ISAS\\_Brief\\_330-Deciphering\\_Chinas\\_Oil\\_Rig\\_Move\\_in\\_South\\_China\\_Sea\\_05062014054455.pdf](http://www.isas.nus.edu.sg/Attachments/PublisherAttachment/ISAS_Brief_330-Deciphering_Chinas_Oil_Rig_Move_in_South_China_Sea_05062014054455.pdf).

<sup>45</sup> Author's interaction with a senior researcher at the Foreign Service Institute, Department of Foreign Affairs, Manila on 25 July 2014.

<sup>46</sup> Goh Sui Noi, "China can try walking in ASEAN states' shoes", *The Straits Times*, 8 Sept 2014.

## **India's Interests and Responses**

Formal proposal to induct India into the MSR was made during the 17<sup>th</sup> round of talks between special representatives in New Delhi. So far, India has been quiet in its response primarily owing to lack of clarity about the Chinese strategy of reviving the MSR. According to official sources conceptually the upgrading of maritime connectivity between Indo-Pacific and extending it further to East Africa and on to Mediterranean are in tune with India's own broader maritime economic vision. However, there is a lack of clarity on "how and what" of the Chinese proposal. There are also concerns about what this implies for broader regional strategic partnerships.<sup>47</sup> Another view is that the MSR initiative proposed by Chinese President Xi Jinping to revive erstwhile Asian trade routes could open door for significant expansion of maritime engagement and cooperation.<sup>48</sup>

India has begun to recognise the importance of its sea lines of communication beyond its geographical proximity including in the Western Pacific. India's then Foreign Secretary Ranjan Mathai in a speech at the National Defence College said, "The entire Indian Ocean region stretching from East African coast to the South China Sea remains crucial to our foreign trade, energy and national security interests". He added:

"The Asia Pacific region is witnessing evolution of a regional economic and security architecture. We are participating in the process of East Asia Summit, ASEAN Regional Forum, ADMM Plus and other forums. An open, balanced and inclusive regional architecture is in the long-term interest of the region as a whole. Our strategic partnerships with Japan, Republic of Korea (ROK) and other Asia Pacific countries also serve our long-term economic, developmental and security interests".

India's Ministry of External Affairs Annual Report notes, "India's relations with the countries in South East Asia and Pacific regions have witnessed a significant transformation in recent years. The expansion and deepening of our Look East Policy, the steady trend of economic growth and stability in the region and the continuing geopolitical shift towards

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<sup>47</sup> Arun Sahgal, "China's Proposed Maritime Silk Road (MSR): Impact on Indian Foreign and Security Policies", July 2014, [http://ccasindia.org/issue\\_policy.php?ipid=21](http://ccasindia.org/issue_policy.php?ipid=21).

<sup>48</sup> "China's MSR plan throws up positive opportunities: Raja Mohan", The Business Standard, 9 September 2014, available at [http://www.business-standard.com/article/pti-stories/china-s-msr-plan-throws-up-positive-opportunities-raja-mohan-114032200553\\_1.html](http://www.business-standard.com/article/pti-stories/china-s-msr-plan-throws-up-positive-opportunities-raja-mohan-114032200553_1.html).

Asia have imparted new momentum to our engagement, both bilaterally with individual countries as well as regionally".<sup>49</sup> Therefore, it would be in India's interest to respond positively to the Chinese invitation to join the MSR. The proposed Maritime Silk Road offers a number of opportunities for India.

China and India are important players in global security. Their combined efforts could be useful to combat non-traditional security threats. Given the fact that navies of both the countries would be operating in the same region increasingly, it would be crucial for them to harmonise their activities and to create interoperability by evolving confidence-building measures, including conducting joint anti-piracy and disaster-relief exercises and maybe even complementing each other. There could be many other convergences between India and China in the maritime domain.

