

**CHINA'S MARITIME SILK ROAD INITIATIVE:
IMPLICATIONS FOR THE US STRATEGIC INTERESTS IN
INDIAN OCEAN REGION**

By

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DEDICATION

With utmost devotions, I dedicated my whole work to my beloved and affectionate Parents, Sisters, Brother Zeeshan, Friends and Respected Staff of International Relations Department who have always been source of encouragement, knowledge, illumination and wisdom for me, whose pray and guidance showed me the right path and made the blessing of Allah shower on me.

LIST OF ABBREVIATION

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa
CPEC	China-Pakistan Economic Corridor
FDI	Foreign Direct Investment
IOR	Indian Ocean Region
IORA	Indian Ocean Rim Association
MSRI	Maritime Silk Road Initiative
NATO	North Atlantic Treaty Organization
QUAD	Quadilateral Security Dialogue
SCO	Shanghai Cooperation Organization
SREB	Silk Road Economic Belt
WTO	World Trade Organization
SEZ	Special Economic Zone

ABSTRACT

The oceans comprise the largest ecosystem on earth, contributing valuable assets for human survival and a common arena for sustainable development. As globalization and regional economic integration progress, oceans have become a foundation and bridge for market and technological cooperation and for information sharing. Developing the blue economy has become an international consensus, ushering in a new era of increased focus and dependence upon maritime cooperation and development. To meet with the prevailing trends of openness, cooperation and sustainable development, China launched Maritime Silk Road Initiative in 2013. This initiative has also economic, strategic and geopolitical reasons which are more vital than the former. This MSR is connecting South China Sea with the Indian Ocean and the east coast of Africa. In line with the priorities of the 21st Century Maritime Silk Road, China is deepening ocean cooperation by fostering closer ties with countries along the Road, supported by the coastal economic belt in China. Ocean cooperation is focused on building the China-Indian Ocean-Africa- Mediterranean Sea Blue Economic Passage, by linking the China-Indochina Peninsula Economic Corridor, running westward from the South China Sea to the Indian Ocean, and connecting the China-Pakistan Economic Corridor (CPEC) and the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC). Efforts are also be made to jointly build the blue economic passage of China-Oceania-South Pacific, travelling southward from the South China Sea into the Pacific Ocean. Another blue economic passage is also envisioned leading up to Europe via the Arctic Ocean. Indian Ocean Region is the vital part of this MSR Initiative as most of its projects are in this region. The region is important for the Chinese interests as most of their trade pass through the sea lanes of IOR, even more than half the world trade passes through this region. The importance of this region was rightly explained by Robert D. Kaplan as he said, "Indian Ocean will be the centre of global politics in 21st century." The increasing Chinese influence is posing serious challenges for the sole super power, the United States. The US, as an external power, has been a dominant in the Indian Ocean Region since World War II. The US perceives China's plans as strategies to replace the US in the IOR, and theoretically these developments are explained under Power Transition Theory.

Introduction

The research is based on this key argument, “Maritime Silk Road Initiative (MSRI) will be a game changer with potential to transit power projection which will challenge major Indian Ocean extra- regional actor U.S. and can shape designs that in return can change the dynamics of the Indian Ocean Region.”

Indian Ocean, for many years, has been least studied in the history and geopolitics of World’s Oceans. But now the situation is changed. It holds significant position for the world’s maritime trade routes and global flows, thus makes it center of global politics. It has become area of primary focus for regional as well as extra regional powers especially for China and India which are contesting powers in the IOR and aspire to dominate the region. Indian Ocean through its sea routes connects Middle East, Africa, South Asia and East Asia with Europe and Americas. More than 50% of the global trade passes through Indian Ocean. It contains important strategic choke points in the world i.e Strait of Hormuz, Strait of Malacca and Suez Canal. It rims South Asia in the North, East Asia in North-East, Middle East in North-West, East coast of Africa in the West and Southern Ocean in the South. Indian Ocean has been characterized primarily as a zone of trade with less geopolitical significance and history.

In 2013, China pioneered the idea of marine cooperation and economic integration through the Maritime Silk Road¹ of the Twenty-First Century (MSR). This project is a growth plan aimed at improving infrastructural connections across Southeast Asia, Oceania, the Indian Ocean, and East Africa. Chinese officials claimed that China will work on mentioning three “blue economic passages”: The first of them they label it as the China-Indian Ocean-Africa-Mediterranean Sea Blue Economic Passage; the second in line is the China-Oceania-South Pacific Blue Economic Passage; and last one that will facilitate to Europe via the Arctic Ocean.

¹Qiushi net (2014), “The 21st century Maritime Silk Road: a great maritime road to realize Chinese Dreams,” http://www.qstheory.cn/culture/2014-06/16/c_1111154145.htm

The MSRI is a maritime offshoot of the Silk Road Economic Belt, which concentrate on infrastructural advancement all over Central Asia. These endeavors are integrated to create the Belt and Road Initiative (BRI) which aims to expand China's presence across Asia. In the Indo-Asia-Pacific area, there is a scarcity of infrastructure investment to fulfill the demands of emerging countries, thus most countries have welcomed the chance to compete for Chinese funding.

Meanwhile, there are emerging concerns about China's plans' economic feasibility and geopolitical ambitions. MSRI activities have mostly been directed on the Indo-Pacific region's littoral states, particularly port development projects, raising issues regarding whether these incentives are primarily economic or military in character. These massive capital investment are also organized in ways that raise concerns about China's ability to put pressure on highly indebted recipient nations' internal and international policies.

The policies of China ought not to come as surprise since China is shadowing in the footsteps of other emerging countries in increasing its military activities to match its foreign objectives. The Chinese economy is heavily dependent on trade routes that run via the Indian Ocean, which project as a crucial gateway especially in terms of energy supplies therefore it's only logical that the Chinese government would want to safeguard its inclinations along these marine communication nodes. During times of peace, these measures will very definitely increase Chinese power prospects in this arena, potentially through availability to port facilities to refuel or restock naval vessels, anti-piracy missions, and proper training with other resident forces.

Simultaneously, China's position in these Indian Ocean waters will almost certainly present as many risks as possibilities in regard to preserving and protecting trade routes, bases, and vessels, especially during times of conflict. Nonetheless, China's political, economic, and military clout is predicted to grow in the coming future, causing concern among policy makers holding plight on the Indian Ocean, which has long been viewed by the United States and Australia as a vital transit hubs between the Pacific and the Middle East, necessitating maritime defense out to deal with any dangers to the Gulf of Hormuz's critical

chokepoints. These worries are increasingly on Japan's consciousness, and India is anxious that China's so-called "string of pearls" in the Indian Ocean Region would provide Beijing with additional possibilities to horizontally expand beyond the Himalayan rivalry.

The U.S views China's actions as being countered by its Indo-Pacific Strategy, which outlines how the U.S intends to fight China in this area. The U.S policy has been accompanied by efforts to resurrect regional alliances and strategic partnerships, as well as an increase in military presence and operations. Furthermore, increasing U.S diplomatic attention has been focused on preventing Chinese BRI initiatives, particularly the MSRI's infrastructure projects, from gaining traction in the area, as well as discouraging regional nations from cooperating with Chinese high-tech corporations like Huawei².

Furthermore, the U.S regards India as critical to its Indo-Pacific strategy, which links the, developing U.S-India relationship to the bigger Asia-Pacific region, mirroring the developing economy, trade, and strategic ties between the Indian Ocean littoral nations and those in Southeast and East Asia. To cordon Beijing's evolving posture in the Indian Ocean region, the U.S has formed a strategic relationship with India. India was nourished as a key Defense ally by the United States in 2016. As a result of this classification, India was raised to Strategic Trade Authorization tier 1 status in 2018, allowing it to acquire a wide variety of military and dual-use technology regulated by the Department of Commerce without an authorization.

On October 27, 2020, India and the United States marked the Basic Exchange and Cooperation Agreement (BECA), which, along with the two past arrangements — the Logistics Exchange Memorandum of Agreement (LEMOA) and the Communications Compatibility and Security Agreement (COMCASA) — finishes a carriage of “foundational pacts” for profound military ties between the two nations.

²Chaim Gartenberg, “Donald Trump extends Huawei ban through May 2021,” <https://www.theverge.com/2020/5/13/21257675/trump-extends-huawei-ban-may-2021-china-us-android-google-telecom>

In addition, the revival of the Quadrilateral Security Dialogue (or QUAD) has been prompted by China's growth on the world arena, particularly in the Indo-Pacific area, because the US views China's growing sphere of influence as a threat to its control over the larger regional order. Although the inaugural QUAD summit³, held on March 12, 2021, was mostly focused on non-military activities, it did not ignore the US geostrategic interests in the area.

The four members of QUAD were unable to achieve the expected objectives due to changes in leadership and divergent methods. Besides, the effort to maintain cordial relations with China has been an impediment, particularly in the case of India and Australia, who both hesitantly attended the QUAD meetings owing to their efforts with China. Since 2007, QUAD activities have included conversations between mid-level diplomats, a combined naval drill, and rare meetings of the various member states' military chiefs.

The first QUAD summit, hosted by President Joe Biden, is, nevertheless a surprising decision by the new US government. It's worth noting that this time the QUAD leaders have presented a strategy rather than simply making promises. The spirit of QUAD was exemplified in a joint statement issued by the leaders at the conclusion of the summit, in which the problem of COVID-19's⁴ worldwide destruction, the threat of climate change, and the region's security issues were emphasized as key challenges by the QUAD leaders. However, China is a major the US's primary focuses in the region.

The Indo-Pacific Strategy's geographical reach, on the other hand, stops at the India-Pakistan border and then goes south in a broad line to Antarctica. Pakistan is notably absent

³ZeeshanShoukat, "Appraising QUAD Summit 2021", *The Asian Telegraph*, April 15, 2021. <https://www.theasiantelegraph.net/appraising-quad-summit-2021/>

⁴Chris Miller, "COVID-19 Crisis: Political and Economic Aftershocks", *The National Security Program*, March, 2020. <https://www.fpri.org/article/2020/03/covid-19-crisis-political-and-economic-aftershocks/>

from the United States' Indo-Pacific strategy⁵. As part of an attempt to strengthen ties with New Delhi, the US has aggressively worked to de-hyphenate India from Pakistan over the past 15 years. Furthermore, the US considers Pakistan to be a component of its counter-terrorism strategy in South Asia. In addition, unlike China, Pakistan is important to its MSRI.

This research has focus around the activities in Indian Ocean Region (IOR), which are essential for Maritime Silk Road Initiative. These initiatives will eventually assist China in becoming a significant additional regional force in the area. The report also looked at the US strategic aims in relation to IOR. China and the United States have developed a strategic competition in the area as a result of their divergent objectives. The implications of China's MSRI for US strategic goals in the Indian Ocean Region, as well as the US's ability to counterbalance China in the region, were examined in the research.

Statement of the Problem

The Indian Ocean Region has transformed the worldwide political flashpoint in the twenty-first century. The world's major powers are intensely interested in the region. Similarly China is investing in infrastructure development, building and developing ports in the Indian Ocean Region and forging close relations with the states in the region under its Maritime Silk Road Initiative. This plan will support China to hold a noticeable presence in the Indian Ocean and which will benefit China in economic, strategic and geopolitical domains. This will ensure China to transform as a significant force in the Indian Ocean region in the long run. On the contrary, the noticeable growing stature of China in the region poses serious security dilemma to the US dominance in the Indian Ocean Region, at the very least It perceives rising Chinese position in the region as a danger to its strategic goals in the Indian Ocean region, and so perceives it as a threat. The explosion of interest between China and

⁵ Roger Clif, "A New U.S. Strategy for the Indo-Pacific", *TheRational Bureau of Asian Research*, June, 2020. https://www.nbr.org/wp-content/uploads/pdfs/publications/sr86_cliff_June2020.pdf

the United States will have a consequence on the Indian Ocean Region's order, policies, dynamics, and, eventually, its people.

Objectives of the Study

The objectives of the study are

1. To assess the China's Maritime Silk Road Initiative in Indian Ocean Region
2. To investigate implications of China's MSRI for the US key desires in the arena
3. To examine the US practices to counter China in the IOR opposite MSRI

Research Questions

1. Why does the US perceive China's Maritime Silk Road Initiative affecting regional order in the Indian Ocean?
2. How would China's strategy of economic connectivity impact the US-strategic interests in Indian Ocean Region?
3. Keeping in view, the implication of China's MSRI over the US strategic interest how is the US formulating its strategies to counter China in this Region?

Literature Review & Research Gap

The famous work *Sea Power: The History and Geopolitics of World's Oceans*, by Admiral James Stavridis, has established the understanding that the Indian Ocean is predominantly regarded as a commercial zone with little geopolitical significance or history. It has a long history of piracy and enslavement. Piracy in the Indian Ocean has been successfully reduced by the US and its NATO allies, as well as Russia, China, Iran, India, and Pakistan. This is the only time the rivals have worked together in a significant way. With the expansion of global commerce and oil export from the gulf after WWII, the Persian Gulf became increasingly significant. The United States has its biggest security installation

engender as fifth fleet in the Persian/Arabian Gulf, with its headquarters in Bahrain. Since WWII, the United States⁶ has dominated the IOR as a significant external force.

With China's and India's economic development in Asia, the politics of the Indian Ocean are changing dramatically. Both actors are now competing to become the dominant power in the Indian Ocean region. In today's global political climate, the Indian Ocean has become the epicenter of world politics. The importance of the Indian Ocean was well highlighted by Robert D. Kaplan in his writing "*Monsoon: The Indian Ocean and the Future of American Power*." he claims that the Indian Ocean would be the epicenter of global politics in the twenty-first century.⁷

Jean-Marc F. Blanchard influential work "*China's Maritime Silk Road Initiative, Africa, and the Middle East*" digs through MSRI, and emphasizes the political and economic elements influencing its realization and provides in-depth knowledge into China's endeavor's i-e political and economic consequences. It focuses on African and Middle Eastern nations⁸ to offer a foundation for a thorough analysis of these issues that is attentive to the context in individual countries and relevant areas. This writing well-received accounts on China's Maritime Silk Road Initiative (MSRI), which has so far included exclusive information of development on China's MSRI with regard to South Asia and Southeast Asia.

Alfred Thayer Mahan in *The Influence of Sea Power Upon History* argues that control of the world's sea-lanes is essential for national wealth and power. Mahan says, "Whoever rules the seas, rules the world." The Indian Ocean occupy the world's most significant supply lanes, with more than half of the world's trade passing through it. As a result, it is

⁶Admiral James Stavridis, *Sea Power: The History and Geopolitics of World's Oceans* (New York: Penguin Publishing Group, 2017, 40-70.

⁷Robert D. Kaplan, *Monsoon: The Indian Ocean and the Future of American Power* (New York: Random House, 2011), 110-115.

