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# **A String of Partners: China's Strategic Outreach in the Indian Ocean**

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## I . INTRODUCTION

The People's Republic of China (PRC) has recently begun strengthening security ties with countries throughout the Indian Ocean. Interestingly, China's outreach in this key region does not fit with the conventional wisdom of several theoretical approaches to the study of foreign policy. Offensive neorealists, particularly John Mearsheimer, suggest that a rising China will aggressively maximize its relative power to ensure its own security (Mearsheimer 2001). Given this theory's predictions, China should be pursuing military alliances with key states while attempting to undermine US power and partnerships in the region. China's security engagement in the region has been much less overt than offensive neorealism might suggest, however, and it has not sought to directly challenge the US' maritime hegemony or its access to regional bases. The liberal approach to international relations provides an alternative explanation: China's engagement could be heavily influenced by economic concerns and the desire for mutual gain. If this is the case, the PRC should align with attractive economic partners.<sup>1)</sup> The PRC has defied this logic, however, by bolstering both security ties with poor and unstable states throughout the region. Finally, constructivist theorists argue if two states are socialized under the same international institutions they can cooperate because their interests converge (Bearce and Bondanella 2007). This approach also proves inadequate, as China has partnered extensively with many states which have had few opportunities to be socialized alongside China in international institutions.

This paper addresses this puzzle and assesses the causes behind the variation in the extent of PRC's engagement from country to country in

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1) For examples of what make states attractive investment partners according to general FDI theory, see: Peter J. Buckley, L. Jeremy Clegg, Adam R. Cross, Xin Liu, Hinrich Voss, and Ping Zheng, "The Determinants of Chinese Outward Foreign Direct Investment," *Journal of International Business Studies* 38 (2007).

the Indian Ocean region, particularly its efforts to promote bilateral security cooperation. Based on an analysis of 11 case studies, this paper argues that a variant of defensive neorealism's "soft balancing" proposition provides a compelling explanation for China's regional outreach. China seems to be addressing concerns about its energy security by taking steps to constrain the US' capacity to interdict sea-borne energy in the Indian Ocean while also augmenting its own regional influence. The PRC pursues these objectives via limited security cooperation with key regional states, and prioritizes those states where the US has not established bases or a fixed military presence. China sells fewer arms and signs fewer strategic arrangements in states which contain major US installations in an effort to avoid arousing a counterbalancing backlash.

Explaining China's foreign policy in the Indian Ocean is not simply an interesting academic puzzle; it has substantial implications for the future of an increasingly significant portion of the world. In the 21<sup>st</sup> century, the Indian Ocean has emerged as a vital strategic arena due to the massive amounts of energy and container traffic which pass along its seelines of communication(SLOCs). As the volume of maritime trade has risen, many states, including China, have come to depend on these SLOCs for vital resources as well as for their economic well-being. The Indian Ocean also contains many developing states which are rife with instability and poverty, fomenting both humanitarian crises and transnational security threats. Geopolitical competition and cooperation in this region will therefore have significant consequences both for great powers' trade and energy security and for the fates of numerous underdeveloped countries (Kaplan 2010).

## II. THE SOFT BALANCING PROPOSITION

The soft balancing proposition, rooted in the defensive neorealist theory of international relations, suggests that states in the contemporary unipolar international system are likely to avoid overt balancing. Neorealism in general contends that states in an anarchic international system will tend to bolster their own capabilities and form coalitions to balance against threatening states (hard balancing). Some defensive neorealists have argued, however, that the end of bipolarity and the emergence of the US as the sole great power have changed this balancing dynamic. Stephen Walt argues that states in this new international context do not overtly balance against US power because of its geographic remoteness and restrained foreign policy (Walt 2009, 103). Both Robert Pape and T.V. Paul also contend that the US has indicated that it does not intend to threaten the survival of states, limiting the incentives for hard balancing (Pape 2005, 9; Paul 2009, 53). Additionally, as Pape argues, “directly confronting US preponderance is too costly for any individual state and too risky for multiple states operating together” (Pape 2005, 9). Kai He and Huiyun Feng similarly argue that the power disparity between the US and other states can lead to soft balancing, and also claim that economic interdependence discourages hard balancing (He and Feng 2008, 365).

