The Strategic Assessments Office is located in the National Security Analysis Department of The Johns Hopkins University Applied Physics Laboratory (JHU/APL) and conducts broad-ranging analyses at both the national security strategy and policy levels. JHU/APL is a not-for-profit center for engineering, research, and development principally supporting the Department of Defense, the Department of Homeland Security, and the National Aeronautics and Space Administration. Additional information and strategic assessments are available at http://www.jhuapl.edu/areas/warfare/strat_assess.asp.

This report provides a summary of the presentations that were made and discussions that were held at the workshop on a not-for-attribution basis. The report reflects the personal views of the panel participants. The opinions presented herein are intended to identify and explore a broad range of ideas and issues. The report and its findings do not necessarily reflect the views of The Johns Hopkins University (JHU), JHU/APL, its sponsors, or any other public or private organization.

For additional information, contact Duncan Brown, Director of the JHU/APL Strategic Assessments Office (duncan.brown@jhuapl.edu), or Peggy Harlow, Strategic Analyst (peggy.harlow@jhuapl.edu).
# Table of Contents

I. Executive Summary ...........................................................................................................5

II. Opening Remarks by Ronen Sen, India’s Ambassador to the United States .......................7

III. Introduction ..................................................................................................................9

3.1. Historic Overview of the Indian Ocean Region ..................................................10

3.2. Economics and Resources ................................................................................11

3.3. Energy .....................................................................................................................14

3.4. Transportation ........................................................................................................16

3.5. Discussion ................................................................................................................19

IV. Geopolitical Dynamics Session ................................................................................23

4.1. China ......................................................................................................................23

4.2. The Middle East .....................................................................................................25

4.3. Pakistan to Russia ................................................................................................27

4.4. India–China Relations .........................................................................................28

4.5. Discussion ................................................................................................................29

V. Security Session ............................................................................................................33

5.1. 2020 Indian Ocean Security Risks ........................................................................33

5.2. Handling Risks .........................................................................................................33

5.3. Trade Risks ..............................................................................................................34

5.4. Discussion ................................................................................................................35

VI. Military Session ............................................................................................................39

6.1. Military Security .....................................................................................................39


6.3. India–Pakistan Relations ......................................................................................42

6.4. Discussion ................................................................................................................43

VII. Workshop Wrap-Up and Way Ahead ........................................................................47

Appendix A: Issues That Reappear Throughout the Indian Ocean Workshop Discussions .................................................................49

Appendix B: Background Information on Topics Frequently Discussed During the Workshop .........................................................................................53

Appendix C: Further Coverage of the Indian Ocean Workshop in the Press .................................................................55
I. Executive Summary

On April 8 and 9, 2008, the first in a series of conferences with international participants was held to examine Indian Ocean geopolitical, economic, trade, resource, and security issues. This 2-day Indian Ocean Workshop was conducted on behalf of the U.S. Navy Chief of Naval Operations (OPNAV 3/5) by The Johns Hopkins University Applied Physics Laboratory’s National Security Analysis Department, Lockheed Martin MS2, and the Near East South Asia Center for Strategic Studies. The event was held at the National Defense University in Washington, DC. Significant support was provided by the Indian Embassy (Washington, DC) in contacting many of the invitees and participants who provided government, industry, academic, and military perspectives. Representatives from India, the United Arab Emirates, Australia, Singapore, Japan, and the United States actively participated in the workshop. This diversity of representation provided multiple perspectives related to the issues affecting the nations influenced by the Indian Ocean. In all, a total of 48 participants, including several foreign flag officers, attended the workshop sessions, during which 20 highly qualified speakers provided keen insights and generated significant interest in the objectives of the workshop. Those objectives included the following:

- Increasing the understanding of the vital role that the Indian Ocean region plays in global commerce and trade, energy supplies, economics, and finance
- Assessing regional security issues (nation-state competition, trade disruption, piracy, human trafficking) as threats to greater world trade, economics, and globalization
- Identifying who should be responsible for dealing with various threats and security issues in the Indian Ocean
- Identifying where and when partnerships make sense and how they would be created and executed
- Identifying what follow-on efforts, if any, need to take place

The enthusiasm of the participants for the topics discussed ensured that the objectives were accomplished and provided a catalyst for further action regarding the region in subsequent broader forums. Certain themes of primary importance continually reappeared in the briefings and discussions, such as the need for cooperative engagement and the global economy’s dependence on commerce transiting the Indian Ocean region. To further explore requirements, Australia proposed hosting a follow-on session that would be held closer to the region, allowing a larger group of participants to take part. As was generally agreed, an international tabletop exercise could explore the establishment of enduring partnerships and their responses to crises.
The individual speakers and panel discussions highlighted factors that underlie Indian Ocean security concerns. Of particular note were economic considerations because economics will be shaping India's maritime focus as it is poised to become the world's third-largest importer of oil by 2025. As such, the Persian Gulf states (where 4.5 million Indian expatriates live) will be vitally important to India's energy needs, as well as to countries whose oil must cross the Indian Ocean. Although India will soon have the world's third-largest navy in terms of size, it will remain far behind the U.S. Navy in terms of capacity and capability. India's navy, no matter how important to that country's increased maritime focus, will continue to be funded at levels that are generally less than those of the Indian Army and Air Force, because the ground-based threats that they face are more immediate.

Despite limitations, India intends to use its navy as one element in its campaign to seek its “rightful” place as a regional power. Any actions it takes will be designed to be low-key, and it is not inclined to be part of any defined regional military organization. Instead, India would like to focus on expanding regional and inter-regional capacity and inter-operability through increasingly complex international exercises. Such exercises would initially concentrate on responses to disasters, piracy, smuggling, and terrorism.

Two factors that increase the complexity of organizing Indian Ocean exercises are the wide disparity among the navies of the region and differences in how they prioritize their threats. Although there is significant interest in cooperation at sea, many states are concerned about sovereignty issues as well as security issues. For historically based reasons, many countries appear to be more interested in loose local suggestive leadership of any combined maritime security effort. Some models that have worked in other similar arenas already exist, such as the North Pacific Coast Guard Forum (NPCGF). Although the Indian Ocean is growing in importance as part of the strategy of the U.S. Navy, the United States should not seek to lead any combined effort but should be willing to support its development.

Note: Appendices A and B at the end of this report provide background information on several topics that continually came up in the presentations and discussions. Appendix C provides an example of a regional news report about the Indian Ocean Workshop.
II. OPENING REMARKS BY RONEN SEN, INDIA’S AMBASSADOR TO THE UNITED STATES

Although discussions during the workshop were on a not-for-attribution basis, the Indian Ambassador did make available his welcoming comments to the press. An article that appeared in the April 9, 2008, edition of The Times of India (http://timesofindia.indiatimes.com/World/USA/India_concerned_about_maritime_challenges_Ronen_Sen/articleshow/2936726.cms) reported the following:

INDIA CONCERNED ABOUT MARITIME CHALLENGES: RONEN SEN

India is seriously concerned about the maritime challenges posed by piracy, terrorism and trafficking of narcotics, arms and human beings in the Indian Ocean region, where it has the vital stakes in the security and stability of the region, a senior official has said.

“We are seriously concerned about the maritime challenges posed by the increase in piracy, terrorism, trafficking of narcotics, arms, and also human beings,” Indian Ambassador to the United States Ronen Sen said while addressing a workshop on “The Indian Ocean Region Today” at the National Defence University, organised jointly by the NDU, Johns Hopkins University and Lockheed Martin.

India has unfortunately faced these threats, much before their global nature was fully recognized. The bomb blasts which claimed hundreds of lives in Mumbai in 1993 were caused by explosives smuggled by sea, he said.

Stressing that India has vital stakes in stability and security in the Indian Ocean, Sen said “our country is located at the natural junction of important sea-lanes. The maritime area around India is among the busiest in the world, with over 100,000 ships crossing it every year.”

“As a responsible maritime power, India is a major force for stability in the Indian Ocean. We have regular joint exercises with almost all major Navies, including the US Navy. These exercises will continue, with increasing frequency, with the objective of achieving interoperability and enhancing maritime security,” the top Indian envoy to the US said.
The maritime area around India is among the busiest in the world, with over 100,000 ships crossing through it every year.
III. INTRODUCTION

To set the scene, a number of facts about India and the Indian Ocean were outlined:

- The Indian Ocean is the only ocean named after a country.
- Trade relations between India and the rest of the world go back thousands of years and were even mentioned in the time of King Solomon.
- India juts deeply into the Indian Ocean, and there is nothing between it and Antarctica.
- India’s area of responsibility for its sea regions will grow dramatically when new Law of the Sea rules go into effect.
- Over 4.5 million Indian ex-patriots live and work in the Middle East.
- India’s major maritime concerns include its needs as a growing importer of oil and goods, its enormous need for safe fishing, and the problems of piracy and terrorist weapons that could arrive by sea.
- To mitigate these concerns, India has been reaching out to work with other nations.
- After the December 2004 tsunami, India worked closely with the United States and other nations to provide relief in Southeast Asia.
- More cooperation is expected for disaster coordination activity and exercises in the future.

India’s prime minister has stated at an Indian security conference that his government is committed to a stable and peaceful Indian Ocean region that ensures freedom of the seas and improved economies for all the countries of the region. Both India’s role to handle crises in the region and its capabilities to do so have been increasing. As one part of that role, India also can be expected to work more closely with the United States in areas where the two countries have common concerns, such as nuclear non-proliferation.

Some maritime-related changes in the region, such as expanded Exclusive Economic Zones (EEZs), will further complicate relationships. However, because these changes are to be made by international fiat, other regional countries should have no concerns about power relationships. In response to recent crises, other new transnational ventures (e.g., pertaining to monsoons and environmental control and management) also can be expected shortly. For these types of activities, India will need to work closely with regional partners.
India's security concerns in the Indian Ocean are extensive. Piracy and terrorism can each lead to instability, and as such, they are more than nuisances. The Indian Coast Guard is improving its capabilities to handle these problems as well as other threats from the sea. They are learning lessons from recent incidents, including the recognition that smugglers of guns and smugglers of narcotics are not necessarily separate actors. India wants to work more closely with allies while increasing its ability to handle situations on its own.