⁸Blanchard: *China's Maritime Silk Road Initiative, Africa, and the Middle East*, J. F. (Ed) (2021)

the world's most strategically important ocean and that is one of the prime factor, which highlights why regional and major countries are interested in the Indian Ocean Region.⁹

Although China has traditionally been seen of as a continental power, it also has a vast maritime heritage, with some of it being part of the historic Silk Roads. China's nautical powers peaked in the first part of the 15th century, under the Ming Dynasty. China has learnt that a global power must have strong maritime strength, based on a history of lost sea wars over the last 20 decades and observations of the rise and fall of more modern powers: "poor maritime power leads to a falling nation; strong maritime power leads to a powerful nation."

In China's Maritime Silk Road Initiative and South Asia: A Political Economic Analysis of Its Purposes, Perils, and Promise, edited by Jean-Marc F. Blanchard, it is established that during a official tour to Indonesia in October 2013, Chinese Premier reportedly offered the MSRI concept. The book goes on to explain how China's modern MSRI is linked to the ancient maritime Silk Road, which began in Fujian (a Chinese province) and connected to Southeast Asia via the South China Sea, then to Europe via the Malacca Strait, Indian Ocean, and Mediterranean, which is still the modern MSRI's end destination. Unlike the historical maritime Silk Road, media sources say that the modern MSRI may expand out to African nations such as Djibouti, Kenya, Madagascar, Mozambique, and Tanzania, and that the MSRI may have a branch that connects to the South Pacific Islands.¹⁰

Marin Katusa in his book *The Colder War: How the Global Energy Trade Slipped from America's Grasp* clarifies the importance of U.S role in the Indian Ocean and justifies its link with U.S economy¹¹ as he establish that Saudi Arabia is rich country of Middle east and U.S strong military presence to provide security to this oil rich nation poses question

⁹David C. Gompert, "Sea Power and American Interests in the Western Pacific", *RAND*,2013.

https://www.rand.org/content/dam/rand/pubs/research_reports/RR100/RR151/RAND_RR151.pdf

¹⁰Jean-Marc F. Blanchard, *China's Maritime Silk Road and South Asia: A Political and Economic Analysis of its Purposes, Perils and Promises* (Singapore: Springer Nature, 2018), 40-55.

¹¹Marin Katusa:*The Colder War: How the Global Energy Trade Slipped from America's Grasp*, Casey Research.<https://www.amazon.com/Colder-War-Global-Slipped-Americas-ebook/dp/B00H7JE8BY>

of U.S presence and later he establish the solid reasoning behind this arrangement which is linked with pack which heavily benefitted U.S and transformed U.S position in every aspect and consequently in the international system as major power.

Michael Dillon in *China: A Modern History* drives through the history of China and the time of its transition from struggling economy towards stable one and help to engender its present standpoint in International system, to capture the true picture he focused primarily on economic reforms especially during Mao Zedong era ‘Agriculture first’ and Deng Xiaoping's era’s ‘outdoor policy’ and subsequent developments along with it.

Bruno Maçães in his remarkable writing *Belt and Road: a Chinese World Order*¹² discusses China's Belt and Road blue passage, which he establish spans through major countries around the world via a network of land and sea routes, is widely regarded as the most influential key project of this era, with the potential to redraw the world order in favor of the initiator. Bruno Maçães also demonstrates its strength by occupying and influencing every aspect of social structure, from culture to traditions, and from politics to economic affairs. This project, according to him, is more than simply an effort; it is a blueprint for a new world order.

However there is a plethora of written literature on the geopolitics and evolving dynamics Indian Ocean Region, including the Maritime Silk Road Initiative but the literature available on MSRI, particularly in relation to the challenges it poses to U.S strategic ambitions with respect to Indian Ocean Region is insufficient and poorly organized. Furthermore, there has been relatively little study done in Pakistan on the subject matter.

¹²Michael Dillon, “China: A Modern History”, Bloomsbury Publishing, Sep 15, 2012.

Theoretical Framework

Organski's (1958) Power transition theory¹³ establishes the best framework to draw conclusive understanding of the following research, his understanding of power transition is composed of two main findings. The first finding is that a nation's power is derived from its own internal growth because nations develop at various rates, they will flourish or perish in relation to one another, according to the second finding of power transition theory the powerful nation the hegemon, shapes the international system decisively, Power shifts occur when a rising power overtakes the prevailing power. When a growing power is satisfied with the global system, such as the United States overtaking Britain, these transitions can be peaceful. In rare situations, such as when a dissatisfied power, Germany, came to power against the hegemon, Britain, the power transfer might lead to war. He said that China is "unlike Germany" and that "other variables are involved than relative power" between a falling dominating power and a rising competitor.

AFK Organski was the first to coin power transition theory and anticipates China's ascent and influence on world system. Organski outlined the trends of a possible power transition power struggle among the People's Republic of China (PRC) as a rising competitor and the United States as a falling hegemon in the international order around six decades, long before China began its extraordinary economic growth. He predicted that China's ascent would be "extraordinary," that "maybe China ought to eventually become bigger," and that "the Western countries would realize that the most significant danger to their domination comes from China."

In the 21st century we have witnessed strong economic reforms under Deng Xiaoping due to which China achieved internal rapid growth and immense FDI in the country which in return let China to achieve first prospect of power transition approach. Subsequently, following 2008 crisis China's shift approach towards its financial settings made their

¹³Ronald L. Tammen, Jacek Kugler, Doug Lemke: Power Transition Theory, Oxford University Press 2014, 91-92.

approach to international arena where because of their FDI contribution especially investment-oriented policies in foreign countries contributed in a remarkable pace which inculcate concerns to existing power structure and helped China to achieve the second prospect of power transition theory.

Due to these developments international system witnessed Instability comes from challenger-hegemon characteristics, a challenger (China), is a powerful nation that is dissatisfied with the global system -U.S oriented-Organski never used the word hegemon, but his idea of power predominance and global leadership does, arguments about the rise and fall of great powers as well as future major wars, anticipate that a rapidly rising China will ultimately surpass the declining United States in power, and that a power progress conquest between the rising China and the declining United States will emit, with the PRC emerging as the world's new leader.

Moreover, the power transition may be peaceful as the declining hegemon's U.S attempts to ease the rising challenger's dissatisfaction with the status quo and which may reduce the chance of a power transition thug of war among the rising challenger China and the falling hegemon U.S.

The current dynamics indicates that in recent years that the PRC would become an economic superpower as it has achieved both prospects of power transition theory and within two to three decades PRC will be the sole competitor to the US-led arrangement due to its military force projection capacity, aggressive foreign policy, and effective policy apparatus with this the U.S as a major competitor must need to take steps that will help him to mitigate the satisfied and dissatisfied actor dynamics or else it will bring what Marques remind a China's led international system.

Research Methodology

The research is based on qualitative research methodologies. It is both descriptive and explanatory. Data for this research has been gathered from primary, secondary, and tertiary sources such as documents, interviews, books, journals, reports, papers, and articles. The

study is based on a discourse analysis of the maritime competition among China and the United States in the Indian Ocean area, as well as the repercussions of this rivalry on regional order and politics. To bring the research closer to reality, certain quantitative sources have been employed.

Significance of Study

In global viewpoint, this research has analyzed at the designs of China's development as a significant major power in the world. China's MSRI has employed sea routes to connect three continents and the world's largest water basins (the Indian and Pacific Oceans) It will enhance China's global reach. From the regional lenses China's MSRI is mostly focused in the Indian Ocean Region, From East Asia to the east coast of Africa Beijing is significantly financing in the littoral states of the Indian Ocean Region which will dramatically enhance China's footprint in the Indian Ocean, allowing it to establish itself as an indisputable and significant player in the region. China's growing participation in the IOR, on the other hand, is seen by the U.S as a major threat to its geopolitical goals to inculcate as a dominating important player in the Indian Ocean Region. In IOR, this study looked at China's growth and the challenges it poses to the U.S goals. The maritime competition among China and the United States will have a major influence on the entire region.

This research would aid academic Intellectuals, researchers, and policymakers. Scholars of International Relations will benefit from the research because they will have a better knowledge of the maritime competition between China and the United States in the Indian Ocean.

Delimitations

China with growing influence in Indian Ocean Region caught eye of world superpower i- e US, under Trump administration U.S issued its Indo-Pacific Strategy and U.S have been actively trying to influence the littoral state of this region as well as its policies on Trade for China harps name U.S-China trade war competition between them on land is overlooked as area of focus has been the Indian Ocean Region. MSRI covers three major

sea routes; however, this study have only focused at sea route related to the China-Indian Ocean-Africa-Mediterranean Sea Blue Economic Passage in the Indian Ocean Region. Because the sea competition between United States and the China is a matter of power politics, strategic considerations have been addressed.

Core Argument

“Maritime Silk Road Initiative (MSRI) will be a game changer with potential to transit power projection which will challenge major Indian Ocean extra- regional actor U.S. and can shape designs that in return can change the dynamics of the Indian Ocean Region.”

Organization of Study

The study is divided into five chapters. In first chapter, historical background is in focus and digs through economic reforms and current China’s position. In second chapter, the study focuses on U.S arrival to the Indian Ocean along with US interests in the IOR and its present position. In third chapter, Maritime Silk Road Initiative and its implications is widely discussed with all available details. In fourth chapter, the study included U.S response to China’s MSRI in the Indian Ocean Region. In fifth chapter, prospects sheltering plight to Future cooperation and competition in Indian Ocean will be analysed.

Chapter One: Emergence of China at Global Stage: Historical Overview

China introduction to the world in 1912 witness the demise of Qing dynasty with the abrogation of Puyi from throne, and creation of Republic of China which did not last long due to political unrest between Communist Party China (CPC) and the Nationalist Party Kuomintang (KMT) followed by civil war and subsequent Sino-Japanese war until the Second Great War in 1949, Communist Party China (CPC) become major stake holder of China and premier Mao Zedong formally claimed the new nation People's Republic of China as the other faction fled from the political equation of mainland. Period leading up to 1979, China was administered by Chairman Mao Zedong which kept a centrally arranged or ordered economy. The massive economic reserves of the country's was coordinated and overseen by the government, which put forward creation goals, controlled expenses, and allocated resources all through by far most of the economy¹⁴.

The Chinese government decided in 1978 (shortly after Chairman Mao's death in 1976) to pull from its Soviet-style economic arrangements by cautiously changing the economy in accordance with unrestricted economic standards and increasing trade with the West while engendering uncertainty, in the hopes of fundamentally raising living standards and increasing economic development. China's economy has expanded considerably faster since the introduction of economic changes than it did before to the changes, and it has mostly avoided severe economic disruptions. The midpoint of China's annual true GDP from 1979 to 2018 was 9¹⁵.

This chapter is divided into three parts; Mao Zedong Era, Deng Xiaoping Era, and current Xi Jinping Era and tries to establish the link between economic reforms during these time

¹⁴DoniaZhang , “The Political Leadership of Mao Zedong”, *Journal of Contemporary Educational Research*, Sep,

¹⁵Peeters, Peter. “The Economic Transition.” *Can We Avoid a Third World War Around 2010?*, Palgrave Macmillan UK, 1979, pp. 207–40.

segments with the Chinese position in the Indian Ocean Region along within international system.

1.1 Mao Zedong Era

Mao Zedong understood to be the father of modern China during his tenure; the newly redefined nation went through major catastrophic political and economic uncertainties which let him to put forward policies like The Great Leap and Agriculture that helped China to sail through these struggling times¹⁶.

1.1.1 The Great Leap

The Great Leap Forward of China was adopted in 1958 as the five-year strategy to utilize China's massive population to rapidly develop the economic growth from agrarian to modernize. This strategy was a social and economic effort that placed the spirit of collectivization by adopting the commune framework as the backbone of socialist understanding, under which land and resources are public asset and wages and money were replaced with work points by the ruling Communist Party of China (CPC). The Chinese believed that by relying on labor rather than machinery and capital investment, these labor-intensive techniques of industrialization would be successful. As a result of a Soviet-style industrialization strategy, millions of Chinese people became state workers¹⁷.

To guarantee that the plans were carried out, several communist approaches and strategies were used; the Great Leap Forward was an acceleration of agricultural collectivization that was launched and subsequently became compulsory for all. Private land ownership and cultivation were outlawed, and anyone who did so was harshly punished as counter-revolutionaries. To guarantee that the peasants followed the regulations, they used force,

¹⁶ Junhao Hong, "Cultural Theory and China's Three Mass-Culture Debates: A Tentative Study of Culture, Society and Politics", *University of Texas at Austin*, 1994

¹⁷ Weatherley, Robert. "The Great Leap Forward and the Post-Leap Recovery Period: Hua in Hunan (1958–65)." *Mao's Forgotten Successor*, Palgrave Macmillan UK, 2010, pp. 69–91.

coercion, and systematic brutality. Despite the huge mobilization of rural peasants and the authorities' lofty objectives, the Great Leap Forward did not result in the massive advancements expected.

During this period of rapid developments, coordination was limited, and material shortages were frequent. The Great Leap Forward resulted in the catastrophic economic disaster. During 1958, industrial productivity "leaped" by 55 percent, while in 1959 and 1960, agricultural productivity plummeted by 14 % and 13 %, respectively, and in 1961, it crashed another 2% to the lowest level since 1952. Over 14 million people are thought to have perished of hunger between 1958 and 1961, with roughly 23 million lowest births reported than under normal conditions.

1.1.2 "Agriculture First," 1961–65

Chairman Mao following the initial Great Leap Forward's economic catastrophe in the late 1950s set out to resurrect the economy and introduces a unique draft of economic policies to substitute them. The administration pledged to deploy the nation's resources to bring about agricultural technical development in order to restore agricultural productivity and boost it at a level that will meet the growing population's demands. The central commune administration's involvement was considerably reduced within Agriculture-related organizational changes, primarily in decision-making and income distribution within the commune system. Production teams were recognized as the fundamental accounting segments, and they were in charge of almost all production choices as well as revenue distribution to their members. Furthermore, rather than revolutionary spirit, monetary incentives became the primary motivator for production. Private ownership, which had vanished during the Great Leap Forward in certain communes, was returned to farm families¹⁸.

¹⁸ Y. Y. Kueh, "Mao and Agriculture in China's Industrialization: Three Antitheses in a 50-Year Perspective", *The China Quarterly*, Sep 2006. <https://www.jstor.org/stable/20192660>

During Great leap Agriculture received financial assistance in a variety of ways. Agricultural taxes were reduced, and agricultural product prices were boosted in comparison to the cost of agricultural industrial inputs. Chemical fertilizer and different types of agricultural equipment, especially small electric irrigation pumps, witnessed considerable increase in supply. In the industrial sector, a few significant firms were restored to central state administration, while the majority of businesses remained under province and local government authority.

Moreover, Economic stability was restored during the 1961–65 readjustment and recovery era, and by 1966, agricultural and industrial production had overtaken the high levels of the Great Leap Forward period. Agricultural productivity increased at an annual rate of 9.6% on average between 1961 and 1966. The development of rural, small-scale businesses, notably coal mines and agricultural machinery manufacturers, was another major source of growth during this time period.