In the absence of hard balancing, these authors all contend that states seek to improve their security and constrain US power through “soft balancing.” Soft balancing has been defined in a number of different ways by various theorists. Paul claims that soft balancing “occurs when states generally develop ententes or limited security understandings with one another to balance a potential threatening state or a rising power” (Paul 2004, 3). In particular, Paul argues that soft balancing policies can include “a limited arms buildup, ad hoc cooperative exercises, or collaboration in regional or international institutions” (Paul 2004,

3). Kai He and Huiyun Feng, on the other hand, argue that “soft balancing” is primarily designed to “undermine the power and constrain the influence of the threatening state without direct military confrontation” through policies such as arms transfers (He and Feng 2008, 372). Finally, Stephen Walt argues that states engaged in soft balancing form “countervailing coalitions designed to thwart or impede specific (US) policies” and “engage in covert, tacit, or informal forms of security cooperation” (Walt 2009, 104–106).

Advocates of the soft balancing proposition generally agree on one key point: soft balancing must avoid directly confronting or antagonizing the unipole. States engaged in soft balancing recognize that it is in their national security interests to avoid any overtly threatening activity which could provoke a strong US reaction. If the US were to respond to perceived overt balancing, the targeted states would be unable to effectively counterbalance (Pape 2005, 106). In essence, the less of a direct threat soft balancing poses to the US, the more likely it is to be sustainable.

This paper uses a modified definition of soft balancing which incorporates the critical insights of each of these authors. Like any strategy, soft balancing involves both means and ends. The ends of soft balancing are to improve a state's security and reduce its vulnerability toward a significantly more powerful hegemon. Unlike hard balancing, however, soft balancing also includes a second goal: avoiding a counterbalancing backlash from the hegemon or rising power. Similarly, the means involved in a soft balancing strategy also differ from hard balancing. While military buildups and alliances are the tools of hard balancing, limited security cooperation like arms sales, cooperative exercises, or institutional collaboration are the means employed under a soft balancing strategy. These means can incrementally improve a state's security and expand its influence while avoiding provoking a backlash. They can also lay the groundwork for potential hard balancing and alliance formation if the need arises (Paul 2004, 3).

The soft balancing proposition suggests that the PRC is involved in a strategy of soft balancing in the Indian Ocean via its security engagement with regional states. Much of China's imported oil is transported through the Indian Ocean where the US enjoys maritime hegemony. If this supply of oil were interdicted by the US, the PRC's developing economy might suffer a devastating setback. As such, the PRC is interested in augmenting its influence in the region and limiting the US ability to disrupt maritime traffic. Limited partnerships with regional states allow the PRC to pursue these objectives while also laying the foundations for future "hard balancing" military partnerships if they become necessary.

If the PRC is pursuing a soft balancing approach then it will make every effort to avoid a US counterbalancing backlash. This suggests that the extent of the PRC's security engagement will be constrained by the presence or proximity of major US military installations in the region. US power in the Indian Ocean hinges on several key bases in partner states. China's strategic engagement with these host states will necessarily appear more threatening to the US.<sup>2)</sup> Military assistance from the US to a target state may also constrain Chinese regional engagement. A state which receives extensive aid from the US has less incentive to seek Chinese support. China will also be inclined to engage more cautiously with states which receive extensive aid because of the soft balancing imperative of avoiding activity which will provoke a US response.

*H1: The extent of China's security engagement with target states will be negatively related to the target state's proximity to major US military installations and its military assistance from the US.*

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2) The US' genuine concern over Moscow's overtures toward Kyrgyzstan after the 2010 revolution due to the presence of a major US airbase in Manas is illustrative of how a secondary power's security engagement in countries hosting US bases is perceived as a threat to US security

The soft balancing proposition has faced criticism on several grounds. One of the most compelling critiques of soft balancing is put forward by William Wohlforth and Stephen Brooks, who assert that soft balancing has not been tested adequately against competing explanations. In particular, they argue that economic interests, regional security concerns, policy disputes, and domestic political interests may drive states to pursue limited security arrangements or diplomatic ententes with one another (Brooks and Wohlforth 2005, 79–80). To address some of these concerns, however, this paper evaluates several competing hypotheses based on a number of alternative theoretical perspectives against H1 and the soft balancing argument.

### III. COMPETING THEORIES AND HYPOTHESES

The liberal approach to international relations argues that states are interested in mutual gains, and that economic interests often motivate states to pursue greater cooperation with one another. Greater economic interdependence can encourage states to pursue peaceful relations with one another. Similarly, the potential for profitable investment in a state may encourage other states to engage more extensively with that state. One of the primary factors which determine how attractive a state is for foreign investors is its stability (Buckley et al. 2007, 500–506). Furthermore, a country's market size, measured as GDP, can have a positive impact on its attractiveness to investors (Buckley et al. 2007, 504).

This approach suggests that China's security outreach in the region may be driven by economic concerns. Security engagement might be employed to reinforce friendly relations between China and target states in order to improve the climate for investment. Overall, according to this perspective, China is interested primarily in profiting from expanding

economic opportunities in the Indian Ocean rather than improving its relative power in the region to protect its SLOCs.