3.1. HISTORIC OVERVIEW OF THE INDIAN OCEAN REGION

Although the Indian Ocean may seem large on a map, its very predictable monsoon winds made sailing long distances relatively easy even in ancient times. Extensive long-distance trading across the Indian Ocean did not need to wait for the age of steam. Sailors could be sure that the prevailing steady winds would take them in one direction for 6 months and in the other direction for the next 6 months. The extent of this trade and travel can be seen in documents reporting events such as Omanis visiting imperial China or in records of the vast quantities of frankincense that were sent to ancient Rome.

Geography and religion also influenced the growth of maritime trade in the Indian Ocean. Although Arabs are usually thought of as desert people, they have a long
history of seafaring, partially because transportation was easier by sea than by land. Islam also helped spread trade in the region because it was less connected to specific places. It encouraged networking among its adherents to the point where it made sense for many traders to convert to the religion to gain economic advantage. At one time in the past, the Hajj, besides being a major religious event, also was a trade fair. Today, the Indian Ocean region still embodies a wide breadth of Islam, from the Arab countries in the west to Pakistan and Afghanistan and over to Indonesia, the world’s largest Muslim country.

More early transit was encouraged by the position of two large empires at either end of the Indian Ocean—Arabia and China. In between, many small hegemons required peace as an essential for free trade. External European hegemonies began in the early 16th century with the Portuguese and their control from Goa. They were eventually followed by the Dutch and the British. In some quarters, there is a current belief that the American hegemony is the last of this type of dominance in the area and that it too will fade away soon. In more recent times, the period of the Cold War was actually an aberration that forced a false way of thinking about the different issues and different regions as separate entities. Today, the thinking is moving back to a more integrated view of the area.

Future concerns about the Indian Ocean include those that come with any fast-developing area and one that should no longer be confused with the Third World. Although there will no longer be external superpowers to influence the region, the war on terror and related Middle East concerns will continue to bring external influences to the Indian Ocean. Global-warming issues also are expected to have an impact in the region. Of particular concern is the effect that any rise in ocean levels will have on low-lying areas such as Bangladesh.

### 3.2. Economics and Resources

After World War II, the Indian Ocean was a “European Lake.” Today, Europe is basically not a player in the region except for small holdings such as the British toe-hold of Diego Garcia and some French island possessions. In the past, Indian Ocean trade routes were linked to other more metropolitan parts of the world, and although this has changed for the most part, there are still lingering traces of the past. For example, tea from what was Ceylon still goes to Liverpool for processing. However, in comparison to the ancient world or the even Middle Ages, European trade with the Indian Ocean region is at a relative low point. General opinion stated that once colonial rulers left the area, regional economies would bloom. However, the expected great advances only began to happen in the last 20 years or so, with Indonesia the first to break the pattern of stagnation after its revolution in the 1970s.

Table 3.2.1 provides some basic economic statistics for countries in the Indian Ocean region. Looking at this comparison of conditions of regional nations shows that non-littoral countries have advanced the least, as can be seen by using Nepal's economy as the starting point. In the 1980s, both the Chinese and Indian economies resembled that of Nepal. Since then, India's economy has doubled, but China's has quadrupled. Today, India's per capita income is approximately half that of China.
Table 3.2.1. A Comparison of Basic Regional Statistics

<table>
<thead>
<tr>
<th></th>
<th>India</th>
<th>Pakistan</th>
<th>Bangladesh</th>
<th>Sri Lanka</th>
<th>Nepal</th>
<th>China</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (billions)</td>
<td>675</td>
<td>90.7</td>
<td>61.2</td>
<td>19.6</td>
<td>6.5</td>
<td>1854</td>
<td>45.1</td>
</tr>
<tr>
<td>Population (millions)</td>
<td>1080</td>
<td>152</td>
<td>140</td>
<td>19</td>
<td>25</td>
<td>1296</td>
<td>82</td>
</tr>
<tr>
<td>GDP/POP ($)</td>
<td>620</td>
<td>600</td>
<td>440</td>
<td>1010</td>
<td>260</td>
<td>1507</td>
<td>550</td>
</tr>
<tr>
<td>GDP/POP PPP</td>
<td>1547</td>
<td>1751</td>
<td>929</td>
<td>2543</td>
<td>792</td>
<td>3020</td>
<td>1576</td>
</tr>
<tr>
<td>Exports/GDP (%)</td>
<td>11</td>
<td>15</td>
<td>13</td>
<td>30</td>
<td>12</td>
<td>50</td>
<td>58</td>
</tr>
<tr>
<td>Debt/GDP (%)</td>
<td>19</td>
<td>41</td>
<td>25</td>
<td>50</td>
<td>38</td>
<td>13</td>
<td>39</td>
</tr>
<tr>
<td>Growth (00–04)</td>
<td>6.2</td>
<td>4.1</td>
<td>5.1</td>
<td>3.8</td>
<td>2.6</td>
<td>8.7</td>
<td>7.1</td>
</tr>
<tr>
<td>Inflation (pcpa)</td>
<td>3.9</td>
<td>5.1</td>
<td>4.5</td>
<td>8.4</td>
<td>3.9</td>
<td>2.0</td>
<td>5.1</td>
</tr>
<tr>
<td>Extreme poverty (%)</td>
<td>35</td>
<td>17</td>
<td>36</td>
<td>6</td>
<td>39</td>
<td>17</td>
<td>n/a</td>
</tr>
<tr>
<td>Population growth</td>
<td>1.5</td>
<td>2.4</td>
<td>1.7</td>
<td>1.3</td>
<td>2.2</td>
<td>0.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Population (04–25)</td>
<td>1.4</td>
<td>1.7</td>
<td>1.8</td>
<td>0.7</td>
<td>2.2</td>
<td>0.5</td>
<td>0.9</td>
</tr>
</tbody>
</table>

GDP, Gross domestic product; n/a, not applicable; pcpa, per capita per annum; POP, population; PPP, purchasing power parity.

Notes on the above table:
- Data from the slide used during the presentation were corrected by the speaker.
- From Appendix Tables 1–4 of the 2006 World Development Report (adjusted for subsequent GDP revisions in China).
- Population projections were obtained from the U.S. Census Bureau.

Recent events have caused a sharp break from the economic and governmental control situation in the post-imperial age, especially in India. Crises also have provided opportunities to make systemic changes. For example, problems with its balance of payments incentivized India to make major reforms to its financial system. Other reforms are required, but imperial experiences still linger in economic policies. As former major members of an empire, both India and Egypt remain the most highly protected markets of the developing economies, a factor which has stunted their development. India’s intellectual and political elites remain suspicious of foreign economic interests. Such beliefs must be overcome for the country to develop further, and the younger generations do seem less tied to these post-imperial concepts. Although India’s highest-ranking leaders are already more globally oriented, they
have found it hard to “tug an elephant.” Therefore, India’s economic problems are likely to continue and perhaps even grow.

By comparison, China’s emergence has been a major wake-up call for India’s diplomatic corps, who had believed that the world system was so stacked against them and all developing countries that they would never be able to succeed economically. (Usually, the United States was included in the camp of imperialists to be feared despite being long-time anti-imperialists. In fact, imperialism was one of the only topics that divided Roosevelt and Churchill.) As China began to make use of the world economic system after 1978, some of those negative views of this economic system had to change. The Chinese primarily used foreign-directed investment to expand their economy as it became the most liberal/open developing economy. Despite the Chinese example, India has remained actively against foreign-directed investment, but their view may be changing slowly.

When looking at more recent developments, it should be noted that the years 2002–2007 have been the best period for world economic growth ever, although the United States may be breaking the pattern now. However, it cannot be assumed that this level of growth will be the norm in the future. Nevertheless, recent history has shown that opening a country’s economy to the world and participating in global trade generally lead to greater opportunities for prosperity.

India currently suffers from many internal problems that hold back its economic development. Its infrastructure is in very bad shape, but the government is aware of the problems and is working on them. Exacerbating the attempts to improve roads, bridges, and the like, unlike the United States, India finds it difficult to collect taxes, especially those due to the individual states. However, India’s worst problem may be the abysmal state of its primary education system. Most middle class families have opted out of public education, creating a thriving private school industry in metropolitan areas; however, the majority of the people live in rural areas without access to private schools. In comparison, China has a strong primary school system that has helped propel the country’s economy. “Unskilled laborers” in China usually have had a few years of school to learn the basics of reading and the discipline of showing up on time every day. Much of India’s working class lacks that discipline.

Projections can be made about China and India using the data provided by the U.S. Energy Information Administration (http://www.eia.doe.gov/). Specifically, by 2020, the following projections apply:

- India and China will increasingly be linked together economically.
- China’s economy will be twice the size of India’s.
- In a benign, peaceful world, China will be pulling farther ahead of India.
- India’s population will match China’s.
- China will have the world’s second-largest economy but will remain far behind the United States.
- India’s economy will overtake that of Germany, but it will still be well behind that of China and the United States.
In addition, there will be a major shift in the share of world economy controlled by today’s economic giants:

- Japan’s share will drop by approximately 3%.
- Europe’s share will decline by approximately 4%.
- China’s share will rise by approximately 4%.
- India’s share will rise by approximately 1%.
- The U.S. share will decline by approximately 1% primarily as a result of the increases seen by other countries.

Finally, demographic differences between the United States and the rest of the big economies will continue to grow:

- Germany and Japan will continue losing population at great rates.
- All of the wealthier countries except the United States will reach a point where they are not reproducing their populations.
- The United States will remain flexible and extremely robust economically, partially as a result of immigration (because the United States does a better job of integrating immigrants and their children into the economy).
- The United States also will be receding, but at a very slow rate, such that by 2020 China will reach approximately one-third of the U.S. economy, which should not be a cause for alarm.