1.1.3 Cultural Revolution

The Cultural Revolution made a lasting impression on China, shaping and influencing all activities in mainland China for decades. The Cultural Revolution sometimes engendered as the "Great Proletarian Cultural Revolution," initially started in the People's Republic of China in 1966 and spanned one decade, concluding in 1976. Mao Zedong, China's leader and the head of the Communist Party in China, was the driver for the revolution. The revolution's stated objective was to strengthen Chinese Communism by subtracting all capitalist, traditional, and cultural aspects from Chinese society and installing Maoist dogma inside the Communist Party¹⁹.

Subsequently, millions of individuals were jailed as a result of the violent factional conflicts that erupted across the country. Despite Mao's declaration that the Revolution was

¹⁹ Alain Badiou, 'The Cultural Revolution: the last revolution?' *Positions. East Asia Cultures Critique*, Vol. 13, No. 3 (Winter 2005), pp. 481–514.

finished in 1969, the Revolution's active period lasts until 1976. From 1969 to 1976, China gradually returned to normality as it realized the extent of the revolution's devastation and sought to correct its trajectory. The Cultural Revolution had a direct influence on the whole Chinese people in one way or another. All economic activity in any kind was essentially suspended throughout the Revolution, with the revolution serving as the country's principal goal.

1.2 Deng Xiaoping Era

Deng Xiaoping is known to be the architect of economic reforms during 1970's which put struggling nation economy to the stable perpetual growth, his time period heard rapid economic foreign direct investment in the country which aided in every sphere of countries dynamic some of his policies during that era which he employed were Four Modernization and Out-door policy.

1.2.1 Four Modernizations

Deng Xiaoping came to power in 1978, and by 1978, most of the Maoist reforms associated with the Cultural Revolution had been abandoned. In particular, the Four Modernizations, which had been completely overlooked by Communist predecessors and repeatedly supported by Deng Xiaoping, became the agenda of the Eleventh Party Congress in 1977 and the country's constitution at the Fifth National People's Congress in 1978.

Agriculture, industry, science and technology, and defense are four areas of development that engender 'Four Modernization' understanding which China stressed on beginning in the early 1980s under Deng Xiaoping with the ambition of fully transforming these areas

with the rise of the new century, resulting in the nations 'championed economic rise in the 1980s and 1990s²⁰.

1.2.2 Open-door Policy

Deng Xiaoping's fundamental efforts led China to craft its core open-door policy²¹ that saved its economy, which had been marginalized owing to ideological boundaries established primarily by Mao. The programme is defined as "reform and opening," that is, restructuring of the economic system and opening to international trade. It consists of two elements, each of which has had an equal influence on China's economy. New economic frameworks have been steadily and selectively adopted since 1978. "All economic actions in the socialist system should be quantified in contractual agreements, so that their relative values may be visible," was the basic premise. Since then, China's trade volume with other nations has skyrocketed, and it is well-known for its trade surplus with major Western countries.

At the same time, it extended China's gates to international investment and technology transfer, putting an end to the country's lengthy seclusion from the rest of the world. Over the next two decades, China's economic connections with other nations grew rapidly. A significant expansion in foreign commerce, the use of foreign direct investment from foreign businesses, importation and exportation technology, and international economic

²⁰ Bernard Z. Keo, "Crossing the River by Feeling the Stones Deng Xiaoping in the Making of Modern China", *Teaching Asia's Giants: China*, 2020.
<https://www.asianstudies.org/wp-content/uploads/crossing-the-river-by-feeling-the-stones-deng-xiaoping-in-the-making-of-modern-china.pdf>

²¹John Wong, "China's Economic Reform and Open-Door Policy Viewed from Southeast Asia", *ASEAN Economic Bulletin*, Vol. 11, No. 3 (MARCH 1995), pp. 269-279 (11 pages).<https://www.jstor.org/stable/25770556>

and technical collaboration are all signs of this trend. Both aspects of the Policy are intertwined and affect one another in order to improve China's economic climate.

After Fifteen years of hard work, China was eventually welcomed to the World Trade Organization during its 4th Ministerial Meeting on November 10, 2001 in Doha, proving the accomplishment of China's primitive Economic Reforms and Open-Door Policy, which thrived under Deng Xiaoping. Since the strategic shift in 1978, China's official ideology has been one of political reform and economic revitalization, with a new foreign policy that encourages dialogue and collaboration with the rest of the world.

Since 1978, the Chinese authorities have frequently stated that reform and opening up are at the foundation of the overall new development. As a result of this approach, China became one of the few countries to go from being a developing country to a world power in a very short time span.

1.2.3 Open Door Policy and Foreign Direct Investment (FDI) in China

China's exchange and speculation shifts and motivators stirred a hurricane in FDI beginning in the mid-1990s due to economic reforms.²² Such streams have been a significant wellspring of nation's efficient growth and quick financial and exchange development. During 2010 it was roughly half a million unfamiliar contributed ventures (FIEs) enrolled in China, utilizing 56 million specialists or 16 % of the metropolitan manpower. As demonstrated, China's industrial yield holds huge contributions from FIEs. The numbers increases from 2.3 percent in 1990 to 35.9% in 2003, yet tumbled to 25.9% in 2011. Furthermore, FIEs are liable for a critical level of China's unfamiliar exchange. At their pinnacle, FIEs represented 58.3% of Chinese fares in 2005 and 59.7% of imports, yet these levels have consequently fallen, coming to 41.7% and 43.7%, separately, in 2018

²² Markus Taube and Mehmet Ögütçü, "Main Issues on Foreign Investment in China's Regional Development: Prospects and Policy Challenges", *OECD*, 2002.
<https://www.oecd.org/investment/investmentfordevelopment/1939560.pdf>

The United Nations Conference on Trade and Development (UNCTAD) finds that China has turned into a significant beneficiary of worldwide FDI and also project itself as a significant supplier of FDI outflows, China's in 2018 witnessed FDI inflows which were \$139 billion making it the world's second-biggest beneficiary of FDI after the United States. China's FDI surges have become quickly after 2005 and surpassed FDI inflows without precedent for 2015. China's FDI outpourings arrived at a memorable pinnacle of \$196.1 billion of every 2016, except downfall in 2017 and 2018, mirroring a crackdown by the Chinese authorities on speculation seen as ineffective as well as more prominent investigation by unfamiliar legislatures of China's endeavors to get cutting edge innovation firms and other vital resources. All things considered, China was the world's second-biggest wellspring of FDI surges after Japan.

The slight expansion in China's worldwide FDI outpourings as of late gives off an impression of being generally determined by various variables, promoting Chinese government arrangements and initiatives to urge corporate to "go worldwide." The public authority needs to utilize FDI to access IPR, innovation, ability, popular brands, and so forth, to move Chinese firms up the worth added chain in assembling and administrations, support homegrown advancement and improvement of Chinese brands, and help Chinese firms particularly SOEs to become major worldwide competitors. China's easing back economy and rising work costs have likewise empowered more prominent Chinese abroad FDI to assist firms with enhancing hazard and grow business openings past the China market, and, now and again, to migrate less aggressive firms from China to minimal expense nations.

China's Ministry of Foreign Trade (MOFCOM) witness that in 2018, Non-financial FDI from China into BRI countries added up to \$15.6 billion, up 8.9% over the past year. Furthermore, increased FDI inflows might be the product of the Chinese government's efforts to extend its unfamiliar trade protected property. (This amounted to \$3.1 trillion as of April 2019—by far the largest holding on the planet).The largest unfamiliar financial

backers in China participant to FDI stock through in 2017 were, Germany 3.2%, Japan 6.1%, Singapore 4.0%, the British Virgin Islands 10.6% and Hong Kong 52.6%.

1.2.4 China's Economic Reforms Impact

China's genuine GDP from 1953 through 1978²³ increased at a normal yearly pace of 6.7 percent. China's actual average yearly GDP output during this time, according to financial analyst Angus Maddison, was about 4.4 percent. Furthermore, under Chairman Mao leadership China's economy suffered severe economic downturns, including the Great Leap Forward from 1958 to 1962, which brought cataclysmic demise 45 million people and massive starvation, and the Cultural Revolution from 1966 to 1976, which triggered boundless political turmoil and economic havoc²⁴.

China's output per capita between 1950 and 1978 witnessed rise, on a purchasing power parity (PPP) basis PPP is a typical assessment of a nation's ambitions for everyday pleasures. Nonetheless, from 1958 to 1962, Chinese forecast for everyday comforts fell by 20.3 percent, and from 1966 to 1968, they fell by 9.3 percent. Similarly, as shown, Chinese ambitions for commonplace luxuries lagged behind those in the West, such as Japan. During 1980s, China was one of the world's fastest expanding economies. From 1980 to 1990, China's average yearly GDP output rate was 9.5 percent. The world's total GDP growth was 3.1 percent at the time. In 1992, China's growth rate was 12.6 percent. China's fast development is unmistakably linked to the country's unrelenting pursuit of economic reform, which has liberated hitherto repressed productive resources. China's open door policy is one of the most significant aspects of the reform programme.

²³Ross Garmaut, "40 years of Chinese economic reform and development and the challenge of 50", *The Research Gate*, July 2018.
https://www.researchgate.net/publication/326492573_40_years_of_Chinese_economic_reform_and_development_and_the_challenge_of_50

²⁴ Maddison, Angus. "Asia in the World Economy 1500-2030 AD." *Asian-Pacific Economic Literature*, no. 2, Wiley, Oct. 2006, pp. 1-37.

There is no question that the reform has had a favourable impact on China's economy. China's economy has grown dramatically following Deng Xiaoping's reforms and open-door policies which were implemented which then in 1979, set up nation's openness in its economic arrangements to the rest of the world, China was able to significantly boost its GDP twice by 1994 with an estimated yearly actual growth rate of 10 percent. These numbers demonstrate how quickly China's economy has developed during the previous two decades.

1.3 Xi Jinping Era

Xi Jinping set course of communist country in a different direction and altered economic design unique from its predecessors and cultivated Outflow investment designs which provided more influence in foreign countries due to economic growth, In past for three decades China's tremendous economic boom²⁵ has been based on industrial investments, energy-intensive manufacturing, and exports. However, as a result of growing labour costs and excess capacity in the manufacturing and construction industries, capital growth has slowed and exports have become less essential for the country's growth. China's future economic growth, branded the "new normal," will be more consistent but slower.

As a consequence, China is adjusting to its weakening economy. Beijing has undertaken substantial institutional reforms to modify China's economic model, focusing on service-oriented sectors and domestic consumption rather than investment-driven development. Economic openness, more market-oriented decision-making, and the elimination of support for badly managed state-owned companies have all been hallmarks of the Xi era²⁶.

The economic aims of the Xi Jinping era were quite different, and they were associated with two programmes, Made in China 2025 and China Standards 2035, that intended to build up and displace US dominance in prime high-tech industries. This is in addition to a

²⁵ Brown, E. M. (2000), "The Rise of China, *Cambridge*", MA: MIT Press.

²⁶ Tsang, Steve, and Honghua Men. "China in the Xi Jinping Era", *Springer*, 2016.

more aggressive trade strategy, which is in line with China's tendency of taking a more active role in setting trade laws.

1.3.1 Changes in Wage and Labor Cost A Chinese Dilemma

China's fading workforce speculated to have attributed to the country's rising wages during 1990's. In US dollars, country monthly average salary was \$55, compared to \$32 in Vietnam and \$221 in Mexico. China's monthly average salary in 2018 was \$990, which were 316 percent higher than Vietnam's \$238 and 158.5 percent higher than Mexico's \$383.

China's regular month-to-month pay increased by 263 percent from 2007 to 2018, according to the 2019 Business Climate Report issued by the American Chamber of Commerce in China, rising labour costs are the second-largest problem confronting American firms in China. A contrast of work expenditures per unit of creation for the nations indicated in the preceding figure, compared to US values, shows that they are the top worry for 56 percent of beneficiaries. In 2000, China's unit work creation costs were 42.3 percent of those in the US, but by 2018, they had increased to 75.5 percent of those in the US.

1.3.2 China's Driving FDI Outflow Strategy

The critical part of China's economic transformation and development mechanism following 1980s and 1990s was to bring FDI into county and that will aid with boosting the improvement of homegrown enterprises²⁷. Venture by Chinese enterprises on foreign soil was pointedly confined. In any case, following 2000, China's leadership embarked a new "go worldwide" procedure, which tried to support Chinese enterprises (essentially SOEs) to contribute abroad.

One key ingredient which fuels this endeavor is China's monstrous collection of unfamiliar trade holds. Generally, a crucial level of those financial resources has been allocated into

²⁷Fravel, M. Taylor, "Revisiting Deng's Foreign Policy," taylorfravel.com, January 17, 2012. As of December 5, 2012: <http://taylorfravel.com/2012/01/revising-dengs-foreign-policy/>

relatively safe but low-yielding resources. Like U.S. Depository protections. On September 29, 2007, the Chinese state authoritatively dispatched the China Investment Corporation (CIC) with the task to explore for more opportunities so the nation can reap profits from its unfamiliar trade holds and expand away from its U.S. dollar holdings. The CIC for that endeavor initially received \$200 billion, concluding it as one of the world's largest sovereign abundant financing. Second key factor behind the public authority's drive to empower all the more outward FDI streams has been to get regular assets, like oil and minerals, considered by the public authority as significant to support China's quick economic development. Finally, China's leadership has proven its will to expand worldwide cutthroat Chinese corporate brands at their disposal. Putting assets into unfamiliar firms, or securing them, is foreseen as a technique for Chinese firms to bring innovation, the executives abilities, and frequently, universally perceived brands, likely to assist the Chinese firms become all the more internationally serious. For instance, in April 2005, Lenovo Group Limited, a Chinese PC organization, bought IBM Corporation's PC division for \$1.75 billion. The biggest objections of aggregate Chinese FDI surges through 2017 were Hong Kong (54.2% of aggregate), the British Virgin Islands (6.7%), the Cayman Islands (13.9%), and the United States (3.7%)²⁸.

A critical degree of Beijing's financing that goes to Hong Kong, the British Virgin Islands, and the Cayman Islands probably is diverted somewhere else. The American Enterprise Institute keep up with the China Global Investment Tracker, an information base that has been created to follow the genuine streams (from the parent company to the last objective) of Chinese speculation all around the world. The CGIT information base tracks FDI esteemed at \$100 at least million (which it alludes to as "China's outward non-bond investment"). These information vary altogether from true Chinese FDI surge information. The CGIT information on the top objections of complete Chinese outward non-bond outward venture from 2005 to 2017 incorporated the United States (\$172.7 billion),

²⁸ Lin, J. and Wang, Y. (2017), "Going Beyond Aid: Development cooperation for structural transformation", *Cambridge*: Cambridge University Press.

Australia (\$103.7 billion), the United Kingdom (\$75 billion), Brazil (\$61.2 billion), and Russia (\$53.8)²⁹.

1.3.3 Outflow Strategy Impact on China's Economy

World Bank announced that China has gained the Upper Hand as the world's major manufacturer which holds power to inculcate China as economic power. Reports of manufacturing's net capital investment in mainland China, the United States, and Japan were reported in US dollars between 2006 and 2016. The new gross value data represents the real value of the manufacturing that took place in the country (i.e., they take away the worth of halfway data sources and crude materials utilized underway). On a gross value added basis Chinese manufacturing was 49.2 percent greater than that of the United States in 2016. Manufacturing is far more crucial in China's economy than it is in the United States. China's gross productivity contribution to manufacturing accounted for 28.7% of its GDP in 2016, compared to 11.6 percent in the US³⁰.