*H2: The extent of China's engagement with target states will be positively related to the target state's level of stability and GDP.*

Constructivist literature offers an alternative perspective on variation in the extent of the PRC's engagement with states in the Indian Ocean. One important subset of this theoretical perspective stresses the importance of international institutions in fomenting international cooperation. Constructivists assert that international institutions, defined here as rules and "norms of behavior that structure repeated human interaction," can change participants' interests and identities (Keohane 1988, 384). Recent work by Bearce and Bondanella has supported the argument that structured institutions, particularly intergovernmental organizations (IGOs), promote a process of international socialization which causes member states' interests to converge (Beace and Bondanella 2007, 704–705).

This particular theory suggests that China's strategic engagement toward each target state in the Indian Ocean will be shaped by mutual involvement in IGOs. While Bearce and Bondanella acknowledge that the effects of socialization weaken as power disparities between member states increase, the general process of socialization should still have some influence on China's partnerships (Bearce and Bondanella 2007, 705). If this constructivist proposition is correct, then generally speaking the more IGOs the PRC shares with a given target state, the stronger the effects of socialization will be and the more the two states' interests will converge.

*H3: The extent of China's engagement with target states will be positively related to the number of IGOs which China and the target state are both involved in.*



## IV. RESEARCH DESIGN

This paper tests the aforementioned hypotheses by using a cross-sectional analysis of 11 states along the Indian Ocean's main SLOCs. It evaluates China's security engagement in each of these states from 2000 to 2010. The cases, from west to east, include: Djibouti, Yemen, Oman, Bahrain, Sri Lanka, Bangladesh, Myanmar, Thailand, Malaysia, Indonesia, and Singapore.<sup>3)</sup> Security engagement involves China's attempts to promote military cooperation and augment the defense of the target state in ways which cultivate closer bilateral relations and is measured in terms of 1) China's transfer of major conventional weapons systems to a target state, as recorded in the SIPRI database<sup>4)</sup> 2) China's port calls and military delegations to a target state, and 3) China's formal security arrangements with a target state.

The three major hypotheses are evaluated using a number of different measurements. H1 is assessed by using 1) the state's proximity (in miles) to a major US military installation with 50 or more personnel and 2) the amount of US military assistance formally allocated to that state in 2007 according to the US State Department. H2 examines economic conditions in the target state, including its stability indicator in the Failed States Index for 2007 and its GDP in 2005 according to the World Bank. The third hypothesis, H3, uses the number IGOs which

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3) Pakistan and India are excluded from this analysis for several reasons. China has not partnered extensively with India because it regards India as a potential competitor in the region and is worried about India threatening its SLOCs, and as such it would be counterintuitive to examine India as a target of Chinese engagement. Pakistan, on the other hand, has a long history of close relations with China dating back to the Cold War. This would make it difficult to assess Pakistan alongside the other cases in this analysis because of the presence of this potentially confounding variable.

4) Arms sales data are provided by the Stockholm International Peace Research Institute (SIPRI). Major weapons systems include: aircraft, armored vehicles, artillery, sensor systems, air defense units, missiles, ships, engines, and large-caliber turrets. These figures do not include small arms or ammunition. See: <http://www.sipri.org/research/armaments/transfers/databases/armstransfers>

both the target state and the PRC were involved in in 2005 as listed by the Correlates of War project (Pevehouse et al. 2004). This paper assesses China's security engagement in each state and uses each as a case to test the three main hypotheses. Indicators such as formal security agreements which cannot be quantified are assessed qualitatively, while the numerical indicators such as number of IGOs or GDP are judged based on which percentile they fall under for the region as a whole. In general, scores below the 33<sup>rd</sup> percentile are regarded as low, scores falling between the 33<sup>rd</sup> and 66<sup>th</sup> percentiles are regarded as moderate, and scores in the top third of all cases are regarded as high. This provides an objective (albeit simple) means to compare the relevant independent and dependent variables across cases.

## V. CASE STUDIES: PRC SECURITY ENGAGEMENT IN THE INDIAN OCEAN

### 1. Djibouti

The PRC's security outreach towards Djibouti has been relatively trivial. PLAN warships have made several port calls to Djibouti since 2000, however the PLAN conducts these visits primarily to resupply rather than out of a concerted effort to engage with Djibouti (Kostecka 2011, 69). China participates in no formal arrangements with Djibouti, and has not transferred any major conventional weapons systems to the state during the time period in question. Overall, security cooperation between the two countries is clearly low in both relative and absolute terms.