Besides, India badly needs infrastructure and connectivity and, despite much rhetoric on the subject, Delhi has made little advance in recent years. On the contrary, China has developed a sophisticated concept of marine economy that has been facilitated by its long coastline. The coastal provinces have contributed substantially to the overall national strength in terms of economic growth and play an important role in developing an export-oriented economy. Over past few decades, China has emerged as a major maritime power of the world and is offering to develop maritime infrastructure in friendly countries. India needs to make major policy changes to develop maritime infrastructure, offshore resources and exploit these on a sustainable basis. Therefore, the MSR should be seen as a welcome opportunity for India.<sup>50</sup> Some Indian scholars, however, perceive the MSR as a "challenge to India's authority" in the Indian Ocean region.<sup>51</sup>

Moreover, India can also harness Chinese capabilities to improve its maritime infrastructure, including the construction of high-quality ships and world-class ports. More importantly, it

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<sup>49</sup> Ministry of External Affairs (Government of India), *Annual Report 2012-13*, New Delhi: Policy Planning and Research Division, Ministry of External Affairs, available at [http://www.mea.gov.in/Uploads/PublicationDocs/21385\\_Annual\\_Report\\_2012-2013\\_English.pdf](http://www.mea.gov.in/Uploads/PublicationDocs/21385_Annual_Report_2012-2013_English.pdf).

<sup>50</sup> Vijay Sakhija, "Maritime Silk Road: Can India Leverage It?", #4635, 1 September 2014, available at <http://www.ipcs.org/article/navy/maritime-silk-road-can-india-leverage-it-4635.html>. Also see, Vijay Sakhija, "The Maritime Silk Route and the Chinese Charm Offensive", in IPCS Special Focus: The Maritime Great Game India, China, US & The Indian Ocean, p. 6, available at [www.ipcs.org/pdf.../SR150-IPCSSpecialFocus-MaritimeGreatGame.pdf](http://www.ipcs.org/pdf.../SR150-IPCSSpecialFocus-MaritimeGreatGame.pdf).

<sup>51</sup> Jagannath Panda, "Maritime Silk Road and the India-China Conundrum: From the South China Sea to the Indian Ocean", *Indian Foreign Affairs Journal*, Vol. 9, No. 1, January-March 2014, p. 28.

will also help India-ASEAN maritime connectivity that has been languishing due to the lack of infrastructure. India and China can also work together on the Humanitarian Assistance and Disaster Response (HADR), with the Indian Navy and the PLA Navy cooperating and developing best operational practices for HADR operations.<sup>52</sup>

## Conclusions

While the MSR proposal is an innovative idea and aims to create opportunities and bring peace and stability, it is still an unfolding idea. China's maritime renaissance, however, is being led by its dynamic commercial sector, with maritime business leading the way. Naval development is following the merchant marine development. China's path to the sea is different, distinguished by seaborne commerce leading the way, trailed by naval development.<sup>53</sup>

As China rises, and the sea becomes its main highway for incoming investment and technology and outgoing exports, China is studying the past and thinking about the future. The MSR places China in the 'middle' of the "Middle Kingdom" and is an effort in initiating a 'grand strategy' with global implications. The MSR, which served more for trade and establishing friendly relations, offers several opportunities for ASEAN states and India, in its *avatar*. As discussed, there are many converging interests among various states in the region. The MSR initiative could be very helpful in reinforcing cooperation and raising it to a new level of maritime partnership. Nevertheless, China has yet to cultivate the much-needed political and strategic trust.

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<sup>52</sup> Rajeev Ranjan Chaturvedy, "Xi Jinping's visit should mark new era in Indo-China relations", *The Economic Times*, 10 September 2014.. Chinese state councillor Yang Jeichi proposed a dialogue between the two naives on freedom of navigation and Humanitarian Assistance and Disaster Response (HADR) at the 17<sup>th</sup> Annual Dialogue of the Special Representatives of India and China in New Delhi. See, Ministry of External Affairs, Government of India, Press Release, "17th Round of Talks between the Special Representatives of India and China on the Boundary Question", New Delhi, 11 February 2014, available at <http://mea.gov.in/press-releases.htm?dtl/22861/17th+Round+of+Talks+between+the+Special+Representatives+of+India+and+China+on+the+Boundary+Question>.

<sup>53</sup> Andrew S. Erickson, Lyle J. Goldstein, and Carnes Lord (Eds.), *China Goes to Sea: Maritime Transformation in Comparative Historical Perspective*, Annapolis: Naval Institute Press, 2009, p.345.