Based on an examination of worldwide assembly leaders, Deloitte in 2016 placed China as the world's leading manufacturer out of 40 nations in its Global Manufacturing Competitiveness Index with the United States placing second it positioned fourth in 2010. According to the data, international experts projected that the United States would have surpassed China as the world's biggest economy by 2020, thanks to the country's great interest in capabilities and innovation (e.g., significant levels of R&D expenditure and activities, the existence of top-notch schools, and a significant amount of money being invested in trend-setting inventions). Nonetheless, despite its high R&D spending, progress toward greater, advanced manufacturing, policy initiatives to advance development, and a large population of graduates in science, innovation, design, and mathematics, China was

²⁹ Zhou, Ming Matt, and Man Cang Wang. "Perspectives on FDI, Debt and Economic Growth in Emerging Markets: Evidence from China." *International Journal of Trade, Economics and Finance*, no. 4, EJournal Publishing, Aug. 2016, pp. 148–52.

³⁰ *Toward Universal Financial Inclusion in China*. World Bank and People's Bank of China, 2018.

seen as facing a number of challenges, including a shrinking economy, a declining population, and a weakening manufacturing workforce. As a result, China's aggressive manufacturers are likely to drop to second position by 2020.

To put this in context, the World Economic Forum (WEF) recently released a yearly report that examines and ranks (based on historical data) the global intensity of a country's entire economy, taking into account factors that determine an economy's degree of effectiveness, and thus the degree of prosperity it can achieve. As per the World Economic Forum's 2018 Global Competitive Index, China is the planet's 28th most assertive economy out of 140, while the United States scores at first.

1.3.4-Belt and Road- Beijing New Ambition

Beijing after setting its economy to new direction introduced new design to project its influence and importance around the globe and enshrined it as China's Belt and Road Initiative to counter the economic rebalancing. President Xi Jinping of China launched BRI³¹, an ambitious plan to build trade networks connecting China to Asian, European, and African markets, in 2013. The “Silk Road Economic Belt,” a connectivity of land-based infrastructure projects stretching from central China across Central Asia to Europe, and the “Maritime Silk Road” (MSR), a sequence of port and coastal infrastructure spanning from South and Southeast Asia to East Africa and the Mediterranean, are the two major components of the BRI programme³².

The main idea is that by exporting China's industrial overcapacity through regional infrastructure projects, the BRI programme will benefit the country's home economy. Hard infrastructure built by Chinese firms, such as roads, railroads, phone networks, and energy pipelines, will open markets and energy transit routes for its new consumer-driven growth model. The Chinese government has set aside a large sum of money for the initiative. The

³¹Gao, May Hongmei. “Globalization 5.0 Led by China: Powered by Positive Frames for BRI.” *China's Belt and Road Initiative*, Springer International Publishing, 2018, pp. 321–35,

government has formed a \$40 billion Silk Road Fund by pooling funds from the Foreign Exchange administration, the China Investment Corporation, the Export-Import Bank of China, and the China Development Bank³³.

Beijing has also taken advantage of the chance to head multilateral institutions like as the Asian Infrastructure Investment Bank (AIIB), which has 57 member nations, and has pushed international and regional development banks to fund infrastructure development along BRI routes. East Africa, in particular, stands to benefit from this programme. For example, creating marine pivot points along the East African coastline is a major component of the BRI plan, the MSR.

As a result, Chinese policymakers and commercial banks have turned to the BRI framework to fund a number of projects. Despite its name, the African Infrastructure Investment Bank (AIIB), which was established in 2016, has stated its goal to support African infrastructure projects in the near future. Keep in mind that China isn't a newcomer to the African infrastructure game. China has already been heavily involved in developing and funding African infrastructure prior to the introduction of the BRI programme. By the end of 2009, China has aided more than 500 African infrastructure projects. The Chinese government granted a total of \$11.3 billion in concessional loan funding between 2010 and 2012. In the next years, we may expect more Chinese infrastructure financing and growth in the region³⁴.

1.3.5 China's new identity and Changing Asian's Structure

China has grown into a major emerging power with distinct Chinese features, as well as a regional status quo this meant that, under normal circumstances; China's economy may

³³ Chongwei Zheng et al, “*21st Century Maritime Silk Road: A Peaceful Way Forward*”, Springer Nature Singapore, 2018.

³⁴ Zhao, Suisheng. “Introduction – The BRI and AIIB as China’s New Global Strategy.” *China’s New Global Strategy*, Routledge, 2020, pp. 1–2,

double in size in real terms on a regular basis. The worldwide economic recession that began in 2008 had a major influence on China's economy.

China's news reports in mid-2009 highlights that upon losing their employment due to the financial meltdown, 20 million migratory manpower has returned to work and that actual Output hike in the fourth quarter of 2008 had decline to 6.8% year-on-year. In retaliation, the Chinese government implemented a \$586 billion economic development package, with an emphasis on subsidizing framework and relaxing money-related processes in order to boost bank lending. China was able to minimize the impact of the sharp decline in demand for Chinese goods throughout the world as a result of these arrangements³⁵.

China's actual GDP output amounted 9.7% during 2008 and 2010 in any regard, the rate of GDP growth slowed over the next six years, falling from 10.6% in 2010 to 6.7 percent in 2016. Actual GDP increased to 6.8% in 2017, but then fell back to 6.6 percent in 2018- Regardless of the fact that it improved to 6.8% in 2017. According to the IMF's World Economic Outlook in 2019, China's real GDP growth would decelerate every year over the next six years, dropping to 5.5 percent in 2024 which several financial specialists views and warns that if the China and United States maintain imposing remarkable economic corrective strategies on one another, such as the tax hikes which were resulted from US activities, China's economic development might stall much more under Section 301 and Chinese reprisal³⁶.

The Organization for Economic Cooperation and Development (OECD) reveled that tax hike on all transaction between China and United States, may reduce China's actual GDP by 1.1 percent in 2021-2022, in relation to the OECD's normal economic estimates. One example is a watered-down version of a 2016 European Union (EU) statement condemning

³⁵ Safety4Sea, "China reveals three sea routes under Belt & Road initiative", June 26, 2016.

³⁶ Nederveen Pieterse, Jan. "Changing Constellations of Southeast Asia." *Changing Constellations of Southeast Asia*, Routledge, 2017, pp. 185–212.

China's development of artificial islands in the South China Sea. Because Greece and Hungary did not want to upset their prime contributors of foreign direct investment, the final EU statement did not directly reference Beijing (FDI). Loans and FDI from China are sometimes accompanied by opaque lending practices, such as discretionary loans and terms that are not revealed to the general public.

Smaller countries are compelled to conform to China's demands even when funds are offered in connection with speculative Belt and Road projects. Kiribati and the Solomon Islands, both tiny island states, severed ties with Taiwan in September 2019 over the promise of Belt and Road projects. Another example is Djibouti's enormous debt to China. Djibouti owed China a debt of 65 percent of its GDP as of 2017, and this debt is growing. Djibouti is also the only country outside of China's claimed borders where China has a permanent military presence, which began in 2017.

Han's acceptance of standards as a result of the optimum lifespan of important infrastructure was reduced. Over time, it is typically less expensive to construct a higher-quality project with low operating expenses than it is to construct a lower-cost one with regular repairs or upgrades. Last but not least, many Belt and Road projects have a technology component that the host country cannot manage or maintain this raises the issue of a country's reliance on a foreign power to maintain key infrastructure. The globe would benefit if the United States, China, and the European Union—the three biggest powerhouses on the planet—coordinated infrastructure development.

To maintain growth, the world need additional infrastructure which is not exclusive to a single location the Asian Development Bank (ADB) estimates that, Asia would require \$26.2 trillion by 2030 to maintain progress and adapt to climate change. Just to restore current infrastructure in the United States would cost US\$ 4.5 trillion.

Conclusion

China has witnessed major cataclysmic catastrophes in the 20th century such as political transitions, which let this newly modernized nation a starving beginning but following the strong economic reforms agriculture first and outdoor policy led by political establishment country made China a visible figure in the 21st century along with the power to influence actors around the globe.

Chapter Two: Strategic Dynamics of U.S in Indian Ocean Region

United States is a dominant extra-regional actor in the Indian Ocean region and holds credible position and influence among the littoral states of this region. During the early 18th century U.S did not had any presence in this region but events around the globe in 19th century shaped the presence of this newly championed nation, within short span of time Indian ocean became the solid agenda for U.S policy makers and academician moreover, in order to cover the vast sphere of this region U.S made strategic arrangements with regional actors like India which led to security arrangements and solid military presence of regional and extra-regional actors in the Indian ocean region³⁷.

This chapter is divided into four parts; Historical View of US presence in IOR, Dynamics of Indian Ocean Region for U.S,U.S Relations with Major Regional Powers in Indian Ocean, and U.S Relations with Corresponding Actor and tries to establish the link between the U.S presence and too much whispered importance to the Indian Ocean.

2.1 Historical View of U.S presence in IOR

This section tries to establish connection of U.S arrival and presence in the Indian Ocean by identifying key timelines which will aid in understanding the current IOR major aspects. These timelines include; From Traders to the Second Great War, Middle East Force 1949-2002, and From 2002 to 2021.

2.1.1 From Traders to the Second Great War

The United States inclusion in the Indian Ocean is merely as traders in the eighteenth and nineteenth Century despite the fact that U.S has Navy which was formally established during the American Revolutionary War, on October 13, 1775, and only recognized as Continental navy at that time. The United States Naval Force has been linked to the Atlantic

³⁷ ArzanTarapore, "Building Strategic Leverage in the Indian Ocean Region", *The Washington Quarterly*, 11 Dec 2020. https://fsi-live.s3.us-west-1.amazonaws.com/s3fs-public/tarapore_twq_43-4_2.pdf

Ocean since its inception. As the United States expanded, its responsibilities expanded to the Pacific. Regardless, the entire existence of the US Naval force in the Indian Ocean was picked during the twentieth century explicitly following the end of World War II before that the US presence in this theatre is dubious and not murmured in the chronicled parts, Despite the Philippines' takeover in 1898. The Indian Ocean was essentially a British lake³⁸ following the nineteenth and early twentieth century's. The Suez Canal, the Strait of Aden (Bab-al-Mandab), the Strait of Hormuz, and the Strait of Malacca were among the key focal points around the sea that the British controlled to bind down the maritime lanes to their most important region.

2.1.2 Middle East Force 1949 - 2002

Indian Ocean witnessed the development of American association generously during and after the Second World War. This second war witnessed several American advisers stationed in India. All the more critically for the fate of the reign, President Franklin Delano Roosevelt lingered at the Suez Canal on his road back from the Yalta Conference in February 1945; there he broadly met the Columbus of Saudi Arabia, King Abdulaziz ibn Saud on a boat. The ruler had a few sheep welcomed on board the boat, butchered, and simmered for the American team while security for oil ensures were examined by the significant gatherings. Following that, in 1948, the United States established a naval presence in the Persian Gulf, which was later known the Middle East Force in 1949.

Thusly, Diego Garcia Island expanded U.S military³⁹ fortification in the Indian Ocean The biggest U.S. improvement post 1948. In 1966, the United States got a 50-year rent of the island by selling "North Star" atomic rockets and their dispatch framework to Britain. Found 2,000 kilometers west of the Strait of Malacca, the 27.2 square kilometer-enormous island is really a "resilient transporter on the Indian Ocean." It isn't just an exhaustive army installation with complete offices, prepared for forward activity, strong stockpile and key

³⁸Alfred Thayer Mahan, "Influence of Sea Power upon History", *New York: Little, Brown and Co*,1890.

³⁹James R. Holmes, "A Brief Guide to Maritime Strategy", *Naval Institute Press*,2019.

projection, yet additionally the lone abroad army installation that can serve the U.S. battle missions to both the east and the west, and meet the functional requirements of U.S. transporter fight gatherings, atomic submarine powers, land and/or water capable vessels, vital planes and huge vehicle airplanes. It has exhibited its indispensable job in the Gulf War, Afghanistan War, and Iraq War. As of now, the base is conveyed with a long-range aircraft unit and a P-3C watch unit that can distinguish and assault adversary submarines,

At last the United States turned into the primary underwriter of wellbeing on the high oceans in the Indian Ocean, particularly after the British withdrawal from "east of Suez" in 1971. This rented a piece of the previous British base in Bahrain in 1971. On the opposite side of the Indian Ocean, the U.S. maritime presence was more modest. In one outstanding occurrence during the Indo-Pakistani War of 1971, the United States sent U.S. Team 74 west from the Pacific Ocean to screen the conflict and potentially as a demonstration of help for Pakistan.

In 1986, the United States reported an arrangement to control 16 key delivery paths all throughout the planet, remembering six for the Indian Ocean: the Strait of Hormuz, the Suez Canal, the Strait of Malacca, the Bab-el-Mandeb Strait, the Persian Gulf, and the ocean path south of Africa. Controlling these essential sections into and out of the Indian Ocean has given the United States a flat out advantage in the Indian Ocean.⁴⁰

The American maritime engagement in the Indian Ocean has expanded in magnitude over the last 50 years, with the Persian Gulf War being the most important achievement of the American maritime presence in the sea. The seventh Fleet, situated in the Pacific, was for the most part answerable for maritime activities during this conflict. To connote expanded U.S. obligation to the Middle East, the area got its own fleet the reactivated fifth Fleet—in 1995, this fifth squadron was additionally the first occasion when that the US particularly

⁴⁰ "U.S. Energy-Security Interests in the Indian Ocean." *US Energy-Security Interests in the Indian Ocean*, ISEAS Publishing, 1975, pp. 1–20.

made a for all time sent squadron for any piece of the Indian Ocean situated in Bahrain. This is obviously, been vigorously engaged with all resulting tasks in the district since.

2.1.3 From 2002 to 2021

Robert D Kaplan accepts that the Indian Ocean⁴¹ coastline is crucial to the 21st century. Under current posture in today's world, it is difficult to envision an Indian Ocean—particularly the Arabian Sea coastline—without a U.S. maritime stature, The Pentagon's 2010 Quadrennial Defense Review (QDR) coined the vibe by requiring a more "coordinated way to deal with the district across military and regular citizen associations" Key U.S. partners have likewise raised the Indian Ocean in their essential arranging archives. Australia's 2009 Defense White Paper, for instance, noticed that "over the period to 2030, the Indian Ocean will join the Pacific Ocean as far as its centrality to our sea methodology and safeguard arranging." Japan's 2011 National Defense Policy Guidelines specified that "Japan will improve participation with India and different nations that share normal interests in guaranteeing the security of sea route from Africa and the Middle East to East Asia." Moreover U.S. - India partnership initiates and transform during the G.W. Bramble time. From that point forward, the United States has viewed India as an accomplice as well as a safeguard of the sea transport line and an optimal accomplice in the realm Thus, the two nations have taken precautions to escalate military collaboration by holding joint military activities like Malabar, consenting to arrangements like U.S.-India Joint Strategic Vision Statement for the Asia-Pacific and Indian Ocean Region in 2015 .Since the marking of the , the accentuation has been on the improvement of closer sea binds to counter developing impact of extra-territorial force till then number of agreements fortify the situation of U.S ultimately the marking of a protection settlement

⁴¹David C. Gompert, "Sea Power and American Interests in the Western Pacific", *RAND Corporation*, 11 Dec 2012.

https://www.rand.org/content/dam/rand/pubs/research_reports/RR100/RR151/RAND_RR151.pdf

between the United States and the Maldives in September 2020 present last nail to final resting place.