3.3. ENERGY

The speaker began by outlining some of the reasons why the price of oil is so high at the present time:

- The growing demand for oil worldwide
- No spare capacity left in the system
- The weak U.S. dollar
- Actions of speculators

Oil is currently of slightly less importance in India, where coal is the dominant fuel. India is the world’s third-largest producer of coal, considerably behind the United States and China. Countries in much of the rest of the Indian Ocean generally depend more on natural gas and oil. However, half of the increase in the need for oil between now and 2030 will come from the Indian Ocean region. This situation may be exacerbated by the fact that many of the countries in the region subsidize oil prices, thereby increasing the demand for oil.

India’s oil consumption, although secondary to coal, is not small. It is already the fifth-largest consumer of oil and the seventh-largest importer of oil in the world. Its demand will continue because there is not yet a good alternative to oil for
transportation. Another recent spur to increased oil usage in India is the Tata Company’s introduction of a car costing less than $3000, which will eventually drive up India’s demand for oil as more of the population will be able to afford cars.

Of even greater importance to the security of the Indian Ocean may be the huge flow of oil not to India but through the Indian Ocean. Currently, most oil comes from the Middle East and moves toward Asia. Significantly more could soon be flowing in pipelines from Central Asia, but only with major security issues. An anticipated change in global transportation patterns will occur when India finishes building a major new refining center. Figure 3.3.1 illustrates the amount of oil (in millions of barrels per day) that is transported by sea through the western portion of the Indian Ocean region.

![Photo courtesy of Tata Motors.](image)

**Figure 3.3.1.** Oil transported by sea through the western Indian Ocean.

*(From the U.S. Energy Information Administration.)*
Natural gas usage also is rising in the Indian Ocean region because there is a need for clean-burning fuels for industry. The need for natural gas is actually developing faster than the need for oil, and India is building more liquefied natural gas (LNG) terminals in response. Pipeline options also are being discussed, but plans have yet to progress very far.

These growing demands come at a time when China will be buying more oil from Africa, using the Indian Ocean as a transit route. Increasing the amount of trade crossing the Indian Ocean will require additional protective measures.

3.4. Transportation

India has the primary responsibility for protecting shipping in the Indian Ocean even though the transits may not be directly important to them. Despite this responsibility, India could not build enough capacity to carry out the entire task, and the U.S. Navy would not be able to provide protection to areas that would only benefit other countries. Thus, the concept behind the “1000-Ship Navy,” as proposed by Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen (when he was U.S. Navy Chief of Naval Operations), may have some usefulness here. The basic idea would have the U.S. maritime interests work with other, more directly interested parties in developing protection options.

In developing countries such as those surrounding the Indian Ocean, other problems such as fishery disputes are often of greater concern to littoral countries. These types of disputes can become reasons for hostilities between countries. The fishing issue is especially contentious in areas that have been overfished, as are those along the African coast where fish provide an important source of protein to local populations. Although U.S. Navy ships are not well suited for handling fishery-protection situations, there may be other ways that the U.S. Navy could help these countries.

On a more global scale, container shipping is another element that complicates the security of the Indian Ocean. Container shipping relies heavily on a system of multiple hubs around the world. A container going from Mombasa to Miami also may go through Mumbai, Marseilles, and several other ports worldwide. Although bulk carriers (oil, iron, grain, etc.) may go directly from one port to another, it is not considered cost-effective to send a container directly from one non-hub to another. Middlemen make money when non-bulk shipping makes multiple stops and transfers along the way. Some statistics are indicative of the enormity of the problem:

- One-third of all bulk container trips carry oil.
- 11–15% of all high-value items (mostly things that end up on store shelves) travel by sea. Although these items are important to a nation’s economy, they are not critical.
- Most ships actually travel more slowly than their most cost-efficient speed. For example, ships that operate best at 12 knots will instead normally transit at approximately 9 knots. These lower speeds allow the ship to speed up when necessary to take longer routes around troubled areas.
Such procedures could be sustained for a little while but not permanently.

Shipping fees (and subsequently prices on goods) would need to be raised.

Although a great deal of container shipping and bulk shipping transiting through the Indian Ocean is going to and from Europe and Asia, the countries most likely to be charged with handling security for the region may be those least likely to benefit from the activity. Further complicating the issue, at each port, the cargoes become more anonymous. Those charged with checking cargoes passing through their ports cannot identify the origins of what may be in the containers. All of the high-tech gadgetry will not tell the security people what they need to know about the shipments. Adding another layer of confusion is the element that no one along the way finds it useful to tell the full truth about shipments and their origins. More problems are caused by European community members whose long list of privacy laws limits what can be known about individual shipments.

One of the other regional security issues that is often discussed is piracy off Somalia, which seems to be an intractable problem. However, it generally does not affect the major trade routes in the area except for those going into and out of Somalia. Piracy can be complicated by elements of corruption. For example, one shipping company offered to deliver food aid to Somalia for free but would carry it only on top deck. Presumably, less honorable goods were hidden below decks. In another wrinkle in the region, ship hijackings have been arranged on occasion to benefit ship owners. It is known that in some instances, only the middlemen, not the hijackers, make any money on a hijacking/piracy event.

Cargo security issues are complicated by many factors:

- Acquiring information about a container’s contents must be done further up the supply chain and farther inland. By the time a container reaches a port, the best chances to find out what is being shipped have already been missed.
- Security duties fall on customs services that are not well equipped for such operations.
Controlling the Somali pirate problem is complicated by massive corruption on shore.

- Customs involves a regulatory effort for those willing to comply.
- Those who really know what is in a container are less likely to comply.
- There needs to be an awareness of “who has what” details when attempting to share information with local entities.

- Every ship is a floating piece of international complexity, owned by investment companies with no real interest in trade and operated by middlemen while using flags of several different countries for different reasons at different times. The situation has become so complex that Lloyds of London gave up trying to follow ships by what flag they used. Switching flags is usually not done for nefarious reasons, unless North Korea is involved. More likely, there are regional political sensitivities about local matters such as the Greek–Turkish conflict in the Eastern Mediterranean. Most often, decisions are based on economic imperatives to overcome local regulations involving time and money issues.

- Ships may carry some undesirable or suspicious cargo, but they also may be partially involved with an entity or country deserving of favorable treatment.

- Insurance rates go up based on past experience, and manipulations may be necessary to preclude exorbitant fees. For example, during the Gulf tanker wars, Iran subsidized the insurance industry to hold down high insurance rates that would have caused a collapse of shipping in the region.

In summary, although “something needs to be done” is often heard in relation to all of the maritime security threats, there have never been any real restrictions on overall
trade. Although the concept that everyone suffers from this problem may be true, it does not automatically lead to successful solution to the problem.

### 3.5. Discussion

Who should be the policeman in the Indian Ocean? Historically, the Royal Navy fulfilled this role by eliminating piracy and the slave trade in the 19th century, with the help of the British Foreign Service. The coordination of both objectives and organizations helped to ensure that the objectives were met. Much of the impetus for those objectives came from interests in the United Kingdom wanting better protection of their trade routes and from an interest in abolishing slavery despite the wishes of local authorities. Only the Royal Navy at that time was capable of stopping suspicious ships in the area to check their cargoes. It took decades to accomplish their goals, but they were successful.

Today, the only navy that could carry out current security objectives would be the U.S. Navy and only in partnership with local forces. There are some concerns locally about such operations because many believe that their countries were colonized as an outgrowth of anti-piracy/slave-trade efforts. As a result, local governments want to carry out security tasks on their own because they are now established sovereign governments. No one country would have the resources to carry out such missions for the entire region. Even if China did have the right capabilities, it is trusted even less than the old imperialists.

Only the Indian Navy would have the strength to be a regional naval power, but others are likely to be uncomfortable if India chose to take that role seriously. Although the Indian Navy already has good maritime domain awareness for some parts of the

*The HMS Agamemnon, a 19th-century warship during the era of major Royal Navy anti-piracy/anti-slavery efforts.*
Indian Ocean, such as in the region around Sri Lanka, it will be strained to cover its expanded EEZ. In addition, although the Indian Navy is relatively large, its fleet is not designed for this type of mission. Current recapitalization of the fleet leans toward large ships that are not particularly well suited to anti-piracy or humanitarian roles. Yet, these latter roles are expected to grow as the number of crises increases because so much growth is going on in areas with very fragile environments. In the past, reactions to tsunamis or other humanitarian issues were the type of tasks handled by navies at the same time that they were trying to finance the buildup of their capabilities for wars that may never happen.

India and China will continue to have parallel and sometimes competing interests in the region. Both have an interest in the development of Burma/Myanmar because of its largely untapped resources. Both are involved in building ports and transportation-related infrastructure in the area. However, not much economic growth is likely there for the next 10 years. In the meantime, each side will watch the other's behavior closely.

Economically, India and China are not directly competing. India's economy depends on manufacturing for internal consumption, whereas China is focused on manufacturing for export. Just as the economic tenets of communism are dying out in China, Soviet/Russian economic influence will not have a lasting impact on India. Socialism remains a source of stagnation, but the basis of this thinking comes from the London School of Economics brand of fuzzy liberalism. Adherents, including highly educated Indian elites, have believed that capitalism has been on its last legs for decades. Such ideas did not come directly from experience with Soviet Russia, where relationships were more often related to the need to barter for weapons. Since the beginning of Rajiv Gandhi's government, there has been a trend away from Soviet socialism such that today's 5-year plans now resemble more general guidelines.

As they develop economically, regional powers must recognize that with their positions of power come certain responsibilities for their areas. However, many have naval forces that are inadequate. Although Russia and China may currently have the funds necessary to carry out these security responsibilities in the Indian Ocean, there would be fears that neither could be trusted to follow the rules of international cooperation. Another potential source of help may be from public/private partnerships that would involve organizations that have financial interests in a region. Piracy issues would include ship owners, for instance. However, there would be concerns about whether countries would be willing to pay for an organization like Blackwater, and, if such organizations were to be involved, accountability would need to be assured.