All of the hypotheses are supported by this case study. Djibouti is far from the Chinese mainland and contains one of the largest US bases

in the region at Camp Lemonnier with roughly 2,400 US military personnel on site (GlobalSecurity). Camp Lemonnier provides crucial logistical support for US operations in the Horn of Africa and has taken on even more significance with the increasing importance of regional counter-piracy operations. The PRC is unlikely to engage in robust security cooperation in a state containing such an important US base.

H2 and H3 are also partially upheld by this case. Djibouti is economically weak with the lowest GDP of any of the states in question, potentially discouraging Chinese engagement. Its FSI instability score is 80.3, however, a moderate value compared to the rest of the region (Fund for Peace). While Djibouti is not nearly as stable as states like Singapore or Malaysia, it is fairly typical for the region as a whole. Nevertheless, because of Djibouti's exceptionally low GDP, H2 seems to be supported by this particular case. The third hypothesis receives some support from China's strategic engagement with Djibouti. The PRC and Djibouti are involved in only a few (25) IGOs together, and are unlikely to have benefited from socialization (Pevehouse et al. 2004).

## 2. Yemen

China's security engagement with Yemen has been markedly limited compared to the rest of the region. PRC military involvement with this target state is still in its nascent stages and has been limited to a handful of port calls by PLAN frigates and two military delegations, one of which was led by the PLA's Deputy Chief of General Staff (Information Office of the State Council of the PRC). While this engagement is marginally more substantial when compared with Djibouti, it still pales in comparison with the region as a whole. While the PRC provides weapons to many states throughout the Indian Ocean, it has yet to supply Yemen with any major conventional arms. Similarly, while China has signed formal security agreements with states like Thailand,

it has not sought any formal military or security arrangements with Yemen despite its interest in using the port of Aden as a resupply point.

The PRC's limited security and political engagement in Yemen supports H1, H2, and H3. While Yemen itself does not host any US base, it is near several major US bases in Oman and Djibouti and received \$13.7 million in military assistance from the US in 2007, putting it within the top third of the cases (US Department of State). This supports the assertion made in H1 that China's engagement is constrained by its desire to avoid overtly threatening the US in the region. H2 also is supported by this evidence. Yemen is extremely unstable due to high levels of militant and insurgent activity, as indicated by its FSI instability score of 93.2 (Fund for Peace). Furthermore, Yemen's GDP (\$16.7 billion in 2005) is quite low compared to the rest of the region (World Bank). These findings also fit with H3. China and Yemen are only involved in 30 IGOs together, which is significantly less than the regional average and in the bottom third of cases.

### 3. Oman

The PRC's security engagement with Oman is relatively moderate compared to the region as a whole. The most significant arrangement between the two countries involved the transfer of arms valued at \$12 million, including armored personnel carriers and missile launchers, from the PRC to Oman (SIPRI). Despite these arms deals, however, China has not sought to formalize its security relationship with Oman or provide any more extensive weapons shipments.

H1 and H3 are not supported by these findings. Oman contains a small US base on Masirah and received double the regional average in US military aid in 2007. It is also close to several large US installations in Bahrain and Djibouti, which would suggest that China's engagement in Oman should be relatively constrained. Oman is also only involved in

35 of the same IGOs as China, which is relatively few compared to the other cases (Pevehouse et al. 2004). China's mid-level security cooperation with Oman does not seem to be connected to its lack of institutional socialization in IGOs involving Oman.

H2 is corroborated by this evidence. Oman has a mid-level market size compared to the region as a whole, with a GDP of around 30.9 billion in 2005 (World Bank). Additionally, Oman is highly stable. Oman's FSI score is 45.5 and is second only to Singapore out of the cases in question (Fund for Peace). Based on these economic variables, H2 suggests that Chinese engagement in Oman should be fairly moderate.

#### 4. Bahrain

The PRC has barely engaged at all with Bahrain. China sent its Minister of National Defense to Bahrain in an attempt to bolster defense ties in 2008, however aside from this visit China has not made Bahrain a priority (Information Office of the State Council of the PRC). There have been no arms transfers and no formal security agreements between the two countries over the last decade.

All of the hypotheses are supported by this case. These findings fit with H1 because of the strong US presence in Bahrain. The US 5<sup>th</sup> fleet is headquartered at NSA Bahrain, making it a critical strategic partner in the region. The US also contributes an enormous amount of military assistance to Bahrain. Bahrain received \$16.4 million in 2007, the second most in the region (US Department of State). H2 also fits with these findings. Bahrain was fairly stable during the decade and received a low instability score (57) from the FSI (Fund for Peace). Its GDP in 2005 was relatively low (13.5 billion) however, which would have made it a less attractive target for the PRC (World Bank). Finally, these findings support H3; Bahrain is involved in 30 of the same IGOs as China, the same number as Yemen, suggesting that any socialization has been

limited (Pevehouse et al. 2004).