2.2 Dynamics of Indian Ocean Region for U.S

In this section we sail through the dynamics of Indian Ocean for U.S with regard to Politics, Economy and Security.

2.2.1 Political

Pre Cold War era in Indian Ocean region witnessed slave trade and other commodities from East to West, Cold war highlighted two key participant in the world U.S and Soviet Union with their policies to influence the ideologies of states around the world thus race for Socialist vs. Liberal democracy began Pakistan among others joined the U.S block and received economic and military assistance during this period hence the new alliance and strategies paved the way for U.S that helped the formation of recognised world order and heard U.S as the prime benefactor ,during 1970 US visit to Saudi Arabia⁴² provide it with new impetus and consequently brought U.S naval influence in Persian Gulf so in Indian Ocean region, subsequent years till 9/11 U.S naval influence increased in the region which called for new stronger better alliance with respect to its location and control. India which was not very welcoming during the U.S arrival became the major key strategic partner whereas Pakistan on the other hand completely neglected in comparison with regard to India to strength the regional partner U.S provide full support to India with Civilian Nuclear deal that crafted transformation for India to become regional power during Hilary Clinton visit in 2011 the partnership strength as she recognised pivot of the world as Asia and India in the Asia became a striking star for U.S as Robert D Kaplan recognised India as jewel and Indian Ocean as India's only playground and U.S continued support validates the analogy moreover from 2011 onward number of agreement further solidify India position

⁴²Katusa, Marin. *The Colder War*. John Wiley & Sons, 2014.

for U.S partnership Under Donald Trump due to prevailing dynamics and importance of Indian Ocean concluded Indo-Pacific Strategy and India is a relevance to U.S centrality.

2.2.2 Economic

The United States' rapid rise in the Indian Ocean Region (IOR) is due to massive economic aspects⁴³, since the IOR has become a centre of intensive global economic activity for a variety of factors throughout the decades. This maritime region is traversed by the world's most vital trading routes as IOR is the major pathway for oil exports from the Persian Gulf to numerous destinations across the globe. The Malacca Strait is a key choke point through which oil destined for the West Coast of the United States, China, Japan, Australia, and other South-East Asian countries must transit. Because oil is so important to so many countries, major powers, mainly the United States, have a visible and viable presence in the region as the world's reliance on oil will only grow in the future, and shipments from Central Asian republics by sea will have to transit via this region's ports, the Indian Ocean is expected to see confrontations of economic interests and a chaotic security scenario. Some researchers have labelled this location as one of the most hazardous. The Indian Ocean Region now handles more than half of all world trade.

Oil

The United States' presence in the Indian Ocean is important for addressing its crucial energy requirements, since the world's second busiest maritime route the Straits of Malacca, each year sees US\$ 70 billion worth of oil travel through. Furthermore, the Persian Gulf holds 61 percent of the world's oil reserves and 26 percent of its gas reserves. Every day, it is estimated that 15.5 million barrels of oil pass through it; the Strait of Hormuz is by far the world's most critical choke point for oil. In addition to the United

⁴³ Broz, J. Lawrence, "The U.S. and World Economy in the 19th Century", February 2012. As of December 18, 2012:
http://weber.ucsd.edu/~jlbroz/Courses/Lund/handouts/Lecture4_Politics_World_%20Economy.pdf

States, the majority of oil for other economies travels via the Indian Ocean, necessitating their concern for guaranteeing open access and a degree of influence in the region.

2.2.3 Security

U.S had no pre-eminence military posture in the Indian Ocean and emerged after 1970's in this region and made Diego Garcia as the base of their navel activities to stay relevant in the whole region it portrayed as a resident actor and concocted regional actor India as its key proxy to inculcate regional balance of power and to transform its Hard Power⁴⁴ capabilities U.S supported in 2005 Civil Nuclear Deal⁴⁵ and thus began never ending streak of agreements among two nations. The U.S. sheltered four key arrangements that it inks with its strategic allies. These agreements are "standard mechanism that the U.S utilizes to boost military cooperation with partner-nations," according to the Pentagon. The agreements, as per American officials, are not mandatory for bilateral defense cooperation, but they would facilitate activities like refueling planes or ships in each other's nations and tragedy assistance easier and more cost-effective. The General Security of Military Information Agreement (GSOMIA), the first of the four accords, was signed by India and the United States in 2002. The arrangement enables the two parties to share military intelligence and ensures that each government will protect the sensitive information of the other. On August 29, 2016, the two nations inked the Logistics Exchange Memorandum of Accord (LEMOA), the second agreement. The LEMOA allows the military of either nation to utilize the bases of the other for resupply or maintenance. The agreement does not obligate any country to provide logistical help, and each request must be approved individually. The third agreement, the Communications Compatibility and Security Agreement (COMCASA), was inked in September 2018 at the first 2+2 session. It's an India-specific version of the Communications and Information Security Memorandum of

⁴⁴Jan-Philipp N E Wagner, "The Effectiveness of Soft & Hard Power in Contemporary International Relations", 1970.; <https://www.e-ir.info/2014/05/14/the-effectiveness-of-soft-hard-power-in-contemporary-international-relations/>

⁴⁵https://www.mea.gov.in/Portal/ForeignRelation/India_US_brief.pdf

Agreement (CISMOA), which entitles both nations to share secure communication and information on authorized equipment during bilateral and multinational training drills and missions. The fourth arrangement, the Basic Exchange and Cooperation Agreement (BECA), was inked in 2020 which facilitates the United States National Geospatial-Intelligence Agency (NGA) and India to exchange unclassified and limited geospatial assets, geographical, nautical, and aeronautical information, objects, and services.

The United States is not exclusively reliant on its strategic partner India; it also maintains a resident influence in the region and has formed Task Force 150 to preserve and secure its interests. First and foremost, Task Force 150 seeks to launch intelligence-driven Maritime Security operations, and this US Navy organization is under the command of the US Naval Forces Central Command (CENTCOM).

2.3 U.S Relations with Major Regional Powers in Indian Ocean

This section tries to explore the U.S relation with two major power India and Pakistan of Indian Ocean region and it will help us to understand the current standing in the International System.

2.3.1 India

India⁴⁶ with its creation is not spotted by U.S as important ally until after it part ways with Soviet but over the years could not have significance like it earned after 9/11 and received unparallel treatment by U.S and one of the event that marked the legitimacy of this fact is the Nuclear Civil Deal 2005 which embody India as the new favourite for U.S in the South Asia, with the world's third major economy and almost 1.3 billion people, it is a major player in this region by purchasing power parity and U.S. authorities regard it as an emerging major power and strategic partner of the United States under such observation

⁴⁶ K. Alan Kronstadt, "India- US Relations", *Congressional Research Service*, 19July.
<https://sgp.fas.org/crs/row/R46845.pdf>

U.S establish strategic alliance hence from 2005, Washington and New Delhi have forged a “strategic partnership,” and bilateral security cooperation has expanded, including through defense trade and combined military exercises. Bilateral trade and investment have grown. The George W. Bush's, Barack Obama's, and Donald Trump's administrations have all sought to strengthen the U.S and India relations, and the Trump tenure prominently recognized India as a vital participant for the U.S. in attempts to keep the vision alive of a “free and open Indo-Pacific.”

The U.S position India as key strategic partner due to its geographical location in Indian Ocean Region. The Indian peninsula spreads 1,980 kilometers into the Indian Ocean, and half of the Indian Ocean basin is within a 1500-kilometer radius of India, a fact having strategic significance for the whole area. India's sphere of influence is defined as the area between the Gulf of Aden and the Malacca Strait, with the growing Chinese influence in the 19th and 20th century to cordon off Chinese growing influence the US with the help of India crafted Malacca dilemma which help US to secure its national interest. Moreover India under the ULOS, has legal right to exploit mineral riches in a region of 150,000 square kilometers in the Indian Ocean by adding up the sea waterways, which comprise a territorial zone of 20 kilometers, a contiguous zone of 40 kilometers, and a 320-kilometer Exclusive Economic Zone (EEZ). This also provided a strong bond between the US and India, culminating in the establishment of India's first tri-service command, the A&N Command, at Port Blair in the 1960s. In the Nicobar Islands, it aims to enhance Port Blair as a major international commerce centre and develop an oil terminal and transit point port at Campbell Bay. Furthermore, these advancements have strengthened the relationship between these nations, who have a common objective of dominating the region.

2.3.2 Pakistan

The establishment of Pakistan in 1947, the United States and Pakistan established diplomatic relations with its inception. The two countries' initial years of relationship were very close and warm, and the United States' consensus guarantee financial and military

assistance to Pakistan, as well as the latter's participation in the Baghdad Pact and SEATO, strengthened ties. The withdrawal of US military support during the 1965 Indo-Pakistan conflict, on the other hand, fostered widespread impressions in Pakistan that the US was not a reliable ally. Following the disastrous collapse of East Pakistan in the 1971 war, the United States lost all confidence among the general public.

The US-Pakistan⁴⁷ association has always been complicated, but Pakistan is far too vital for the US to overlook. In the past, the United States has construed its ties with Pakistan as severely restricted to attaining desired strategic goals, for example, facilitating Sino-American compromise in the mid 1970's leading the proxy fight in Afghanistan against the Soviets in the 1980s, and backing U.S. direct military engagement in Afghanistan after 9/11. The US-Pakistan association was out of proportion to its significance at the time, and there was a strategic framework gap between the two countries, which was mostly mishandled by US diplomats in Pakistan. Given Pakistan lacked a long-term constituency due to its political stability, there was no driving principle or strategic agreement in Washington to construct a more consistent and long-term partnership. Thus, As a result, as shortly as America's vital interests were fulfilled, engagement in Pakistan faded and became punitive, resulting in several periods (roughly 25 years in total) of blatant sanctions for Pakistani activities that had been easily overlooked while Pakistan's assistance appeared to be essential, allowing backyard actor China to fill the void and thus increasing reliance on China for strategizing. The relationship between Pakistan and the United States has gotten increasingly difficult over the last two decades, as the scope of other US regional obligations in South Asia has shifted.

China now has a far greater contribution to make in the South Asian region. Due to China's ambitious Belt and Road Initiative, particularly in Pakistan (BRI). All of these recent events have stressed and increased the volatility of the bilateral connections among the United

⁴⁷Touqir Hussain, "The Misunderstood History of Pakistan-US Relations", *The Diplomat*, March 2021. <https://thediplomat.com/2021/03/the-misunderstood-history-of-pakistan-us-relations/>

States and Pakistan, which now fails to capture a reliable basis to deal with these connected challenges. Nonetheless, Pakistan and the United States have common interests in achieving peace in Afghanistan, combating terrorism, and avoiding a catastrophic escalation in nuclear South Asia.

Finally, Kashmir⁴⁸ is a long-term challenge that will take more than ten years to settle, especially because the élites in both India and Pakistan have a strong interest in perpetuating the established order. Even if Washington were prepared to try to compel the two parties to a conclusion, the weight of inertia in Kashmir is simply too big for Washington to overcome.

2.4 U.S Relations with Corresponding Actor

In Indian Ocean Region U.S and China stands parallel in race to influence historically The U.S and China did not represent the smooth beginning as creation of China in 1949, the United States⁴⁹ rather than the Communist Party remained to acknowledge Chiang Kaishek's Republic of China (ROC) government in Taiwan as the legal government of all of China, and continued to support and aid this group in Korea. Until 1971, changing Cold War dynamics Nixon Administration undertook a profound shift in U.S. understanding by acknowledging the authorities of the People's Republic of China as the sole genuine representatives of China. President Jimmy Carter and China's Deng Xiaoping officiated over the commencement of diplomatic ties between their two countries on January 1, 1979, and laid the milestone for the U.S.-China relationship. Following the positive development and United States and subsequent “acknowledgement the Chinese position on Taiwan as part of China.” sounded a new perpetual brotherhood but U.S. unofficial and backdoor relationship with Taiwan where United States to sold defensive arms to Taiwan instead of

⁴⁸Alan Kronstadt, “Kashmir: Background, Recent Developments, and U.S. Policy”, Congressional Research Service, 16 August 2019. <https://sgp.fas.org/crs/row/R45877.pdf>

⁴⁹Dominic Fitzsimmons, “Timeline: Major events in US-China relations since 1949”, Aljazeera, 25 Jul 2021. <https://www.aljazeera.com/news/2021/7/25/timeline-major-events-in-us-china-relations-since-1949>

agreed cultural and other norms related unofficial relations complicated the equation for these two nations.

During 1979 Communist China went through major changes when premier Deng undertook an intensive agenda of “reform and opening” to the rest of the world, transforming China from a backward, isolated nation into the economic powerhouse, growing military force, and maker of global institutions that it is today. The overarching strategic justification for the US-China partnership in the 1970s and 1980s was counterbalancing a common enemy, the Soviet Union. After the Soviet Union fell apart in 1991, U.S and Chinese officials looked for a new justification for their partnership. President Bill Clinton with China's then-leader Jiang Zemin both saw the value in strengthening bilateral economic ties, notably cooperating to get China join the World Trade Organization (WTO). The United States assisted China on October 10, 2000, by providing it permanent normal economic ties and clearing the path for China to join the World Trade Organization (WTO), which it joined in December 2001. Following the 9/11 terrorist attacks, George W. Bush's administration chose counter terrorism collaboration as a new strategic justification for the US-China relationship.

Under the Barak Obama Administration, the U.S.-China relation took a drastic shift as tensions rose over the two sides accepted the necessity for collaboration to address some of the world's most pressing threats, such as poor global economic development, climate change, and nuclear proliferation as a strategic basis for their partnership. United States and China Relations, Observers widely credited them in helping to reach agreement on the Joint Comprehensive Plan of Action (JCPOA) nuclear accord with Iran in July 2015 and the Paris Agreement under the United Nations Framework Convention on Climate Change in December 2015, but in the South China Sea, relations between these countries demanded competition rather than cooperation, which led to complicated arrangements. moreover post 2015 relations are on all time low and power completion is in play because of both actors increasing economic influence around the globe due to their level of approach where

China's mega projects like (BRI) Belt and Road Initiative ⁵⁰ is posing serious implications for U.S standings, as the Trump administration admitted in 2018 that "the United States predecessors miscalculated in supporting China's admission into the WTO on provisions that have proven unsuccessful in safeguarding U.S interests."