Cooperation involving local entities and outside interested parties would be the only way to work on the entire range of security-related problems, which will often require more coast-guard-like forces. Most naval forces in the region more closely resemble the U.S. Coast Guard in relative strength and focus. Regional agreements are needed because regions differ dramatically. What would work in Europe would not work around the Indian Ocean. However, precedents for successful international arrangements can provide starting points. One is the United Nations International
Maritime Organization (IMO), which has been successful in carving up the globe into EEZs since the 1970s. Its regulations have generally been accepted throughout the world.

In addition to multinational efforts, many of the challenges to Indian Ocean security require more than maritime answers. Piracy off Somalia was under control during the period where government Islamic Courts issued harsh punishments against pirates. However, the Islamic government displayed other less appreciated qualities and did not last. As a result, piracy in the area increased again. It has always been around; only the nature of the victims changes. When these victims are from outside the region, more is likely to be heard in the international media about piracy. Cooperation among maritime nations with regard to piracy should stress issues of more interest to the countries involved.

Similarly, although terrorism is a worldwide problem, the United States sees it in U.S.-centric terms. When many people are killed in Bangladesh by local terrorists, the United States is not likely to get involved. However, if the United States wants more cooperation, then it will need to focus on issues that relate to local concerns, such as access to food, energy, and water. These are the subjects that societies fight about, not terrorism per se.
IV. GEOPOLITICAL DYNAMICS SESSION

4.1. CHINA

China’s current grand strategy is to keep the overall geopolitical situation stable in order to support the growing economy, which, in turn, keeps the Communist Party in control of the government. Leadership focus is on internal matters and neighboring countries. Although Tibet might be big international news at the moment, the leadership is more concerned about the thousands of demonstrations that happen every year around China about corruption, abuse, land disputes, or other matters. Chinese leadership is more interested in solving problems that would help them stay in power such as:

- Eliminating corruption inside the Party
- Equalizing disparities between the coastal provinces and the much poorer inland provinces
- Finding new methods to keep the economy going and the people more satisfied

China believes that it is a great power and that it should be considered to be one by the other Great Powers. Therefore, it wants a good working relationship with the

Although Chinese coastal ports may be booming, vast areas inland are not.
other Great Powers. Simultaneously, China has been working hard to dispel regional distrust in an effort to avoid creating situations that could foster alliances against it. Although it has done reasonably well with regard to regional organizations, hundreds of years of experience with China’s roughness have not yet been wiped out in the collective memories of its neighbors. However, China has been building these new types of relationships with its neighbors—relationships that would not have been possible 10 years ago. One underlying stimulus is the growth of multilateralism, which now permits a country to be friendly both with China and with the United States.

Despite these efforts, China is not seeking a true leadership role. China has shown restraint by not shouldering responsibilities it could not be sure that it could handle. For example, China has taken a relatively low-key role in the Six-Party talks with North Korea. Although China has been told that it is important to be a “responsible stakeholder,” it is not clear on what that means. As seen in the talks with North Korea, one responsibility of a global power is to first become a regional power by being indispensable in the handling of all regional issues.

Because its economic life now depends on foreign markets, China recognizes that it exists in an interdependent world. With 60% of its economy tied up in overseas commerce, China must think differently about its defense plans than it did in the previous decades of hard-line Communist rule. To support this fundamental policy shift, funding is being moved from the coffers of the army to those of air defense and the navy. At the same time, China’s interest in the status of Taiwan remains high. Also growing is China’s commitment to upholding international agreements, such as those for the Law of the Sea, and bilateral efforts with its neighbors, including Australia and South Korea.

Indian–Chinese relations have improved, but the Indians are still wary. In contrast, China is nonchalant, almost patronizing, in its attitude toward India. As long as the subject is not Taiwan, China is willing to work with its neighbors, especially when helped by geography, such as separation from India by the Himalayas. In addition, China is not hindered by its relations with Pakistan. Overall, China may be more worried now about its economic relations than about its security relations. Even China’s stepping into Myanmar/Burma in the 1990s occurred mostly because Western sanctions against the country created an economic vacuum that China was in a good position to fill, because Burma was considered the back door to China.

China’s main interest in the Indian Ocean is due to the fact that most of China’s oil must cross over it. While postulating methods of interdicting that flow of oil would be difficult, the consequences of such an interdiction would be even more difficult to contemplate. As a contingency, China intends to increase its independence by building its own tanker fleet so that by 2020 it should be able to carry most of its own oil. Despite China’s high level of interest, future Chinese influence in the region may only appear as a handful of small military facilities dotted around the Indian Ocean. At the same time, China will use diplomatic activity to promote its more peaceful interests and to make sure that India does not feel hemmed in by these “places, not
bases,” China’s string-of-pearls strategy to provide itself with small toeholds that could be the basis for economic, security, or other operations.

4.2. The Middle East

The Asian footprint in the Middle East has been growing dramatically over the last decade and will continue to do so for the next decade. Some facts highlight the underlying reasons:

- Geographic:
  - Over 1 billion people live near the Middle East.
  - Only 1,000 miles separates Mumbai and Muscat.
- Historic:
  - China had trade interests in the area as far back as the 13th and 14th centuries.
  - Indian soldiers were employed by the British to control the Middle East in the 19th century.
- Economic:
  - Fuels to keep Asian economies going primarily come from the Middle East.
  - Super-rich city-states that are trying to move beyond their dependency on oil revenues may be used as models for Asian regions experiencing great growth.
    - Dubai is building a huge six-runway airport in order to become a crossroads serving the approximately 2 billion people who live within 4 hours flying time.
    - Asian tourists are being drawn to these city-states using gimmicks such as indoor skiing.
    - Much of the labor force (both low- and high-skilled) comes from South Asia.
Education links are growing between the Middle East and Asia both for economic reasons and because of the less hospitable climates in post-9/11 America and Europe.

Geopolitically, Asia (and specifically South Asia) is less tied to the Middle East. The area is being protected by a U.S. Navy presence currently, but it is not clear whether that situation will last. Smaller countries in the region worry about the intentions of Saudi Arabia, Iran, and Iraq, which in 20 years will likely be a big player again regionally. Memories of Iraq’s invasion of Kuwait are still strong, and it is recognized that something similar could happen to any of the small, rich city-states of the area. Iran is both worried and worried about. Both India and China have good ties throughout the Middle East, including ties with Israel. China’s interest in Iran is still as a source of oil, and it opposes sanctions on Iran based on principle and for fear of setting precedents that could come back to haunt them. However, China would probably not stand in the way of the United States if action has to be taken against Iran’s nuclear facilities.

Although relations involving the Middle East can always be volatile, some predictions about the Middle East that would have an impact on Indian Ocean interests are as follows:

- If Iran comes too close to acquiring a nuclear weapon, Saudi Arabia is likely to be a first responder, probably in close cooperation with Pakistan.
- China does not want a fight between Iran and the United States because it might upset trade and economic relations.
- The United States is providing a great deal of protection for many countries in the region while getting little in return, so there is fear that the United States will not provide its nuclear umbrella there. A new president with a world view

Photo courtesy of Ski Dubai.
similar to that of President Clinton might be inclined to stop carrying loads for dictators. However, the U.S. population is not ready to do away with that position of responsibility and all that it entails.

• U.S. involvement with the smaller countries in the region can be expected to increase.

Relations among the Persian Gulf and Asian countries are continuing to develop, further complicating regional security. India has been building its capabilities so that it has more options in times of crisis (e.g., the crisis that occurred in Kuwait in 1990, when a quarter million Indian ex-patriots could not be protected or evacuated). Particularly during crises, the United States is increasingly likely to work with India, but relations will be handled quietly so as not to upset relations with China.

4.3. **Pakistan to Russia**

Central Asia, although largely land-locked, is in the Indian Ocean neighborhood, which has a rich history of north–south connections. Invasions have often come from the north but never from the south going north. Trade was so extensive in the 16th century that a conquering northern emperor could expect to have fresh pears delivered from his homeland.

New competing ports in the Indian Ocean region could soon stimulate this long-moribund regional traffic path. Gwadar Port in Pakistan’s Balochistan province is entirely new, and the Bangladeshi port of Chittagong is being expanded to better handle container traffic. Nearby, the Russian-built port of Chabahar, Iran, also is competing for business. All of these efforts have had long-term international backing. Gwadar was started by the Chinese in the 1960s but is now being supported by Singapore. With Chinese help, the Pakistani government is concentrating on the building of roads to the port, an effort that originally began under Prime Minister Bhutto. Similarly, India is building roads from Chabahar’s port, which is currently a little ahead in the competition, but this may be changing. There are several other efforts under discussion for the region that involve railway, road, and pipeline systems. All of these projects would help to bind the region together. Although the United States is not involved in any of this development, it is happy to see it going on.

A key ingredient in this regional development and stability is the relationship between India and Pakistan. Better cross-border communications are essential. Pakistan must become more sensitive to the economic needs of others in the region without its previous perpetual fears about India’s intentions.

Before 9/11, the United States was generally unconcerned about Central Asia. After 9/11, the refocused State Department had to be reorganized to better cover Central and South Asian matters. This increased coverage also will support the new transportation/economic connections, which will be bringing back east–west connections that were substantial once. There may come a time when there is no real difference between Europe and Asia economically.
To further this development, full access to the Indian Ocean is important to all of the countries of the region. Countries that have ready access can be assured of a reliable source of income. Chances for development also improve with better relations among the neighbors, but there are major complications:

- Russia still has an imperial hangover and will not likely make any major moves in the next 10 years.
- China’s involvement in the region once it has more access to the Indian Ocean will allow its western cities to grow substantially.
- India will be more interested in Central Asia when it can get 18-wheelers on the roads in that area.

The basic assumption is that more trade equals more income, which equals more happy people, which equals a more stable government. However, regional development also could bring about rising expectations that, if not met, could lead to instability.

4.4. India–China Relations

When looking at India and China, it is important to remember that these are not just two individual states but two individual civilizations. Although both have tremendous growth prospects in the near future, China’s opportunities for prosperity are much better than are those of India. China and India do have significant problems with each other, but those problems pale when compared to the problems that each must deal with internally. Both are currently more focused on those internal issues.

It is essential to note the changing patterns in world economics throughout history to understand the current situation.