## 5. Sri Lanka

Sri Lanka has been the target of extensive Chinese security engagement. In particular, China transferred around \$160 million worth of major conventional arms to Sri Lanka from 2000 to 2010 (SIPRI). This puts Sri Lanka in the top third of all cases in the region. These arms sales included air to air missiles, patrol craft, advanced radar systems, APCs, and transport aircraft (SIPRI). Notably, China also provided Sri Lanka with four F-7MG fighter aircraft free of charge (SIPRI). These transfers were vital for Sri Lanka following the renewal of the government's campaign to annihilate the Tamil Tigers insurgency in 2007 and the subsequent suspension of arms sales and aid from other states due to human rights concerns (Sakhuja 2009). The PLAN also regularly visits the port of Colombo to resupply (Kostecka 2011, 72). While none of this outreach and cooperation has been formalized, the Chinese government has made it clear that it is quite interested in expanding its influence in Sri Lanka through military assistance.

H1 and H3 are supported strongly by this case. Sri Lanka contains no US base and is far removed from any major US installations. US military assistance to Sri Lanka is also minimal, consisting of a mere 2.5 million in 2007 (US Department of State). China is therefore free to actively expand its influence in Sri Lanka through arms sales without directly challenging the US presence in the region. Sri Lanka is also a member of 48 of the same IGOs as China and is in the top third of all cases for this indicator (Pevehouse et al. 2004). As such, H3 receives support from the Sri Lankan case.

H2 is not supported particularly well by this case. While Sri Lanka had a GDP of 24.4 billion in 2005 which is fairly typical for the region as a whole, it has been one of the least stable states over the course of

the decade because of the Tamil insurgency (World Bank). Sri Lanka was given an instability score of 93.1 in 2007, roughly the same as Yemen (Fund for Peace). This suggests that China may not be using military outreach to improve bilateral relations in the hopes of profiting from investment in and trade with Sri Lanka.

## 6. Bangladesh

Bangladesh is another state where China has provided extensive security assistance in a clear attempt to cultivate its regional influence. From 2000 to 2010, China supplied Bangladesh with \$278 million in various conventional weapons systems, more than any other state in this study (SIPRI). This figure includes towed guns and artillery, surface to air missiles, 16 F-7MG fighter aircraft, and upgrades for over 400 Type 59G and 96G tanks (SIPRI). These weapons are generally provided by China for discount prices in a clear attempt to curry favor (Sakhuja 2009). In addition to the arms deals, China has sent four major military delegations to Bangladesh, including the PLA's Chief of General Staff in 2005 (Information Office of the State Council of the PRC). Overall, while Sino-Bangladeshi security cooperation remains intentionally informal and flexible, China has made Bangladesh one of its primary targets in its search for regional partners (Sakhuja 2009).

China's engagement in Bangladesh fits fairly well with H1, and does not support H2 or H3. Bangladesh does not contain any US base and is exceptionally distant from the major US military installations in the region.<sup>5)</sup> US military assistance to Bangladesh is fairly typical for the region as a whole, amounting to \$4.5 million in 2007, which does not necessarily fit as well with H1's predictions. Nevertheless, there is no notable US military presence anywhere near Bangladesh, which suggests

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5) Bangladesh is the farthest of any of the case studies from US military installations, the closest being on the island of Diego Garcia to the southwest

that China will not feel particularly constrained when engaging with this partner.

The soft balancing hypothesis performs significantly better than its alternatives in this case. H2 receives little to no support because Bangladesh has a moderate sized market with a GDP of \$60.3 billion and is extremely unstable with a FSI indicator of 95.6 (World Bank; Fund for Peace). China's high level of security outreach toward Bangladesh is unlikely to be the result of an attempt to improve relations in the interests of benefiting from greater trade or ODI. H3 is similarly not supported by this case; while China's security engagement with Bangladesh is extensive, the number of IGOs that both states belong to is not particularly large for the region as a whole (46).