In consequently recent years, On the 40th anniversary of the two countries' diplomatic relations, relations between two countries (PRC or China) have been severely strained by a prolonged trade standoff and competition that has spilled over from politics and the defense into a recent rise of other fields, such as technology, finance, and education. Both countries are world leaders in terms of economic size, defense spending, and global greenhouse gas emissions. Both nations are permanent members of the Security Council of the United Nations (UN). In 2018 they were each other's top trading partners, competition has overshadowed the relationship under the Trump administration, while areas of collaboration have limited. China, according to the 2017 National Security Strategy (NSS), is aiming to destroy American security and prosperity by "challenging American strength, influence, and interests."

2.4.1 Belt and Road Initiative China's Smart Power

The "Belt and Road Initiative⁵¹" (BRI) is the acronym of a strategy to revive and revitalize the spirit of the historic silk road, as well as a milestone toward accomplishing the Asian century prophesy. China expressed its vision to the rest of the world. During the visit of Chinese President Xi Jinping in 2013 to Kazakhstan and Indonesia, to revitalize the historic Silk Road by constructing large infrastructure projects and increasing the value of ports along the route, this project includes two key components: one is the Silk Road Economic

⁵⁰Ghiasy, Richard, Fei Su and Lora Saalman, "The 21 Maritime Silk Road: Security implications and ways forward for the European Union," SIPRI, 2018.

<https://www.sipri.org/sites/default/files/2019-10/the-21st-century-maritime-silk-road.pdf>

⁵¹Gao, May Hongmei, "Globalization 5.0 Led by China: Powered by Positive Frames for BRI." *China's Belt and Road Initiative*, Springer International Publishing, 2018, pp. 321–35.

Belt, which is based on over land activities and the other is the Marine Silk Road, which is the maritime component.

The Silk Road Economic Belt (SREB) under BRI flagship deals land based Chinese vision initiatives such as communication infrastructure rail connections and paved roads/highways. To serve this purpose they have built; the China-Mongolia-Russia Land Corridor, the China-India-Bangladesh-Myanmar Corridor, the China-Central Asia-West Asia Corridor, and, as the Chinese administration notes it exclusively for its all-weather strategic partner Pakistan, the China-Pakistan Economic Corridor (CPEC). Subsequently, the second component of BRI, the Maritime Silk Road Initiative (MSRI) deals with marine based passages that link with these land based corridors and these are three “blue economic passages” — the China-Indian Ocean-Africa-Mediterranean Sea Blue Economic Passage; the China-Oceania-South Pacific Blue Economic Passage; and one that will connect Europe via the Arctic Ocean.

Belt and Road Initiative (BRI) is a grand plan to connect China with the world by developing infrastructure across Asia, Europe, and Africa regions. This will promote regional economic benefits and create a guaranteed victory for both China and the project partners. BRI's bold initiative comes at a critical juncture in global power dynamics, a dramatic shift in Chinese policy, and the long-awaited Asian Century. As development on the BRI projects progresses, the US and its allies, notably India and Japan, have expressed doubt and distrust, believing that the realization of China's ambition will be a nightmare due to their historical conflicts. Their doubts and apprehensions simply serve to accelerate China's much-needed progress in boosting its naval capabilities and those of its partners⁵².

⁵² “OBOR AS A CONCEPT, A NATIONAL STRATEGY.” China’s One Belt One Road, *ISEAS Publishing*, 2016, pp. 2–5.

2.4.2 U.S Threat Perception

The growing China's presence around the globe along with its flagship programs with added perks to liberalization of free trade blessed it's economy a multiplier and to its political and security paradigm every passing day, in comparison with U.S not a century old this nation is set to establish the new rules and hold power to influence the other actors around the globe. U.S successfully dominated international system following the end of cold war and made every actor to adhere to the new rules now seems to have a shift to its policies as in 2017, Donald Trump establish the understanding that enables China to be a part of World Trade Organization is the worst mistake of previous premiers and therefore U.S to counter the growing influence of Chinese trade⁵³ force looked for sections on Chinese products and companies residing in U.S like Huawei Technologies Co., Ltd. Manufacturing giant and in consequently received the sanctions from the Chinese side. Moreover to cordon Chinese to influence actors through One Belt One Road U.S set to bring its allies to equation and signed many agreements and raised Malacca dilemma. Furthermore the blue dot network the idea in 2019, is also in play to initiate project like BRI with the help of Japan and Australia to attract the actors to its threshold.

Conclusion

United states approach Indian ocean after the fall of British Empire in 19th century with immense opportunities such as oil reserves and major supply lanes made Indian Ocean a U.S lake which aided in its increasing influence in every sphere of dealings in International System and U.S took every measures like alliances to stay informed and vigilant in this geographical sphere and it became important pillar to its national interest.

⁵³Liang, Guoyong, and Haoyuan Ding, "The China-US Trade War." *The China-US Trade War*, Routledge, 2020, pp. 40–63.

Chapter Three: China's MSRI and its Implications for the US in IOR

Belt and Road Initiative (BRI) or One Belt, has become the source of initiation of numerous projects and events as large number of nations are interested and the geographic region that it covers has turned it into a commercial industry. The amount of financial funds required for the infrastructure by BRI is estimated to be trillions of dollars. It has been reported that China has issued more than US\$900 billion economic resources to national and international organizations, In order to supply the funds and resources in ample amount for the scheme, for which China has invested in number of financial institutions are vested to occupy this promising opportunity such as the Silk Road Fund (SRF), the China Development Bank (CDB), the Asian Infrastructure Investment Bank (AIIB) along with some other institutions. The devised scheme has grabbed the attention of the policy making elites from all over the globe⁵⁴.

This chapter is divided into three parts; Economic Implications, Political Implications, and current Security Implications of China's MSRI and tries to connect the link between Chinese position in the Indian Ocean Region and arising complications for U.S within International system.

China's MSRI- Historical Background

The MSRI tends to be inclusive as it integrates all South Asian and Southeast Asian countries, as enshrined by Xi Jinping, the President of China in October 2013 in Indonesia. However, there is some exception to it as India, Nepal, Afghanistan and Bhutan are not the part of proposition. All three countries other than India have their involvement in SREB. All the associated countries will be standing on different points in the spectrum of their participation in MSRI with variation in the degree of diplomatic formality, participation involving MoUs (Memorandums of Understandings), leader and ministerial level actions

⁵⁴ Lim, Joseph, and Deborah Lim, "Financing the OBOR Initiative." *China's Belt and Road Initiative, world scientific*, 2019, pp. 97–124.

taken by both parties reciprocally and talks and interactions at various conventional and non-conventional multilateral forums. Few of these platforms include the 48th ASEAN Foreign Minister's meeting, as the 2015 10th East Asian Summit, and the 2016 15th ASEAN and China Transport Ministers Meeting. According to China, MSRI is not a solo. Rather than being a solitary flight, it is an accompanied project that is inclusive and is meant to produce melodious chorus through cooperation. It does not exclude the participation of extra-regional players in bring different regions which it gives the impression of at first sight, says China such as Tokyo or Washington from South or Southeast Asia and Delhi in the case of Southeast Asia. However, reports show the lack of deep involvement and coordination with Beijing on MSRI programs by the concerned parties⁵⁵.

Different projects that are the parts of other programs are being discussed as if as the part of MSRI. At the moment, the public list of MSRI projects seems to be nowhere in the scene. However, MOFCOM the PRC's Ministry of Commerce issues announcement regarding trade related to BRI, creation of jobs, engineering contracts, FDI (Foreign Direct Investment) and the generation of tax revenue on a periodic basis. These issued announcements and the reports regarding the IFDI; inward FDI of China and OFDI; outward FDI, are issued jointly. This shows the possibility of strategic handpicking of the MSRI's projects by the Chinese bureaucrats in order to polish the results of MSRI so as to be influencing. The projects that are forecasted as to be essential and successful and that truly belong to the MSRI have been conceptualized by Beijing. Recent reports by MOFCOM show the investment of US\$14.53 in BRI countries by the Chinese enterprises which resulted in the creation of 177 thousand jobs and outputs estimated to be about US\$50.7 billion. Large numbers of projects are associated with MSRI even though the public list of all the associated projects is still lacking. Among the long list of projects include investment in power generating and telecommunication infrastructures known as

⁵⁵ Zhang, Chrystal, and Kareem Yarde, "China's Trade Policy on International Air Transport", *Routledge*, 2020.

COFDI, Chinese OFDI in transport infrastructure such as in railways, roads, bridges, logistics and lastly the centers and institutions regarding science, technology, development and research along with the Special economic and industrial zones.

The hard infrastructure aspect of the MSRI tends to stand out but it is not the only prospect that the policy makers are keen about. The Chinese policy makers are well aware of the importance and the need of the soft infrastructure which is done through the connecting and unifying the trade routes throughout the associated countries, investment and information spread. This makes China attentive of the needs such as free trade and civil aviation agreements along with the regional integration. Due to which China is holding summits, looking for the settlement of disputes and signing MoUs in order to expand and the FTAs and BITs (Bilateral Investment Treaties). All of this would result in an overall increase of China's export and COFDI, further facilitating the establishment of financial institutions and expansion of construction contracts along with the scientific and technical cooperation⁵⁶.

MSRI seems to be a scheme of international elements but it has some domestic features to it too. Such as General Assembly of Customs of China tending to make the procedures streamline in order to achieve comparative smoother trade exchange among the countries and to integrate regional customs clearance procedures along with other aspects. Furthermore, the Taxation Administration of China in order to facilitate the MSRI funds, is in the process of preparation new tax system along with inter agency bodies so as to extract the desirable results from MSRI.

MSR: The Maritime Silk Road

Maritime Silk Road Initiative is a very distinctive scheme that is very extensive in the economic aspect as it expands from Far East to West Europe and East Africa. This is a

⁵⁶ Ravesteijn, W. *Out of China*. WIT Press, 2021.

huge scale scheme which is characterized not only by the connectivity aspect in which its remain unmatched by any other scheme, but also for the strategies that it implements for the regions and areas enclosed by it. Even though the scheme has been envisioned well and the different aspects thought and worked through, India still remains an important element in order to bear fruit for the MSRI. This is because of two things; first the enormous and the rapid ever-growing economy and second, the critical aspect is that its geo-strategic location. Even if China and India negotiate on the terms of participation in both MSRI and BRI that are “win-win” for both of them, India would still have the greater share of the fruits that the scheme would bear. After the negotiation comes another huge hurdle that predominantly rests upon the temperament and the ability of China in dealing with the critical issues of India and most importantly the degree to which Delhi is ready to play the part.

Connectivity and Geopolitics

The economic logic behind the MSRI is to make a way for the connection between the effective center of networks of economic resources and actors, across borders and diverse geographies. On this scale, the network would remarkably lessen the costs of exchange for goods and people across borders and encourage the multi-country networks of production in the MSRI land zones⁵⁷.

This enterprising program builds on China’s broad association in the formation of transport passages in Asia. An important role has been played by China in making the Mekong sub-region (GMS) more noteworthy, linking China to Laos, Myanmar, Thailand and Vietnam in Southeast Asia, and in Central Asia connecting Central Asian nations to China, involved via South Asia.

⁵⁷Rumley, Dennis, “The Geopolitics of Global and Indian Ocean Energy Security”, *Energy Security and the Indian Ocean Region*, Routledge, 2015, pp. 34–53.

MSRI puts great emphasis on infrastructure though there is a slight uncertainty that it is also involved in geo-political implications. The fact is that the idea of infrastructure network would likewise extend China's key impact over the MSRI regions across the sea geologies (including the Arabian Sea, The Indian Ocean and the waters of Bay of Bengal). India, the predominant geo-political power in this maritime zone is concerned about China's proactiveness. Major concern of India is whether the unused MSRI-related China-funded maritime infrastructure resources within the Indian Sea will be utilized for military and vital purposes.

Irrespective of how China regulates MSRI in a post-epidemic environment, the drive will keep on generating crucial consequences for the United States. MSRI frequently tilts the playing field in favor of Chinese corporations by facilitating market access and lowering the expenses of working with such Chinese firms in many nations. Chinese enterprises, many of which are also state-owned, might disrupt US trade and challenge US companies in MSRI countries if they receive support from state-owned banks. Global macroeconomic stability could be jeopardized if nations fail to repay MSRI funds and might find themselves in a debt-trouble. In the region of the Indian Ocean, MSRI has strategic ramifications for the United States, in terms of security, politics, and economics, given its scope.

This chapter has been divided into three sections; economic implications, political implications and security implications and link to U.S struggles due to Chinese MSRI in Indian Ocean Region.

3.1 Economic Implications

The Maritime Silk Road Initiative is expected to offer much-needed funding to poor countries, allowing them to create the infrastructure needed to eliminate power outages, alleviate transportation bottlenecks, and improve the global competitiveness of many economies. Even if it is not the official member of the MSRI, the United States would likely be at an advantage in a few ways in the event that MSRI builds foundation that

quickness worldwide financial growth were U.S. companies able to offer equipment and fabric required within the generation, upkeep, or operation of the framework built in MSRI nations, those U.S. firms would stand to benefit. To the degree that present day framework brings down transportation and communications costs in MSRI nations, U.S. manufacturers exchanging with and working out of those nations would too be at an advantage. Political stability in the developing world is usually associated with financial development, and the United States would definitely gain advantage from the noteworthy steadiness and stability in the everyday evolving world⁵⁸.

However, once MSRI is fully implemented, it will probably result in the costs being impressively exceeding the benefits for the United States. MSRI has increased the debt levels of certain member countries to unsustainable levels. MSRI projects are primarily carried out by China's contractors and are subject to a largely restricted bidding process that excludes companies from other nations and the US. China's thrust to set specialized benchmarks through MSRI and its banks' capacity to supply appropriations to firms building MSRI ventures will likely influence the playing field in a few nations absent from non-Chinese multi-national organizations, as well as related firms. In numerous MSRI nations, the United States will battle to keep pace with China as Chinese firms quickly pick up showcase share and Chinese specialized guidelines ended up the standard. When these developing obligation debt in MSRI nations materialize, they will weaken worldwide financial development and macroeconomic solidness at a time when the COVID-19 widespread has as of now driven to the most honed worldwide financial withdrawal since the Extraordinary Misery. Obligation emergency too have the potential to extend the hazard of a monetary emergency.

Nations that go through an emergency will likely save a long-lasting financial withdrawal, which would lower request for U.S. goods. A debt emergency that happens in the midst of

⁵⁸Gao, May Hongmei, "Globalization 5.0 Led by China: Powered by Positive Frames for BRI." *China's Belt and Road Initiative*, Springer International Publishing, 2018, pp. 321–35.

a widespread epidemic would be indeed more disastrous, as the nation would likely be constrained to cut back on social administrations in order to meet debt commitments, which might obstruct endeavors to contain COVID-19 and deal with its consequence. At last, debt-trouble that comes about in nations renting back major ventures or collateralizing a high rate of their advances implies more nations might end up financially dependent on China, which China may use to extricate political concessions in ways that weaken U.S. interface.