- From the first century to approximately 1750, India accounted for 25–30% of the world’s gross national product (GNP). The situation began to change with colonization, when India’s share of the world’s GNP fell to approximately 3–4%.
- China’s GNP was approximately the same size as India’s (25–30%) until around 1840, when imperialism forced it down to approximately a 4–5% share. Only relatively recently (since Deng) has it begun climbing back up so that it is now approximately 16%.
- These historic situations have created self-images that each country has built for itself:
  - Both believe that they were world leaders for long periods followed by a more recent period of very low levels of achievement caused by external forces.
  - Both now believe that they should play major roles in the world.

In comparing growth prospects for India and China, figures relating to foreign direct investments can be telling. China is currently the top attractor for investment. Because India’s economy is not as open, it is not as likely to prosper. China also has the advantage of involving its diaspora in investing back home. Other elements can be used to compare the growth prospects of India and China:
• Adult literacy (especially for women) is much greater in China, which gives them an advantage.
• The infant mortality rate is higher in India, which puts them at a disadvantage.
• According to a citation index that counts the number of times work of a country’s citizens is cited in research and development (R&D) journals, China’s numbers are moving up from a low base, whereas India’s numbers are moving down.
• Infrastructure development shows that China is far ahead of India.
• 70% of China’s GNP is already in world trade.

On balance, except for the rise in population, growth prospects will be greater for China than for India.

There also is a long list of problems between India and China, including:
• **Trade imbalances**: China believes that India is too closed; India invests a great deal in China.
• **Long-term border dispute**: Only a very small area is involved, and the subject is now under discussion.
• **Pakistan**: China was central to Pakistan’s nuclear weapons development, and, in a crisis, China would probably back Pakistan.
• **Burma/Myanmar**: India and China are competing for influence there.
• **Strait of Malacca**: China feels vulnerable given that 90% of its oil must come through an area that could only be controlled by either the U.S. or Indian navies.
• **Tibet and the Dalai Lama**: India recognizes China’s sovereignty over Tibet but provides security for Tibetan exiles.

Implications for the United States in relations between India and China include the following:
• India would not appreciate being used to balance against China. U.S. Secretary of Defense Gates has stated that the United States has no intention of doing so.
• Probably because of their own economic interests there, neither India nor China took as strong a stand on Burma as the United States would have liked.
• Because of its energy-dependency issues, China would not want to be involved in a nuclear proliferation dispute with Iran.
• In general, the United States might be on the same page more often with India than with China.

4.5. **Discussion**

The military must continue to plan for the worst, regardless of whether the situations are likely to happen or whether current events indicate a decreasing likelihood of a given scenario happening. For example:
Recent elections in Taiwan show that the new government there is likely to be less confrontational with mainland China.

All sides now have an interest in making sure oil supplies reach Asia.

China recognizes that if the United States disrupts its oil shipments, the slowdown in Chinese manufacturing would eventually harm the U.S. economy.

Chances for chaos are high even if the chance of interstate war is no longer that much of a threat. Instability in Pakistan could have drawn in India, but probably not China. However, it would have caused major problems for the United States in Afghanistan. Although it might now be difficult to devise a scenario for all-out war, dangerous rivalries involving weapons buildups could be problematic if nuclear alerts set off in China brought India into a crisis situation.

The Chinese are now putting more funding into their navy and air force rather than their army because of the large number of maritime issues their country faces—issues that go beyond trade disputes. The Chinese Navy still sees the U.S. Navy as its prime competitor regionally. At the same time, there has been a reduction in the need for an enormous army because Chinese diplomats have done a good job of resolving or calming numerous border disputes with Russia and other neighbors. Correspondingly, the Indian Navy and Air Force are underfunded because there are not enough resources to support them while the Indian Army faces enormous land-based insurgency problems.
Ocean traffic will remain important despite impressive plans by many international traders to ship more goods, primarily high-value items, using new roads in the region over the next 10 years. Even if all of these roads can be built, there will be continuing security and border-crossing issues, which do not occur when transporting cargo by sea. Also, China is following the Mahan principle that for a country to be sovereign, it must have a substantial maritime force. To amass this force, it is building ships at a rate that will make its fleet the largest in the world. Additionally, these ships will provide show-the-flag opportunities throughout the region.

Who provides security in the Indian Ocean? And who is the threat? There are different threat levels (piracy, disaster relief, and sea lines of communication [SLOC] protection) for which India is second only to the U.S. Navy in terms of strength. No matter what their strengths, all parties involved in the region should be held responsible for the security of the Indian Ocean, but some countries will have particular concerns about sovereignty issues. Despite such concerns, some sharing of information is already going on, but more collaborative contacts are needed. Examples of joint efforts include:

• The United States paid for radar systems operated by others who maintained their own maritime watch systems against piracy, which is often seen by some as only maritime street crime. However, if a large terror event occurred using piracy methods, there could be a change in how piracy is perceived and handled.

• Indian ships watched the Strait of Malacca during the 9/11 response. Now, except for terrorists, no entity, especially nation states with an interest in the SLOC, would want to disrupt the flow of trade.

• Cooperation across the region after the December 2004 tsunami was remarkably extensive. However, the Chinese were not involved in tsunami relief because of their fear of reactions to their troops in the area and because they had limited deployment capabilities. They have learned from this experience both that they must take more responsibility for the region and how reassuring having maritime assets can be.

An international fleet of warships worked together during the tsunami relief effort.
V. Security Session

5.1. 2020 Indian Ocean Security Risks

One major non-military threat to the Indian Ocean as well as to the rest of the world is being studied by the U.S. Chief of Naval Operations Strategic Study Group (SSG). The SSG report, Fighting in Cyberspace in 2030, will be published shortly. It will provide a picture of the cyberspace-related problems that are of particular interest in the Indian Ocean, such as the following:

- Maritime commerce now depends heavily on cyber control.
  - The global positioning system (GPS) has eliminated the teaching/use of celestial navigation and provides critical time signals for many types of operations.
  - Machinery controls on ships now require networks.
  - Ships must submit a great deal of information before entering a port.
  - Sequencing of container loading in port needs elaborate network-controlled inter-operations.
  - The entire choreography of shipping, rail, and trucking systems is now automated.
- Satellite communications have made older, alternative communications equipment on ships obsolete.
- Although it would be difficult for a cyber-attack to shut down an entire port, recent attacks on the systems in Estonia show the possibilities for major system shutdowns.

U.S. Navy leaders have been briefed extensively on these potential concerns, which also could be devastating to Indian Ocean maritime trade.

5.2. Handling Risks

Cyber risks are increasingly being recognized, and there is funding set aside in the U.S. 2009 budget to increase understanding of this type of threat. However, such risks are only one of many issues under discussion as the United States continues to work out the “new normalcy” after 9/11. As part of that development, the stand-up of the very complex new Department of Homeland Security used a system that might be of value in establishing organizations in other complex situations. The system depended on awareness, prevention, protection, response, and recovery. Although each area
needed its own protocols, they all were built on awareness, which can be described as determining the responsibilities of each entity from the beginning.

Once there is an understanding of what is required for the mission, then the appropriate organizations can determine what needs to be done to carry out that mission. Next, adequate funding must be appropriated. In the Indian Ocean, no one country could handle all of the required missions. However, necessary skill sets may already be available elsewhere. For example, the NPCGF may be a good model of cooperation. (See http://cgvi.uscg.mil/media/main.php?g2_itemId=242630 for further details.) The NPCGF has been operating and growing for 9 years. An indicator of its success is the fact that China, which was originally only an observer, became a full member. Dozens of problems that normally would have gone to a national-level decision-maker were handled by phone calls among representatives from the group.

5.3. TRADE RISKS

The overall security of the Indian Ocean region depends on the security of its maritime commons, but this can be complicated. For example, a defense ministry might build a ship in Singapore that is paid for by U.S. funding and uses raw materials from Indonesia, components made in Vietnam, and software written in India, all carried to the shipyard on ships flying many different flags. Disruption in any one part of this supply chain would at a minimum have an impact on the costs along the rest of the chain.

As part of an attempt to handle this complicated trade environment, the United States has tried to encourage other countries to tighten their export controls. Such policies turn out to be easier to accept once the governments involved have been convinced that by doing so they support their own security needs. Some of these countries may believe that the United States is exaggerating the maritime terrorist threat and would prioritize threats from terrorists as:

NPCGF member countries (shown in blue).
• Attacking oil or gas tankers by explosions at sea or in port
• Scuttling a large ship across a chokepoint
• Smuggling a weapon of mass destruction (WMD) into a major port
• Using seaborne forces to attack a nuclear plant near a coastline
• If all of the other targets are hardened, attacking soft targets, such as cruise ships

Although the presence of a WMD at sea is a major concern, it is unclear how far some countries are willing to go in terms of addressing such concerns (e.g., boarding suspect ships in international waters), even with widely accepted agreements. For some, the agreements might not go far enough, whereas others see only the legal problems that the agreements could cause. In one such case, India and Pakistan worry that international efforts also might stop shipments of nuclear weapons materials to them. However, there are diplomatic ways to approach countries on such delicate subjects. Other complications may be technical. For example, projects for scanning cargoes for nuclear weapons-related materials are under way, but most Indian ports would not be able to acquire the high-tech equipment needed for this type of scanning even if they wanted to carry out the inspections. Despite the lack of resources, countries in the Indian Ocean may still be interested in some related initiatives, and useful exercises have already taken place.

Piracy, although decreasing in the Strait of Malacca after a significant number of joint efforts, has been rising worldwide, especially off Nigeria and Somalia. Jurisdiction problems complicate the issue, especially in this region. Who has responsibility for the ship? Do the littoral states take responsibility? Do those states have adequate laws? Do the owners have more pressing demands? Additional complications come from the commingling of drug smuggling and arms smuggling, which may finance each other. Complicating the picture further, these crimes may not be considered as significant at sea as they are on land. At the same time, many countries may regard human trafficking as more of a humanitarian issue rather than a security threat and subsequently see U.S. interventions as heavy-handed.