## 7. Myanmar

The PRC's security engagement with Myanmar (Burma) is also substantial compared to the rest of the region. PLAN warships began visiting Burmese ports in 2010. The PRC has also sent more military delegations to Myanmar than to any other state in the region except for Thailand; from 2000 to 2010, seven high level PLA commanders visited Myanmar, including two visits from the PLA's Chief of General Staff (Information Office of the State Council of the PRC). The PRC's arms transfers to Myanmar are also significant; over the course of the last decade, China supplied Myanmar with \$183 million in major conventional weapons systems (SIPRI). These systems include new radar systems, naval guns, 30 anti-ship missiles, and 50 unassembled K-8 combat aircraft (SIPRI). There are also disputed reports that China has provided personnel to assist Myanmar in maintaining signals intelligence facilities in the Bay of Bengal (Selth 2007).

China's relatively substantial outreach toward Myanmar supports H1. Myanmar hosts no US base, is nowhere near any US military



facilities in the region, and receives no US military assistance because of its recent record of human rights abuses. China can therefore actively expand its influence in Myanmar without antagonizing the US.

H2 and H3 are not confirmed by this particular case. Myanmar is the least stable state in the region, with a FSI indicator of 97 in 2007, and like Bangladesh has a mid-level GDP (\$57.2 billion) (Fund for Peace; World Bank). Economic conditions in Myanmar therefore do not make it a more attractive target for Chinese engagement. Finally, China and Myanmar are both involved in 36 IGOs, placing Myanmar within the middle third of the cases in question (Pevehouse et al. 2004). This moderate level of mutual institutional involvement does not match with China's extensive engagement with Myanmar.

## 8. Thailand

Thailand has also been the focus of numerous Chinese overtures regarding security affairs. PLAN ships have made a number of stops at Thai ports in both 2005 and 2008 (Information Office of the State Council of the PRC). China has also supplied Thailand with a substantial amount of military equipment, including a Chinese frigate/off-shore patrol vehicle (SIPRI). Thailand has received \$85 million in weapons over the course of the decade, falling within the top third of the states in question for this indicator (SIPRI). Additionally, eight major PLA delegations have visited Thailand to encourage strategic cooperation, more than for any other state in the region. Both states have also participated in a formal annual defense-security consultation since 2002, and both have contributed to two joint special operations forces exercises: Strike 2007 and 2008 (Information Office of the State Council of the PRC). While China does not supply Thailand with as many arms as Myanmar or Sri Lanka, it has clearly made engagement with Thailand a high priority.

Thailand is a case which fits fairly well with most of the hypotheses. H1 is supported, as the US has no military installations in or near Thailand and contributes a relatively small amount of military aid (\$2.1 million) to the Thai government (US Department of State). While Thailand is a US ally, China can improve its influence without directly challenging any established US military presence in the country. Thailand also has an exceptionally strong economy and is moderately stable, with a GDP of \$176.4 billion and a stability rating of 76 (World Bank; Fund for Peace). As such, this case also fits well with the expectations of H2. H3 also receives support from this case, as Thailand and China are both involved in a large number of IGOs (52), putting Thailand easily in the top third of all cases (Pevehouse et al. 2004).

## 9. Indonesia

China's security engagement with Indonesia is moderate compared to the region as a whole. While China's outreach in Indonesia is greater than in the Middle Eastern states, it has never reached the same level as in Sri Lanka or Thailand. Indonesia received \$20 million in Chinese arms during the time period in question, and signed a formal strategic agreement with China to provide the framework for larger arms transfers and even joint exercises, although neither has materialized (Storey 2009). China also began an annual strategic dialogue with Indonesia in 2006 (Information Office of the State Council of the PRC). In addition to these formal arrangements, the PLA has sent 4 military delegations and two PLAN warships visited Indonesian ports in 2007 (Information Office of the State Council of the PRC).

H1, out of the four hypotheses, receives the most support from this particular case. Indonesia does not host a US military base, and it is not close to any large US installations. It is, however, close to a small US military facility in Singapore. It also receives a substantial amount

of US military assistance: roughly 16.4 million in 2007, more than any other case (US Department of State). Geostrategic factors may therefore limit China's ability to expand its influence in Indonesia.

The other two hypotheses are not confirmed by this case. Indonesia has one of the largest economies out of all the cases considered with a GDP of \$285.9 billion, and is also moderately stable (84.4) (World Bank; Fund for Peace). If China was interested in bolstering security cooperation to promote bilateral ties in the interest of accessing profitable markets, as posited by H2, then China's outreach towards Indonesia should be among the strongest in the region. H3 is also not supported by this evidence because Indonesia is involved in more IGOs (58) with China than any other case (Pevehouse et al. 2004).