In spite of the fact that Beijing reliably emphasizes that MSRI ventures are open to all bidders which it would welcome organizations with outside companies on ventures, Chinese companies still win the tremendous lion's share of MSRI contracts. An examination of the temporary workers partaking in Chinese-funded ventures appears that 89 percent are Chinese companies, 7.6 percent are nearby companies (companies headquartered within the same nation where the extend was taking put), and 3.4 percent are remote companies. Ventures financed by MDBs, be that as it may, favor nearby temporary workers (40.8 percent), with a harsh part between Chinese (29 percent) and other outside companies (30.2 percent). MSRI has aided China's construction contractors in becoming worldwide leaders, with the top five and seven out of ten slots in the world's list of global contractors. Today, not a single American company is even in the top twenty⁵⁹.

Additionally, Chinese funding-tech companies defined as those utilizing technology-enabled advancement in monetary services—have been quick to address this neglected requirement in a number of MSRI nations, especially in Southeast Asia and Africa. In spite of the fact that Chinese private companies are driving outward extension of Chinese fintech, they regularly utilize the MSRI or Computerized Silk Road designation to win

⁵⁹ Chaisse and Julien, "*China's International Investment Strategy*", Oxford University Press, USA, 2019.

residential political backing for their foreign commercial extension and to take advantage of MSRI projects' market access⁶⁰.

China's fintech companies have developed altogether in later a long time. China's biggest fintech company, Ant Group, has quickly extended its reach abroad, contributing in banks, protection companies, and installment frameworks suppliers. Ant's portable installment app, Alipay, is evaluated to have more than 1.3 billion clients, 900 million in China and the rest concentrated in MSRI nations, which speaks to about four times as numerous clients as the biggest U.S. versatile installments company, PayPal.

Tencent, which has been pushing its WeChat Pay into many of the MSRI regions, including Thailand, Indonesia, Russia, and Malaysia is quick on Ant's heels. China is ideally positioned to dominate this market as fintech companies rely on massive volumes of data and AI to maximize their contributions. For instance, WeChat Pay and Alipay collect a noteworthy quantity of data on cash movements, cash spending and credit evaluations owing to their possession of more than ninety percent of China's vast mobile payments marketplace. China, the beholder of the world's biggest e-commerce marketplace has a sturdy foundation because the data produced from its digital market can be used for the expansion of fintech into other countries; government incentives and subsidies, particularly for development of the data storage infrastructure, that has aided in Chinese fintech companies' rapid growth (despite Ant Gro's recent shelving)⁶¹.

In other nations, the Individual and small and medium-sized organizations (SMEs), especially those along MSRI, can benefit from these fintech firms' ability to leverage a massive quantity of data to create smarter and more personalized services. Beijing is likewise concentrating its efforts on blockchain ledgering. Beijing developed the

⁶⁰Xiao, Xi, and Honghua Men, "The BRI and China-World Interactions", *Understanding China*, Springer Singapore, 2021, pp. 97-116.

⁶¹ Zhao and Suisheng, "China's Global Reach", *Routledge*, 2020.

Blockchain Service Network in 2020, anticipating that the blockchain technology will be basic framework for the upcoming high-tech modernization (BSN).

BSN is a blockchain-based platform that aims to provide software developers with a less expensive alternative to conventional server storage space offerings. Many important blockchain projects have linked to BSN and integrated their individual chains with it, allowing developers to build apps on less expensive and larger BSN⁶².

As a result of this integration, Beijing is able to carry-out the "international plumbing," which includes France, Japan, South Africa, Brazil, the United States and Australia's network infrastructure. "Once the BSN is deployed internationally, it will become the only global infrastructure network autonomously invented by Chinese organizations and for which network access is Chinese-controlled," according to China's BSN white paper. Many MSRI countries welcome Chinese fintech firms, which have the potential to bring the small enterprises and more people into current financing by providing reasonable payment services, loan and insurance. Because China's Fintech Platforms shut out the local and central banks, hence many of the other countries have raised their objections, as it makes it more difficult to reason for financial assets, and endanger the hardwiring of their banking systems to the Chinese economy. For these reasons, Indonesia and Nepal have prohibited people and trades from dealing out with WeChat and Alipay expenses. Some observers are concerned that Chinese corporations' ownership of BSN, which might give Beijing control over block chain networks outside of China, poses safety risks comparable to those raised about Chinese companies owning 5G networks.

If illegal artists employ BSN-based applications, the US' capability to yield enforcement measures related to crypto currency or indict individuals breaking the US regulations connected to specific cybercrimes may be contingent on the assistance by China in

⁶²Ram, Jiwat, and Zeyang Zhang. "Belt and Road Initiative (BRI) Supply Chain Risks: Propositions and Model Development." *The International Journal of Logistics Management*, no. 4, Emerald, Sept. 2020, pp. 777–99.

providing the digital data evidence needed to establish a law implementation case. Analogous worries have been raised about China's fast-moving ambitions to replace its physical currency with a digital Yuan, termed the Digital Currency/Electronic Payment (DCEP). The layout of DCEP offers surveillance of all users' financial transactions of China's central bank in real-time, boosting the hold of government over personal activity potentially and extending its "digital authoritarianism."

Regardless of China's intentions, the economic hardship caused by the pandemic could render some of the MSRI project sun feasible, culminating to charges of debt-trap financing. According to the International Monetary Fund, the COVID-19 epidemic would be known to have resulted in the worst financial disaster on the globe since the Great Depression and to have contracted the global economy by 3.5 percent in 2020.

The developing countries have been struck particularly hard, for they do not have a systemic governmental mechanism to help them take the blow and to witness remittance loss and a capital flight. The International Monetary Fund (IMF) reported in February 2020 that large numbers of the world's most undeveloped nations were facing or are likely to face a grave danger of debt distress. A major credit rating agency had reduced the outlook on at least fifteen MSRI countries to negative as of June 2020.

Foreign exchange constraints have also resulted in debt servicing costs nearly doubling. COVID-19 epidemic has sparked fears of a major debt catastrophe in emerging markets. Major financial institutions have attempted to respond. The International Monetary Fund (IMF) announced an open-ended vow in March 2020 to support member countries by using an amount of 1 trillion dollars of its lending capacity. The International Monetary Fund has granted as much as 100 billion dollars for economic support to 85 members out of 189, with a total lending commitment of over \$280 billion. MDBs have also approved \$57 billion in aid for developing nations. Almost all of the money went to underdeveloped

countries. Indonesia, Egypt, Bangladesh, Pakistan, the Maldives, and Nigeria, among other MSRI countries, are amongst the top receivers of global aid⁶³.

The needs and current level of aid provided by the IFIs and MDBs to the MSRI countries still face a significant gap. Emerging markets, according to the IMF, require the minimum of \$2.5 trillion economically to withstand COVID-19 associated financial disruptions, substantially more than rendered. Latest IFI funding will not be able to meet all of these requirements. Djibouti, Laos, Maldives, Pakistan, and Zambia are among the MSRI countries that have requested Beijing for debt relief and loan renegotiations. As stated by Kyrgyzstan that it has reached an agreement with China EXIM, the country's major solitary creditor, to postpone \$1.7 billion in debt obligations. Beijing provided Sri Lanka with a new \$500 million loan after the CDB increased its credit line to \$700 million, slashed interest rates on loans, and postponed repayment. Numerous debt renegotiations, however, loom in the horizon.

Before the pandemic, China had begun to deal with the condemnation of its lending practices by signing on to the Group of Twenty (G20) Operational Guidelines for Sustainable Financing, establishing a training center in Beijing in collaboration with the IMF to assist countries in improving their abilities to analyze debt sustainability; creating a Multilateral Cooperation Center for Development Finance by attaching an MOU with eight MDBs; Promoting the G20 Quality Infrastructure Investment Principles; and releasing a debt sustainability framework that it said was equivalent to IMF and World Bank standards.

⁶³ Aslam, Mohammed Kamran. "Influence of covid-19 at global level." *COVID-19 Pandemic Update 2020*, Royal Book Publishing, 2020, pp. 192–98.

3.2 Political Implications

There is an effective beckoning aspect of MSRI projects, promoting a description in host nations that their forthcoming success is indistinguishably secured to solid bonds by means of Beijing. In December 2020, the European Union (EU) which signed on to MSRI projects along with its twenty-seven affiliated states, arrived into the EU-China Comprehensive Agreement on Investment (CAI), in spite of a caution from the arriving Joe Biden government to standby and unite forces with the United States on a mutual appeal to China. Despite the fact the European companies invested in China are provided by some market admittance guarantee by the CAI, for China it signifies a foremost geopolitical success, expanding the division of a solid nation state with profound financial bonds in Europe standing elevated on the global stage⁶⁴.

On Beijing, governors of state assemble for Belt and Road councils, where about they listen to Xi Jinping and mark contracts for substructure progresses along with co-operative letters that thank China for accommodating such proceedings. UN Secretary-General Antonio Guterres, at the Second Belt and Road Forum, praised MSRI's "immense potential," lauded it for partaking "sustainable advancement as the predominant aim," and guaranteed the "United Nations system stances equipped to travel this road with you." MSRI can therefore be realized as an essential component of a wider approach to reinforce China's geopolitical encouragement and global stance.

Many have the confidence that China is a more momentous monetary actor as compared to the United States in a wide range, because of the MSRI project, although U.S. private-sector speculation typically exceeds Chinese asset. Despite of the fact, U.S. organizations endeavors globally, they are not recognized as adjuncts of the nation, and every so often, publics are not even aware of these as U.S. corporations. In MSRI projects the participating

⁶⁴ , Brill and Nijhoff, "BRI Initiative: A New Model of Development Aid?" *The Belt and Road Initiative*, 2018, pp. 416–53.

U.S. organizations typically act as subcontractors or circumstantial service benefactors such that U.S. emblems might on no occasion give the idea at a construction location. By distinction, the occurrence of Chinese organizations is additionally visible. Thus, even if the stock of U.S. straight speculation in Southeast Asian nation states exceeds ventures by Chinese companies, an investigation of Southeast Asians exposed that 79 percent of suspects supposed China had the furthestmost financial influence in Southeast Asia, while only 8 percent alleged the United States was the well-known commercial power in the area.

China was supposed as the most powerful political and tactical actor by the 52 percent, if compared with the United States which was believed only by the 29 percent, and 47 percent stated slight or zero assurance in the United States as a premeditated companion. The similar outline holds within Africa, whither the assets of U.S. direct speculation on the landmass remains advanced as compared to Chinese ventures, but people see China to stand as the greatest and persuasive economic performer.

China is believed to exert more external effect as compared to the United States, according to the report of people in 36 African nation states, straggling their previous foreign influence only. The utmost significant aspect conducive to this duty was China's speculation in substructure on the mainland, motivated by means of the MSRI project. Even though MSRI consumes the probable to reinforce China's rigid and easy influence, mistakes with some ventures, exploitation shames, growing alertness of mortgage problems, bitterness concluded the considerable influx of Chinese industry dislocating residential employees, and the damage of homegrown sovereignty over missions have joint to limit MSRI's involvement to the development of China's influence. In MSRI countries, communal remonstrations have turned out to be progressively public. For instance, In Sri Lanka and Cambodia, residents have partake complained being evacuated for MSRI missions and not being paid assured reimbursement.

Analogous investigation was taken in the South-eastern countries of Asia which discovered that 64 percent possess diminutive or zero assurance into the MSRI projects, and 72 percent

of individuals who see China as the greatest dominant monetary influence are anxious regarding China's mounting economic supremacy.

The financial influence⁶⁵ over republics into politically aware stimulus has long been pursued to be translated by China, making an effort to attain prohibition control over other states' tactical verdicts or chastise them for electing Beijing faces. China stressed Cambodia to hinder ASEAN determinations hazardous of Chinese applies in the South China Sea, responded in contradiction of South Korea for its verdict to appoint the Terminal High Altitude Area Defense (THAAD) warhead security system, confiscated Filipino significances to display its discontentment atop the regime's SCS prerogatives, to be found limitations taking place in Norwegian salmon to penalize the state afterwards the Nobel Peace Prize was bestowed to a Chinese unorthodox, and efficaciously overstretched Greece and Hungary to wedge the European Union EU from disparaging China at the United Nation Human Rights Council (UNHRC).

Beijing imposed charges on a bushel Australian goods and commanded dealers to stop purchasing several Australian supplies lately, when Australia called for an enquiry in the origins of COVID-19 pandemic. Through connecting financial prudence with China and prevailing nations to rely more on Chinese economics, MSRI projects affords Beijing with extra geopolitical power. China's core aim and objective is luculent: it is to make countries dependent on entree to the Chinese exchange business and Chinese economics for financial development whereas guaranteeing that China turn out to be extra self-reliant for its individual requirements. In debates to the world-wide onlookers, Xi Jinping has widely highlighted China's assurance to financial privatization, nevertheless to the CCP

⁶⁵He, Baogang. "The Domestic Politics of the Belt and Road Initiative and Its Implications." *China's New Global Strategy*, Routledge, 2020, pp. 104–19.

associations, he has hassled the necessity to “stiffen the dependency of the global manufacturing cable on China⁶⁶.”

On the assumption that an impenetrable, ill administered tactic matures into a sample applied along the MSRI passages, dense and perilous ventures may perhaps turn out to be the standard, accompanied by the dogmatic and permissible benefit these give onto Beijing. Several MSRI projects hold form through casual, corporation-based, or interpersonal approaches, relatively than the extra instructions-based method utilized by the United States in the shape of bilateral investment Treaties (BITs), able trade treaties, or the multifaceted instructions of the WTO. Consequently, numerous of the customs being shaped by distinct MSRI contracts are not translucent and are repeatedly transferred in realms that want sturdy authorized averages meant for complex dealings straddling entire features of marketable, economic, and outlay law. The Highest Commons Court of China has issued paradigm cases concentrating on communal MSRI problems, illuminating few profitable guidelines and occupation for the unchanging request of commandments; nonetheless these archetypal cases aid merely as supervision for arguments carried in inferior Chinese law lords and consequently are improbable to make crystal clear models. Furthermore, through appealing in resistant, case-by-case constricting, China creates difficulty for nations to make comparison notes to recognize the comparative worth of schemes or act cooperatively to drive back on biased standings.

Lately in order to handle the MSRI disputes, China enacted two global courts. Assumed in what way communal arguments stand in multifaceted creation projects, these Chinese benches or the supplementary deep-rooted mediums for global adjudication in Hong Kong, London, New York, and Singapore are to be expected to aspect amplified caseloads.

⁶⁶ Whitwell, Richard, “The Potential Impact of Recent Changes in Australia’s Fair Trading Policy on Trade with China”, 2012.

Lawful political analyst concerns that MSRI controversialists possibly will derive under compression to settle down in the novel Chinese magistrates.

Even though China does that these law court most probably will evade the present amalgamation of residential courts and intercontinental settlement which is “complex, inefficient, and expensive,” one more inspiration might be to advance a location that smears Chinese commandment in actions directed in Mandarin as a mean to guard Chinese corporations.