These risks to trade are addressed in the U.S. Navy’s new maritime strategy, which emphasizes the concept of multilateralism to an even greater extent than has been the case in the last few years. The new strategy acknowledges the need for cultural and language expertise. It calls for global maritime partnerships that advance the idea of the 1,000-Ship Navy, which was a widely misunderstood term.

5.4. Discussion

Any policy developed for the Indian Ocean should be created by a multinational/multi-mission entity, perhaps having the character of a regional force. As was done with NATO, what is expected of this force must be worked out in advance. With this approach, the countries involved will be more likely to provide resources. However, complications are bound to arise over ongoing political issues. For example, India may object if Pakistan is intensely involved in a situation, or the opposite may be true. At
the same time, there is a need to take into account the concerns of smaller countries, including topics such as support of fishing controls.

Relief efforts after the 2004 tsunami provided an unusual level of cooperative response and might prove to be a good model for future Indian Ocean cooperation. These efforts also indicate that transnational threats need transnational solutions, but action to develop a viable organization or cooperation scheme is needed. There are signs of both progress and growing problems:

- Complications are caused by the great number and variety of stakeholders, with even major shipping companies, such as Maersk Lines, Inc., wanting a seat at the table.
- Maritime awareness discussions predate 9/11 concerns, but there is now a more widely recognized need to round up all of the stakeholders, determine the agenda, and ensure buy-in from the start.
- Because the military is best at planning and delivering what is needed to meet requirements, they are usually handed this responsibility regardless of whether it is appropriate.
• Education based on lessons learned in historic situations would be of help in dealing with future transnational problems.

• The Association of Southeast Asian Nations (ASEAN) and other organizations could be reorganized to handle new cooperation needs.

• Few navies in the Indian Ocean are particularly capable, and few communicate with each other.

There is a need to embrace change, but the pace of change is accelerating to a level not readily managed by a single generation. Using past empires as a comparison, the Roman Empire lasted centuries, but very little technological change occurred during that period. The British Empire, which rose during a time of great technological change, lasted less than two centuries. More recently, to paraphrase a comment attributed to Einstein, it will take people smarter than us to fix the problems we make.

Other major needs exist. One is finding a way to show that U.S. fears are not just U.S. problems. Another is proving other more esoteric concepts such as the deterrent value of having response teams/capabilities immediately available. Proving this is made more difficult because it is impossible to measure what did not happen because we were prepared. Actual deterrence and likely deterrence can only be discussed. Also, the situation changes over time. Ten years ago, there were concerns in the region about the Japanese patrolling the Strait of Malacca. However, that is no longer a problem internationally, particularly because such missions may not be fully supported at home in Japan, illustrating changes in normalcy since the 1940s.

There is growing acknowledgment of the limits of U.S. power. Specifically:

• Although the U.S. Navy may be the largest navy in the world, it cannot be the largest in every region.

• Recently, in an unusual show of unanimity, 54 retired U.S. flag officers signed an open letter to a future president emphasizing the need for the use of soft or smart power.

The increasing size of ships traversing the Indian Ocean provides technological opportunities and challenges.
• The new U.S. maritime strategy states that the United States will maintain a substantial presence in the Indian Ocean and the Pacific Rim, thereby deemphasizing its traditional Atlantic mission.

• As the Indian Ocean becomes an ever more vital region, the borders of the U.S. combat commands may be changed to reflect these new realities, but jurisdictional disputes will go on.
VI. MILITARY SESSION

6.1. MILITARY SECURITY

India has many difficult decisions to make about modernization in the near future, even assuming that its economic growth rate will continue to be approximately 7–9% annually. Modernization of its fleet will be expensive, yet India’s enormous growth rate will not be enough to pay for it. India must first decide what missions and capabilities it wants for its armed forces, a decision complicated by many factors, including:

- **Border security (specifically the difficulty of achieving consensus on what would constitute success)**

- **Internal challenges**
  - Manpower is not cheap, even in India.
  - Although large numbers of Home Affairs police/troops might be available, they are not deployable.
  - Kashmir will continue to be a contentious issue.
  - Some eastern provinces are currently off limits to Indian forces because those areas are the strongholds of major insurgent groups.

- **External issues**
  - Can India be a net security provider as it becomes a major power?
  - What capabilities are needed for these international security missions? Are peacemaking capabilities required? For special operations forces related to peacekeeping, what type of forces would be needed for non-combatant evacuation operations (NEO)?
  - How much force projection does India believe it needs?

Despite its expected growth rate, India will have to face a competition for both resources and people. First, military hardware must be replaced en masse because of years of neglected long-term capital investment. Then new policies may require new institutions or revised organizations. To accomplish either of these goals, the procedures for moving ideas from the national government to the armed forces must be improved.

Externally, India must foster improved cooperation with outside players, especially China. However, there are many different opinions about China in India. Any change in relations with China must be considered in light of a desire to avoid further problems with Pakistan.

Developing nations begin building their militaries by emphasizing their armies, to help provide internal stability. (India is typical except for its size; its army manpower could be considered as high as 2.5 million if all of its specialized police forces were counted.) After an army is established, an air force is developed because it can assist the army in its ground and border campaigns. Next comes a coast guard to protect sea borders. A navy appears only in the last phase of development, almost as a luxury. The only exceptions were the great maritime powers of the past: the British in the 18th and 19th centuries, the Japanese from the 1920s to 1940s, and the United States since World War II.

Although the United States and India have not had significant naval or military relations, other factors should be considered when evaluating their mutual military security needs and relationships:

- Very few people in the United States understand India today. Even though only approximately 4,000 South Asians lived in the United States in 1948, India was well studied in the 1950s.
- India no longer sees the United States as threatening, which is a big change, but India does not necessarily consider the United States a friend. India is more concerned about China and especially Pakistan because of their Kashmir conflict.
- India’s biggest problem is internal: the violent Maoist insurgents (Naxalites who exert some control along the east coast) base their class and caste warfare on perceptions that their sector of society is not getting what it deserves.
- India has always depended on soft power internationally, but now it is more willing to engage with others.
- Because it feels more confident, India can free up many resources that once went into its efforts at being non-aligned. During the previous period, India would vet all of its acquisitions based more on their sources than on the quality of the materials.
The end of the Cold War gave India the opportunity to change its acquisition system. Relationships with the Soviets related to military equipment were never really all that useful.

Moving beyond all of this history, there now can be more dialogues between India and the United States. The new U.S. maritime strategy should go over well with India. Another area of discussion between the United States and India would be defense expenditures. Any discussion of India's defense budget trends starts with the concept that as the GDP is rising, the percentage spent on defense is declining. It should also be noted that:

- There has been a nearly 100% increase in the Indian defense budget since 2001, after a big spike in 1998 because of the ongoing cargo war crisis.
- Procurement increased significantly in 2004, but the army’s cut stayed about the same.
- Both the Indian Air Force and Navy are now better funded to help handle the block obsolescence of their aircraft and ship fleets after a 10-year gap in purchases.
- India's shipyard capacity cannot meet the needs that are growing given India’s expanding force-projection requirements.
- India's military R&D is actually a drain on resources because the defense industry is so centralized.
- Change is being discussed, especially the modernization of the strategic (nuclear) force.
- Attempts at coordinating the activities and practices of military organizations (in American terminology, "jointness") and the development of an army doctrine on limited war are continuing.

One major topic of conversation between the United States and India now may be India's acquisition policies. As a non-aligned state, India would not buy U.S. weapons in the past, and they avoided Soviet systems as much as possible by buying primarily from France and the United Kingdom. While doing so, the acquisition system kept finding the worst way to do its buying. It did not buy what would have been helpful to the entire population but rather chose technologies that never made it to the commercial market. In addition, what it did, it did slowly. Much of the blame belongs to the Defence R&D Organization (DRDO). Most of its programs never went

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Army</th>
<th>Navy</th>
<th>Air Force</th>
<th>R&amp;D</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000/2001</td>
<td>56.2%</td>
<td>14.9%</td>
<td>21.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td>2003/2004</td>
<td>52.4%</td>
<td>18.5%</td>
<td>23.6%</td>
<td>5.6%</td>
</tr>
<tr>
<td>2007/2008</td>
<td>47.2%</td>
<td>18.3%</td>
<td>28.2%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>
beyond the technology demonstration stage, and it bought only in small numbers that were not cost effective. Only the Agni missile program worked well. To make up the difference between requirements and home-grown products, the military would then buy from international markets. The Indians have continually fluctuated between wanting to be self-sufficient and finding that they cannot build what they need. This situation may be improving because they have been more willing recently to work with the United States.

What the Indians can produce at home is adequate for use against Pakistan, but it is not good enough for the world market. One possible cause may be related to the fact that acquisition decisions are made with little input from the military or Parliament. No meaningful lobbies exist so far to provide external voices, but such entities are beginning to form. Currently, small groups of civil officials in the Ministries of Defence and Finance make all of the decisions.

Government monopolies are changing, but slowly. Some private sector companies may be granted RUR (Raksha Utpadak Ratna) status, which gives them all of the privileges given to government organizations. This status also locks these companies into the government system. However, similar changes have been attempted since the 1950s. Many changes appear large because they start from very low bases. One thing that is unlikely to change is the amount of military input because of the following:

- The military lacks a long-range planning capability, resulting in decision-making based on opportunism.
- There is much resistance to change in the Ministry of Defence, where the leadership is not comfortable working with the United States.
- The DRDO will continue to want a voice in all foreign contracts.
- Overall, the Indian government’s general attitude is “We can do it,” even though they usually find that they cannot.

Given these drawbacks to efficient acquisition, India’s current military acquisition priorities include:

- Military-to-military cooperation, which is going well, with over 50 international exercises in recent years
- Defense trade contingents, which are working on developing a better understanding by the United States about India’s requirements
- Joint production and R&D
- Joint operations, an area that the United States would definitely support

6.3. India–Pakistan Relations

It is important to understand some basic concepts underlying the relationship between Pakistan and India:

- Pakistan and India do not go to war over religious issues.
Pakistan's military force is approximately one-half that of India's.

Pakistan shares many of the same problems facing the Indian military concerning aging equipment and inefficient organizations.