## 10. Malaysia

China's security outreach toward Malaysia is similar in many ways to its engagement with Indonesia. In 2001, China sent a PLAN warship to visit a Malaysian port.<sup>6)</sup> Starting in 2006, China began engaging in annual joint defense consultations with Malaysia, and in 2009 the two countries signed a strategic cooperation agreement. PRC arms transfers to Malaysia have been somewhat more limited; China's only major sale to Malaysia consisted of \$5 million in surface to air missiles in 2009 (SIPRI). Nevertheless, the PLA has sent at least six high level military commanders to meet with the Malaysian government since 2000, almost as many as Myanmar and Thailand. Overall, China's defense engagement in Malaysia has been moderate compared to the region as a whole.

This moderate level of strategic cooperation fits well with H1's predictions. Malaysia receives less US aid than countries like Yemen or Bahrain, however it still received around \$3.2 million in US aid in

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6) See: <http://my.china-embassy.org/eng/>.

2007, considerably more than states like Sri Lanka or Myanmar. More importantly, Myanmar is directly contiguous to the US' main military hub in Southeast Asia: Sembawang Base in Singapore. While Sembawang is smaller and therefore less significant than bases like NSA Bahrain, it is still an important military facility which helps support US naval activity near the Straits of Malacca. Overall, Malaysia's moderate amount of US aid and close proximity to a small yet strategic US installation suggest that China's ability to engage with this state in security affairs will be somewhat limited, although not to same extent as with states like Djibouti or Bahrain.

This case does not fit particularly well with the expectations of the H2 or H3. Malaysia has a large GDP of \$137.8 billion in 2005 and is one of the more stable states in the region with a FSI score of 65.9 (World Bank; Fund for Peace). As such, H2 predicts that China should have engaged more with Malaysia than it has in order to bolster bilateral ties in the interest of securing profitable economic deals. Both countries are also involved in 53 IGOs which is significantly larger than the norm for the cases in question (Pevehouse et al. 2004). If socialization were the driving force behind patterns in China's strategic outreach, as posited by H3, then China's engagement would be relatively strong in Malaysia.

## 11. Singapore

Singapore represents an interesting case study in China's security engagement. China has provided Singapore with no military assistance and has sent only a few PLA delegations to the state over the last decade (Information Office of the State Council of the PRC). Formally, however, the PRC and Singapore established a defense agreement in 2008 to promote military exchanges and contacts (Kostecka 2011, 73). Furthermore, the PLAN has sent a number of warships on visits to Changi Naval Base (Kostecka 2011, 73). Overall, China's security outreach toward

Singapore is relatively low compared to the rest of the case studies in question; it is not, however, as limited as in Djibouti, Yemen, or Bahrain.

This evidence fits nicely with the predictions of the soft balancing proposition and the first hypothesis. Singapore, as mentioned above, hosts a small yet strategically vital US military installation at Sembawang Base. As such, although Singapore does not receive much US military assistance, it is of vital importance as a US partner in the region. China's ability to engage with Singapore is therefore potentially limited by the US presence in this target state.

H2 and H3, however, are not supported by this evidence. Singapore is the most stable state in the region with a FSI score of 33 (Fund for Peace). It also has one of the largest GDPs (\$125.4 million) (World Bank). Nevertheless, these economic conditions have apparently not encouraged China to prioritize security engagement with Singapore. Singapore and China also both participate in 39 IGOs, a moderate number relative to the other target states in question (Pevehouse et al, 2004). Given this figure, according to H3 China's cooperation with Singapore should be noticeably more extensive than it currently is.

## 12. Case Studies: Findings

These case studies, as a whole, provide the most support for H1. As shown in Table 1, H1 is confirmed by 10 of the 11 case studies. H2 and H3, however, are each only supported by five of these cases. This indicates that China's security engagement may be constrained by its interest in avoiding overtly threatening actions which could provoke counterbalancing by the US.

Table 1

	H1	H2	H3
Djibouti	Supported	Supported	Supported
Yemen	Supported	Supported	Supported
Oman	Not Supported	Supported	Not Supported
Bahrain	Supported	Supported	Supported
Sri Lanka	Supported	Not Supported	Supported
Bangladesh	Supported	Not Supported	Not Supported
Myanmar	Supported	Not Supported	Not Supported
Thailand	Supported	Supported	Supported
Indonesia	Supported	Not Supported	Not Supported
Malaysia	Supported	Not Supported	Not Supported
Singapore	Supported	Not Supported	Not Supported
TOTAL SUPPORT	10	5	5

## VI. CONCLUSION AND POLICY RECOMMENDATIONS FOR THE US

This paper finds that China's security engagement with various states in the Indian Ocean is shaped and constrained by the US' military presence and support network in the region. China provides less military assistance and sends fewer military delegations to states which host or are close to US military installations because it is concerned that the US will perceive these actions as threatening and move decisively to counteract China's growing regional influence. These findings support the idea that soft balancing can account for variation in a state's security diplomacy with different partners.