Pakistan has over 600,000 men continually deployed and has had such numbers deployed since 1948.

Pakistan has so many forces deployed in part because of the length of the border between Pakistan and Afghanistan, the size of which is often not recognized by the outside world as a problem. In fact, the border is approximately equal to the distance between Washington, DC, and Denver. More troops are deployed along the Indian border; they are primarily mechanized in preparation for the war they expect. On top of these long-standing commitments, the United States now expects Pakistan to fight a counterinsurgency war.

There has been talk in the region of the need for the development of a habit of cooperation, but a habit of non-cooperation currently exists instead, as is apparent when examining the current climate. Pakistan has maritime agreements only with its littoral neighbors, but relations with India are contentious. The maritime border between Pakistan and India is still in dispute, complicated by the fact that the waterways in question have changed course over time. Fishermen often stray into the waters of the other side, but no adequate, independent legal system provides a way to handle the conflicts. So far, no fisherman has ever won a case. If this issue is ever resolved, it will open up an opportunity for real trade between India and Pakistan, 95% of which will go by sea.

Pakistan's single port of Karachi could cause a bottleneck in any expansion. Any disruption there already can cause problems with oil flow for the entire country. Some relief is expected with the development of the new Gwadar Port in Pakistan's Balochistan province. However, China's interest in this new port is seen by the Indians as another Chinese attempt to encircle their country. Even if these problems with limited infrastructure can be solved, other long-standing problems such as smuggling will remain. In an even more dangerous scenario, any regional war would drastically increase the cost of shipping.

6.4. Discussion

Although there are still costs for India in its relations with the United States, India no longer sees the United States as an imminent threat as it did during the Cold War. At that time, India was uncomfortable with U.S. racism and its relations with Pakistan. Now India is talking about a strategic partnership, which the United States feels is a major step, while India simply considers it to be the development of normal relations, much like the relations it has with China, Russia, and others. The new situation is helped by India's changing views on countries operating in the Indian Ocean. India recognizes the United States as a virtual Indian Ocean power, and the Indians no longer worry about recolonization. In another post-Cold War change, India now feels free to trade with both the United States and China, something it could not do before 1990.
India sees its historic ties with the Persian Gulf states and China as relevant parts of the entire regional issue. However, the United States sees those as separate areas of the world and handles them separately, as can be seen in the organization of its combatant commands.

Non-defense issues previously controlled India’s military relationships with the United States. Defense issues have been the driver in the period 2001–2005. Military-to-military relations can now be driven by higher policies and what India needs. If cooperation stalls, basic military issues provide enough momentum to keep these relations going. This slow advancement should not be considered abnormal when compared with how long it took the United States to have “normal” relations with China after the first openings in 1971.

As opposed to U.S.–Indian relations, Chinese–Indian relations are built on a foundation involving two different government philosophies. Although only tourists and the elites get directly involved with the Indian government, China’s government is important to everyone and everything in the country. Nevertheless, India is now more likely to compare itself to China than to Pakistan. India’s relations with China have become rather like the Greece/Turkey problem, where Turkey has found that Greece is only one of its many current concerns.

Differences in perception of time lines and expectation exist between the United States and India. Although a year or two seems like a long time to the United States, it is not in India, where there may be only one person in a government department available to deal with a certain topic for the entire world. In the United States, there

*View of Pakistan’s major port, the Port of Karachi, where infrastructure limitations can cause bottlenecks for development.*
would be at least regional desk officers, but the equivalent Indian government officials may be overwhelmed by opportunities to work with international partners. For example, only approximately four people in the Ministry of Defence can make major decisions.

Some issues for the United States to consider in developing improved relations in the Indian Ocean region include the following:

- The United States may be missing some opportunities because of the way its combat commands are divided up in the region.
- The United States needs to work more with the Pakistani army to better understand it.
- The United States should not think about India as a counterweight to China.
- In a major policy shift, India almost made a significant contribution to the coalition of the willing in Iraq, and although this contribution did not materialize, even the almost must be considered progress.
- Some earlier, low-level connections between the United States and India made the response to the 2004 tsunami significantly better coordinated than might have been expected.
- Lessons learned from the tsunami response are, in turn, being used to foster even more substantial relations.

At the same time, India faces a dilemma about its relations with the United States and its regional neighbors. The country’s basic insecurity holds it back from taking regional leadership positions despite the fact that it sees itself as a regional power. India also must make a choice to either ignore the smaller states in the region or bring all of its neighbors together by reaching out across the Indian Ocean.

Two scenarios for the future of the region should be considered. In the low-probability/high-risk scenario, China starts a war over Taiwan. The primary question would be: How should it be ended? When the U.S. Navy surges into the Pacific, will it trust the Indian Navy enough to leave the Indian Ocean to them for the duration of the crisis? In the higher-probability scenario, Iran acquires a nuclear weapon or threatens to close the Strait of Hormuz. India would be as interested as the United States in keeping the Strait open and might even be willing to work with the United States on a kinetic response. Such a relationship should not trouble others in the region.

Any collaboration between India and the United States would involve significant logistical and operational issues because the capabilities of the two navies are so different. Nonetheless, there are some areas of possible cooperation, including:

- Mine warfare
- NEO planning and exercises
- Common interests in the Middle East where India already works well with Israel and the Arab countries
• Common interest in a stable Pakistan
• Common interest in having China play a constructive role in the world

However, some friction can be expected, especially over relations with Russia and Iran. These situations might change with the new or about-to-be-new administrations on all sides.

A standing multilateral force for the region would help on many of the common-interest missions and add to the general concept of stability in the Indian Ocean. No matter what model is used to form such an entity, the United States would need to remain in the background, much more so than it does with NATO. Although NATO is a possible model organization, the European-based alliance has certain advantages over anything that could be developed for the Indian Ocean. To begin with, NATO was initially created with a single purpose—to keep the Soviets out of Europe. Any Indian Ocean organization would have many issues and foci, and the driving issues would vary by the players involved. Although the United States needs to help any such organization get established, it must then back off. At the same time, neither India nor Pakistan would likely head the group, leaving the position for an obvious leader vacant. However, should a NATO-like organization be built, its development could be helped by having subregional groups operate together annually on an exercise.

In addition to NATO and the NPCGF, another model for a regional standing force can be found in the Black Sea. Turkey took the lead in the 1990s to establish a group for the regional littoral countries. By 2000, the assorted forces could operate together. The organization also developed an economic element that is now promoting regional trade relations.

Relations among the players in the Indian Ocean resemble a chess game that has changed over time. For example, the United States is now trying to engage China, even though contact was avoided during George W. Bush’s administration until the P-3 incident. Currently, work is ongoing with Taiwan to avoid problems there. China is aware of these efforts and is not pushing back.

Changes in the world may require the application of soft power—many types of efforts other than military engagements. There is no need for a country to hold a common threat perception with the United States in order for the two countries to work together, but other countries must be willing to steer clear of working against the United States. As a recent example, military-to-military relations with Pakistan continue despite recent problems with cross-border insurgents along the Afghan border. The bottom line for countries willing to work with the United States is that the United States can provide the good military equipment and training they need. All of the countries in the Indian Ocean region have these needs as they face problems with extremist groups of one type or another. Joining a group with similar concerns might be seen as useful at some point in the future if background concerns can be handled.
VII. Workshop Wrap-Up and Way Ahead

As can be seen from the discussions that occurred during this workshop, the need for improved maritime security in the Indian Ocean is obvious, but the question of who will provide it remains. Both Indian Ocean littoral countries and those that pass through the Indian Ocean share some of the responsibility. Although NATO may be a model for the type of organization needed in the region, it brings up many inappropriate connotations primarily related to U.S. leadership. This same concern crops up again as a problem with the 1,000-Ship Navy concept. Each potential effort can be seen as being something run by the United States only for its own benefit. Whatever entity is developed for Indian Ocean maritime security must be overtly multilateral.

So what is the next stop for this forum? A series of war game-like events or exercises could be held, but the term “war game” must be avoided. Properly designed exercises will give the players an appreciation for what needs to be done by showing the consequences of not acting together in times of crisis. Certain criteria should also be considered, including the following:

• Initial exercises should focus more on humanitarian/disaster relief issues. Starting with a hostilities scenario such as the closing of the Strait of Hormuz would dissuade some players from joining the group. Tsunami response issues are still fresh in everyone’s mind and might provide good source material.

• Tabletop exercises could be designed to raise many issues that, when combined, would show the players that a joint venture would be in their own best interests.

• Whatever is decided should be done outside of the United States to avoid the impression that the United States is once again pushing its own agenda.

The Australian Command and Staff College is experienced in running such large, international tabletop exercises. It has a long history of good cooperation with Pakistan, India, and others in the region. Of its 180 students, 45 are from overseas. It would be highly appropriate for these students to be tasked with carrying out the exercise operations because they could be called on in the future to perform similar functions in the real world. Other observers/players who may not currently be in operational positions but who have the right connections in their own countries would be asked to observe, discuss, and comment on the interactions.

Tabletop exercises could provide numerous options and permutations, such as the following:

• After an exercise that showed what could happen, small groups could discuss the possible alternative responses.
• Non-governmental organizations could be invited to the exercise to alert them to the problems and opportunities of working together with national entities because tabletop exercises can handle both hard- and soft-power scenarios.

• Industry could be challenged to help out. For example, the world is already well linked with automatic teller machines (ATMs) and similar technologies that might be used in far-flung scenarios needing plug-and-play solutions. Also, non-military ships, particularly bulk carriers, should be included because they are better suited than combatant ships for handling masses of people and their needs.

• Scenarios chosen should challenge the mind-set that believes that not much can be done. In one such scenario, a U.S. carrier battle group might be pulled out of the Arabian Sea to help with a humanitarian problem, to show how hard power can work with soft power.

Many issues that were not discussed at this forum could be taken up at a subsequent event. Future topics of discussion could include the following:

• Although it would be nearly impossible for rogue states or non-state actors to shut down primary Indian Ocean chokepoints, the possibility needs to be addressed because the consequences would be so great.