If soft balancing is truly at work, the US must consider whether or not China's soft balancing will undermine its security both in the short term and the long term. Soft balancing does not seem to overtly threaten any vital near term US interests; China's engagement intentionally avoids

threatening US regional hegemony to avoid provoking an overwhelming backlash. In the long run, however, soft balancing may pose some limited threats to US power. Firstly, soft balancing has the potential to deny the US access to territory for staging or basing its forces for regional missions. If China continues to build relations with Thailand, for instance, it may eventually undermine the US' ability to use Thai ports or bases to supplement established military installations. Secondly, soft balancing creates a basic partnership which can, over time, be upgraded to a formal military alignment. If relations between the US and China deteriorate, China's soft balancing with states in the Indian Ocean may provide the basis for China to recruit these states into a formal military alignment. It is important to note, however, that there is no historical precedent for this kind of development, so the long-term propositions concerning soft balancing are based largely on conjectures and need to be tested further. Overall, the risks of Chinese soft balancing should not be overstated.

Another critical consideration for the US is how to respond to China's soft balancing. The US has several potential options. The first of these options is to counter China's growing influence by drastically increasing the US' own strategic outreach in the region. While the US cooperates extensively with some states in the region some countries like Myanmar and Sri Lanka have been largely neglected. If the US were to make overtures toward these states it might help offset China's gains. This option, however, has several critical problems. Firstly, the US is in the process of coming to terms with its massive budgetary deficit and this policy would require additional resources which may not be easy to come by. Secondly, many of these countries (particularly Myanmar and Sri Lanka) have been accused of serious human rights abuses. Supporting regimes in these countries before they improve their human rights records may damage the US' international reputation as well as domestic support for the administration.

A second, more tenable option for the US is to continue to reinforce

ties with its key regional partners. This option may be more feasible simply because it is ultimately more affordable for the US. Rather than taking on the additional burden of providing more aid or arms to many of the states throughout the Indian Ocean, the US could simply work to maintain relations with the states which already host its bases to ensure continued access.

In the long run, it may be necessary to establish a regional security framework incorporating the US, China, and India in the interest of coordinating the protection of these increasingly important SLOCs. Although it seems unlikely that such an arrangement could reassure China that the US will not use its ability to interdict these SLOCs as coercive leverage in a conflict over Taiwan, a regional framework could at least allow the US, India, and China to coordinate their efforts in combatting maritime threats like piracy which threaten these vital trade routes. If a collaborative regional maritime security regime were to be established, it might ultimately reduce the cost of guarding these SLOCs for the US and distribute the burden more evenly among those countries which depend on these sea lanes.



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요 약

## 인도양에서의 중국의 전략적 팽창

유 지 훈\*

중국은 지난 10년간 아시아에서의 영향력 확대를 위한 팽창정책의 일환으로 인도양 주변 국가들과의 관계발전을 위해 국가 차원의 노력을 기울여왔다. ‘진주목걸이 전략(String of Pearls Strategy)<sup>1)</sup>’으로 묘사되는 중국의 인도양 정책의 개괄적 성격에 관한 연구는 여러 학자들에 의해서 시도되어 왔으나, 인도양 주변 개별국과들과의 협력과 개입의 정도(The variation in the extent of China's Engagement and Collaboration with States along Its Indian Ocean sea lines of communication)에 영향을 미치는 구조적 요인에 대한 연구는 부재해 왔다.

이 논문에서는 인도양 주변 국가들에 대한 개입 및 관계발전을 위한 중국의 인도양정책을 국제정치학의 이론 중 ‘방어적 신현실주의(Defensive Neorealism)’의 이론적 틀에 근거한 ‘연성적 힘의 균형(Soft Balancing)’의 관점에서 고찰해 보고, 중국의 인도양 정책은 이 지역에서 중국의 팽창에 대한 미국의 견제 및 반발(Backlash)을 억제하고 중국의 에너지 안보를 보장하기 위한 전략적 정책의 결과임을 조명해 본다. 더불어 중국의 인도양 진출에 따른 미국의 정책대안을 예측해 본다.

본 연구의 목적을 위해 이론적 틀에 기반한 가설을 설정하고 인도양 주변의 11개 국가에 대한 교차 사례연구(Cross-sectional Case Analysis)를 통해 타당성을 검증한다.

**키워드:** 진주목걸이 전략, 방어적 신현실주의, 연성적 힘의 균형

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1) 중국이 인도양 연안국에 대규모 항만을 건설하는 등 아시아에서의 영향력을 확대해 나가는 팽창정책을 의미함.