• Stability of the region must depend primarily on those in the region. U.S. forces were only able to respond quickly to the tsunami that occurred in 2004 because they happened to be transiting the area at the time. Such a coincidence is not likely to reoccur in the next crisis.

Some background concerns should be considered when planning future efforts:

• Building a multilateral capability may generally be acknowledged as a good idea if this new capability prepares the participating countries to be ready to react in a crisis. However, differences in the way of thinking about problems must be appreciated by all sides. Some regional players will likely say that they want to know how to work together when necessary but do not want to work together all of the time.

• There is a need to identify what issues are to be handled by what members. Then related multilateral exercises can be held at which even the trading of business cards can be a major step toward preparing for the next crisis.

• The topic of “safety,” especially in the case of threats from small transnational groups, is already bringing together global partners in the U.S. Navy’s Global Maritime Security Relationships program, which could serve as another model for interactions.

To expand the concepts already developed in this forum or in preparation for future events, newer means of electronic communication should be considered. Blogs and interactive websites could be used as vehicles to exchange ideas and information before and between exercises. These vehicles would facilitate participants getting in touch or keeping in touch long before an event occurs when there may be an opportunity to avoid a crisis in the Indian Ocean.
APPENDIX A: ISSUES THAT REAPPEAR THROUGHOUT THE INDIAN OCEAN WORKSHOP DISCUSSIONS

- The Indian Ocean is most important to the world's economy because of what passes through it.
- There is a proposal for a canal going through Thailand that would relieve the Strait of Malacca area, but it would be a major engineering problem. An alternative may be a pipeline. Singapore is very interested, but this proposed canal would not create as much of a savings as the opening of the Suez Canal did. Other options may be more economically sound.
- Shipping responds to needs—it does not lead them.
- Indicators of the continuing importance of the seas include:
  - 90% of most internationally traded goods are still transported by sea.
  - 40% of all exported oil goes through the Strait of Hormuz; there is no substitute route for oil coming from the Middle East.
  - More than 50% of all international shipping goes through the Strait of Malacca. Although alternative routes exist, they are longer, and relying on them would eventually increase the cost of the goods shipped.
- The Chinese are said to have a string-of-pearls strategy that would provide them with places (not bases) for operations across the Indian Ocean. This strategic concept is of some concern to India, which sees itself as the subject of a containment effort by the Chinese. These small Chinese facilities include both listening posts in several countries and port facilities in Bangladesh.
- Cutting off straits and chokepoints is not as likely as is often discussed.
  - The Strait of Hormuz is not that vulnerable, despite what is often claimed; because it is at least 2 miles across, it could not be cut off by sinking a single tanker.
  - Earlier studies predicting that China could cut off the Strait of Malacca did not consider China the major trade partner that it has become. Currently and for the foreseeable future, taking such actions would be against China's own interests.
- The concept behind the 1,000-Ship Navy may have some validity, although the term is not a good one because it may sound like a new form of imperialism to some ears. The partnership angle of the proposal does have some appeal. Expanding the
Given its size, the Strait of Hormuz could not be cut off easily by sinking a single tanker.

concept, the new U.S. Africa Command (AFRICOM) could be a problem-solver on land, which could help the piracy issues as well.

• Cooperation involving local entities and outside interested parties would be the only way to work on the entire range of problems. Many of these problems require more coast guard-like forces. Most naval forces in the region more closely resemble the U.S. Coast Guard in relative strength and focus.

• EEZs are sea zones over which a state has special rights for the exploration and use of all marine resources in that zone. Established by the United Nations IMO, the size of these zones will be expanded in the near future.

• Piracy is a maritime extension of anarchy on land.
- It is not a coincidence that the major problems with piracy are now occurring off the very troubled failing state of Somalia.
- It was not coincidental that piracy around the Philippines grew after the United States pulled out of its bases in the region.
- Situations improve when local forces work together on the problem.

- Littoral countries need to take responsibility for their areas, but security must not be left to them alone.

- The Indian Navy was very helpful to its neighbors in response to the 2004 tsunami. Boundary issues existed but they were overcome. Crises can cause major changes in relationships because of the pressing realities of handling emergencies.

- Education is a major issue. It is a requirement for a well-developed country that everyone be given access to decent basic levels of education.
  - It takes a generation to make substantial changes in the educational system.
  - In the 1950s, the Chinese pushed rural education and health care as a long-term issue, while their medium-term issues involved policy-making efforts. Making long-range decisions may be hindered if the government prefers debating subjects rather than deciding on them.
  - At the time of Indian independence, only 17% of the population was literate. Currently, 65% of the population is literate, which is a great advance, but the country still has far to go. At the opposite end of the scale, many more universities now exist, but they have helped only the relatively small middle and upper classes.
  - China is now better off than India because it invested initially in primary education.

- India has a great deal of coal but not the right kind for all of its needs. China has a tremendous amount of coal, but problems with internal distribution force it to import some coal from Australia.

- During a crisis, it is too late to exchange business cards.
Appendix B: Background Information on Topics Frequently Discussed During the Workshop

Article about a new Pakistani port:


Pakistan Port opens new possibilities

By Syed Fazl-e-Haider

QUETTA, Pakistan – President General Pervez Musharraf on Tuesday formally opened Gwadar Port in Pakistan's Balochistan province, the South Asian country's third port.

The Arabian Sea port will be completed at a cost of Rs16 billion (US$264 million), with financial and technical assistance of China, which has so far provided 80% of the $248 million initial development costs.

The operation and management of the port was handed over to the Port of Singapore Authority (PSA) under an agreement signed between the Gwadar Port Authority (GPA) and the Concession Holding Co (CHC) – a subsidiary of the PSA. The CHC is committed to invest $550 million over the next five years.

The agreement, which regulates the rights and obligations of both parties, has a duration of 40 years, with the GPA receiving revenue from the PSA. The investment attracted and revenue generated by Gwadar Port have been estimated at between $23.6 billion and $42.2 billion.

Gwadar is on the southwest coast of Pakistan, close to the Strait of Hormuz that links the Persian Gulf and the Gulf of Oman. Its location marks the confluence of three increasingly important regions – the oil-rich Middle East, heavily populated South Asia, and resource-rich Central Asia. The seaport will serve as an economic and trade transit point for Pakistan and Afghanistan, as well as Central Asian and Middle Eastern countries. (Article continues at http://www.atimes.com/atimes/South_Asia/IC22Df02.html)
NEW CONTAINER DEPOT BEING PLANNED BY MAERSK IN CHITTAGONG

A US$20 million inland container terminal, being constructed by Danish shipping giant Maersk, to be built in an area of 25 acres, is expected to be commissioned in 2008.

Maersk has proposed to construct this inland container depot as accounts for nearly 30 per cent of the total foreign trade handled by Bangladeshi port of Chittagong, which handles 90 per cent of export-import cargo.
APPENDIX C: FURTHER COVERAGE OF THE INDIAN OCEAN WORKSHOP IN THE PRESS


**INDIA PLANS MORE FREQUENT JOINT EXERCISES WITH US NAVY**

By Arun Kumar

Washington, April 9: As a major force for stability in the Indian Ocean, India will continue regular joint exercises with the United States and other major navies with increasing frequency for enhancing maritime security, says the Indian ambassador to the US.

“As a responsible maritime power, India is a major force for stability in the Indian Ocean,” ambassador Ronen Sen said at the opening session of a workshop on “The Indian Ocean Region Today” at the US National Defence University here Tuesday.

“We have regular joint exercises with almost all major navies in the Indian Ocean, including the US Navy,” he said. “These exercises will continue, with increasing frequency, with the objective of achieving inter-operability and enhancing maritime security.”

“India remains committed to an Indian Ocean region that is stable and peaceful,” said Sen, citing Prime Minister Manmohan Singh’s inaugural address at the Indian Ocean Naval Symposium hosted by the Indian Navy last February in New Delhi.

As Manmohan Singh said: “We would like to cooperate with all like-minded countries so as to ensure the freedom of the seas for all nations, and to deepen trade and economic linkages between Indian Ocean Rim countries.”

Expressing serious concern about the maritime challenges posed by the increase in piracy, terrorism, trafficking of narcotics, arms, and also human beings, Sen said: “India has unfortunately faced these threats, much before their global nature was fully recognised.”
The bomb blasts, which claimed hundreds of lives in Mumbai in 1993 were caused by explosives smuggled by sea, he said, recalling that the ship, Alondra Rainbows, a hijacked Japanese owned and Panama registered ship, was captured, after a tense stand-off, by the Indian Navy in 1999.

Noting that the Indian Ocean accounts for around 70 percent of the world's natural disasters, the envoy said India remained willing to offer training and capacity building in prediction, modelling and early forecasting of such natural disasters.

The Indian and the United States navies had cooperated closely in relief operations after the tsunami in the Indian Ocean in end-December 2004, together with those of Japan and, to some extent, Australia, he recalled. In July 2005, an India–US Disaster Response Initiative was announced.

“India has vital stakes in stability and security in the Indian Ocean,” Sen said, noting the country is located at the natural junction of important sea-lanes of communications, and strategic choke points, such as the Straits of Malacca and the Straits of Hormuz.

The maritime area around India is among the busiest in the world, with over 100,000 ships crossing it every year. Currently, 90 percent of India's trade, by volume, and about 75 percent, by value, move by ship, he said.

By 2025, India is poised to become the third largest global importer of oil, and much of this will be transported by sea. India is the third largest fish producing country in the world. However, its annual catch is only about 8.5 million tons, against a potential of at least 40 million tons a year.

Across the Arabian Sea are states, which are vitally important sources of India's energy needs, apart from being home to nearly 4.5 million Indian expatriates, Sen said. To its north, India is separated from Central Asia by less than 40 miles. The Indian Ocean is a natural outlet to the world for energy rich Central Asia.

Across the Bay of Bengal are India's ASEAN neighbours, he said. “We have long been a Dialogue Partner of ASEAN, and a Summit Partner since 2002. We have been actively engaged in the ASEAN Regional Forum (ARF), which is the only political and security dialogue forum in the region,” Sen said.