Encouraging these innovative benches possibly will also supplement a wider objective of efficiently transferring legal customs of China as parties to MSRI agreements originate below compression to appoint Chinese-trained barristers to tackle the agreement and quarrel resolve procedure, in the method flagging universal decree and the civil liberties of MSRI multitude realms

The training of overseas officials can also be used by China beneath the sponsorships of MSRI as an implement to blow-out its opinions on financial progress and governance. Unambiguous conversations and training extraneous politically aware particulars, administrators, and intellectuals is a support of MSRI. Xi also mentioned an “educational Silk Road” to MSRI, and China has established a Silk Road scholarship⁶⁷.

In the context of BRI, the Chinese Academy of Sciences (CAS) contains over 1,300 alumni studying and leading study in China and trains couple of hundred Ph.D. scholars per annum. Nine research as well as training centers are also introduced by CAS in MSRI nation states in Africa and Asia and also co finances research projects in several extra MSRI associates. In the course BRI, China has formed the Association of International

⁶⁷ Xie, Zheping. “A Quiet Success.” *China and Europe on the New Silk Road*, Oxford University Press, 2020, pp. 86–99.

Science Organizations (ANSO) that brings composed scientific research administrations world-wide as well as UNESCO.

The US has selected to decrease the quantity of predominate academic Its programs are becoming increasingly limited, making it more difficult for international students to study in the United States, while China is supporting MSRI to form connections with emerging intellectuals. Henceforward, researchers and intellectuals possibly will have scarcer bonds with the United States and will further encounter collaborating with Chinese academics and educational institutes. The United States also experiences an upcoming era in which numerous representatives in external regimes will have been schooled in and prejudiced through China's system, with scarce United States educational administrators in individuals' levels.

3.3 Security Implications

China's naval determinations comprise proclaiming its power over borderline geographies and regions and launching local ascendancy, in the Initial Island Chain in the western Pacific; elsewhere the region, its goals are presently more adequate and embraces entree to seaports, impact in further states, and shielding its foreign benefits, counting admittance to serious provisions. As the globally principal energy trader, China doubts that in occurrence of a conflict with the United States, U.S. services could barricade the passages of Malacca⁶⁸, parting of the massive mainstream of China's energy source. The sea lines of communication are pushed to be secured by Beijing, via constructing and attaining admittance to anchorages along with the Maritime Silk Road could be taken as an effort in part to report its "Malacca Dilemma." A operational port by the side of Gwadar, and a tube line linking it to China, would hypothetically permit China to evade the channels of Malacca and aid release this problem.

⁶⁸Zhang, ZhongXiang, "China's Energy Security, the Malacca Dilemma and Responses." *Energy Policy*, no. 12, Elsevier BV, Dec. 2011, pp. 7612–15.

Beijing fears that it absences the admittance provisions which are compulsory for the defense of its considerable foreign benefits, along with its general security white paper perceiving “insufficiencies in foreign procedures and sustenance.” In order to overcome this inadequacy, Chinese martial tacticians have contended the country must obtain “foreign strategic strong suit” in the Pacific and Indian Oceans, and MSRI’s route embraces these strong suits. China has zero official military associations and presently has a mere minor external armed origin in Djibouti, utilized mainly to provision combat piracy and intermediation operations.

As part of a wider treaty providing China restricted rights to a Cambodian maritime post, China is also stated to be constructing two innovative maritime supports in Cambodia. China apparently does not aim to be looking for a United State type system of foreign headquarters and admittance treaties, nor does China hitherto have in residence the functioning notions and associations to withstand huge foreign martial operations. As an alternative, the People’s Liberation Army (PLA) possibly will depend on admission to a diversity of marketable harbor services to fund its procedures and logistics abroad.

Chinese organizations possess, moderately have, or function slightly around hundred or less ports across the world. Companies with strong bonds with the CCP have and activate several of these ports that are focused adjacent to the naval borders and censorious marine lines of transmission. MSRI is a mean to enlarge this stimulus. Chinese banks have bankrolled many sea ports across the globe under the sponsorships of MSRI, whereas Chinese organizations have reserved proprietorship risk factors in the ports via funding, building, and functioning this massive chain of foreign anchorages, China has increased fluctuating notches of power over chief naval profitable services, and Beijing identifies the worth of these services. In the opinion of an ex Sri Lankan overseas secretary, for instance,

it was made crystal clear by China in discussions regarding the Hambantota port that intellect allotment would be a scheme of the contract⁶⁹.

Nevertheless, Chinese armed tacticians recognize several obstacles to utilizing profitable services to withstand main martial procedures. In a few cases, uncertainly if Beijing pursued to scheme military authority exterior to the East Asia, it probably will want to reorganize current ports to lodge major combat ship and linked conservation and logistic action.

In additional examples, the (PLAN) would partake insufficient difficulties to reduce. Even though Gwadar is a non-PLA base and the PLAN has hitherto to dial a port call at the service, the Islamic Republic of Pakistan Merchant navy activates Chinese-built vessels exterior to the port, and therefore it certainly will not be problematic for the PLAN to custom the equivalent services and percentages to bear operations. Gwadar is also capable to moderate the PLAN's main ships, and the port's absence of marketable action and seclusion forms it to be a necessary place in order to accomplish military processes⁷⁰.

Consequently, the directors of United States ought to remain in agreement to the prospect that China may perhaps follow a chain of foreign headquarters, as well as at Gwadar, that offers a convincing organizational center for the PLA Navy (PLAN). But then such a change is improbable to arise in the upcoming time, as a consequence must it occur, the US probably will have substantial cautionary period in which to retort. Prior to China safeguards genuine base admittance, its capability to practice marketable seaports in time of war is inadequate.

⁶⁹ "China, BRI, and Sri Lankan Foreign Policy," *Conundrum of an Island*, WORLD SCIENTIFIC, 2021, pp. 53–98.

⁷⁰Brewster, David. "The MSRI and the Evolving Naval Balance in the Indian Ocean." *China's Maritime Silk Road Initiative and South Asia*, Springer Singapore, 2017, pp. 55–79.

However, China's port power could have foremost tactical consequences for welcoming countries, as well also for the United States. If any of the ally of the United States treaty is the host, its self-protection or broader provincial possibilities may perhaps depend on the US' capability to low organization in catastrophe or war. If the particular anchorage is possessed or functioned by a Chinese alliance with strong bonds to the administration, Beijing can smear burden, avoiding or postponing the commerce's treatment of martial organizational and provisions essential for protection.

As an example, a Chinese SOE, COSCO, previously censored by China's Department of Transport, embraces a mainstream place in the port consultant at Piraeus, Greece, and operates the whole seaport. A verdict to shut the seaport to United States militaries may perhaps damage the United States and North Atlantic Treaty Organization (NATO) procedures in contradiction of Russia. In Haifa, Israel, an equivalent risk is existing; a Chinese corporation is dignified to function the port for the next twenty-five years there. A similar outcome may perhaps have penalties for processes all over the Eastern Mediterranean and Levant. Although, lacking China's being capable to utilize marketable naval ports as headquarters, Beijing may yet repudiate the United States martial army the capability to custom them. These types of activities would considerably impact potential United States processes in Asia, Europe, and the Middle East. The novel plague is improbable to modify Beijing's naval desires. As an interim measure, China's ship manufacturing business acquired a success accordingly of isolations and homebody orders, upsetting accomplishment time limit. PLA Navy employment was provisionally stopped, intensifying a lack of marine flight aeronauts. These postponements consume combined continuing restrictions inside the PLAN, as well as a deficiency of rudimentary logistic and sustenance proficiencies essential for blue water procedures.

China's strategic interest in port access abroad, in spite of the existing setbacks, is probable to keep on elevate. In the vicinity, MSRI port ventures may perhaps be unlikely to be negated as compared to other passage missions, as they are frequently recognized via sub-national establishments where residential opinions could be extra enthusiastic to perceive

the project to accomplishment. Severe obligation emergencies could take MSRI port entertainer to let back port risks or resources to China as they hunt for liberation, which probably will upsurge China's controls of resistor over these energetic protuberances.

China may perhaps secure from its port schemes the nonmilitary advantages which are least examined and unstated. Firms strongly affiliated to the Chinese regime economics, paradigm, and function foreign ports as division of the MSRI project. Port sponsoring may perhaps permit Chinese firms to triumph dogmatic compensations, recompense factions, or admittance possessions in host nations. Port building represents businesses with intellect gathering potentials, while functioning the ports represents plentiful better intellect-composing chances with fewer chance of recognition.

Functioning ports also might let China to operate employment movements as a method of monetary permissions or to repudiate overseas performers' admittance to ports. China's seaport schemes also provide Beijing the chance to construct profitable associations with the entertaining state and spread radical benevolence:

- China might advantage a beneficial tactical spot: improved contact to marine lines of transmission; the potential occasion to progress its supremacy state comparative to a opposing; or immediacy to constrictions that may perhaps aid assurance its vigor sanctuary and liberty of action in catastrophe or fight.
- It may well attain the capability to rule external approach to sea-ports, put binary use amenities in the direction of martial resolutions, and acquire profitable or monetary data that is diplomatically, financially, or in a military way useful.
- Lastly, it may require specific intellect assistances if a port deceit upon a Chinese or external submarine chain terminal or nearby a United States military service.

The possible insinuations of Chinese ports for united states welfares fluctuates significantly reliant on the procedure and degree of Chinese risk factor in the ports, dogmatic conditions of the host nation state, immediacy to U.S. martial amenities, and additional figures. It

should be assumed by the United States that a foremost port venture will provide China better political and financial influence with the host nation state. The particular hazard would be greater, if the nation state is even now beholden to China and more diplomatically significant if the particular state is a companion of United States. In circumstances where, a Chinese cooperation possesses and activates the whole port, instead of a sole terminal, and has strong ties with the Chinese government, and the host state is financially reliant upon China, the United States may perhaps be particularly to be expected to have its individual martial admittance left without in a time of delicate tensions⁷¹.

It should also be assumed by the U.S, that China may perhaps sooner or later consume a port capability for binary usage or military resolutions, in order to withstand personal military maneuvers. This will probably, limit United States military liberty of act in the nearby regions. China may perhaps utilize the ports to gather profitable data, whereas, in several other cases China may gain military aptitude assistances. Chances for significant intellect assembly are advanced at ports that facilitate as boundaries for submarine chain transportations systems, and are expected to be exclusively high at port accommodations functioned by China that aid as stations for Chinese-built submarine network systems.

Conclusion

U.S has dominated in the Indian Ocean Region but after the induction of Maritime Silk Road Initiative, it created problems which threatened U.S politically, economically and militarily and worked in favor of China in establishing its influence around the globe providing a strong position to influence in the Indian Ocean region along with the strong diplomatic tool.

⁷¹ Blanchard, Jean-Marc F, "Belt and Road Initiative (BRI) Blues: Powering BRI Research Back on Track to Avoid Choppy Seas," *Journal of Chinese Political Science*, no. 1, *Springer Science and Business Media LLC*, Jan. 2021, pp. 235–55.

Chapter Four: U.S Response to China in Indian Ocean

In the course of recent years, since the beginning of Maritime Silk Road Initiative by China, it has fundamentally broadened its impact and subsequently positioned its navel appearance in the Indian Ocean region. The islands, littoral states and waters of the Indian Ocean—characterized here as the straits such as Cape of Good Hope, Bab el-Mandeb, the Strait of Hormuz, the Malacca Strait, and the Torres Strait—are important to expand influence in the more broader Indo-Pacific region, however they establish a prominent strategic landscape⁷². The strategic competition between United States with China reaches out in the Indian Ocean domain; however it doesn't opted similar designs like the severely heavily armed territorial conflicts of the Pacific Ocean's western rim or the South China Sea, which engage the majority of officials' and military planners' attention in the United States. The Indian Ocean is faced with a hand full of strategic dangers and a unique constellation of like-minded partners; a successful strategy must take these aspects into consideration.

The People's Liberation Army Navy (PLAN) has kept a naval task force in the Gulf of Aden since 2009, reportedly to conduct anti-piracy operations. The PLAN maintains a steady presence of seven to eight naval ships in the Indian Ocean at all times, with periodic surges, due to its task group and frequent oceanographic survey and submarine deployments.

Djibouti, on the western side of the ocean, was the site of China's first-ever overseas military post in 2017. It is building or developing a number of additional ports from Tanzania to Indonesia under the Belt and Road Initiative (BRI), which might be used for both civilian and military purposes. It has also increased security cooperation with regional governments, in addition to its fast increasing commercial importance and in addition holds

⁷² James Stavridis, “Sea Power: The History and Geopolitics of the World’s Oceans”, (*New York: Penguin Publishing Group, 2017*), 27-28.

⁷²M. Rasgotra, “The New Asian Power Dynamic”, (*New Delhi: Sage Publications, 2006*), 212.

robust security cooperation with Pakistan and is a key regional arms exporter, particularly to Bangladesh and Myanmar.

China has dramatically increased the number of military drills it organizes with regional governments over the past decade. The US, including its friends and allies will face strategic challenges as a result of this military buildup. It offers China a fast-growing potential to employ military coercion in the Indian Ocean realm, both directly through military involvement and indirectly through pressuring regional nations to modify their security policies. With access agreements and operational expertise to project power across the Indian Ocean, China has an edge in the event of a future war in the area.

This chapter is divided into two parts Quad and Strategic Alliance with India and tries to establish U.S efforts to protect its stakes in the Indian Ocean Region.

4.1 QUAD

The United States and some of its equal allies in reaction to negative developments to its interests in the Indo-Pacific have agreed to commit themselves to a kind of regional situation under the catastrophe of the "Indo-Pacific free and open state." The four most influential powers and the pull backs on China's entry — the Australia, United States, Japan and India — collaborated and formed "Quad," which will aid them to negotiate and ultimately organize policy framework. Quad has proposed among its participants a period of consultation at the clergy level, joint military exercises, and military-to-military cooperation to fulfill its objectives⁷³.

One of several leading intensely monitored issues of the U.S administration's Indo-Pacific Strategy is that the responsibility viewed by the Quadrilateral Security Dialogue, or "Quad," holding Australia, India, Japan, and also the US. The agreement has met five times

⁷³Vivek Mishra, "India-US maritime cooperation: Crossing the Rubicon", *Journal of the National Maritime Foundation of India* 14(2019): 4-5.

since it was resurrected from a decade-long hibernation in November 2017, with a focus on sustaining the liberal rules-based international system that China aims to weaken or overthrow. The Quad represents a cohesive commitment between these four countries to oppose China's rising confidence in the Indo-Pacific.

However, what has been said about the Quad thus far is that it has resisted outright naming China as the major target it aims to contain. Indeed, neither the US Indo-Pacific Strategy nor the Quad news releases from each country's various foreign affairs agencies included the phrase "China," nor did the US Indo-Pacific Strategy, in referencing the Quad, clearly relate Quad discussions to addressing China.

This is not a minor concern and since the Quad's first theme, in 2007, came apart primarily because Australia and, to a lesser extent, Asian nations were unsure how far to press China while without jeopardizing other aspects of their bilateral relations with the Chinese capital. Only one defection to a softer stance on China may mean the end of the Quad once more. This landing approach appears to vary, at least for the time being. For the primary time within the Quad's history, the celebs square measure orienting for a more durable line on China, thus the effects going forward might be essential.

Initiating with Australia, the spread of tensions arising from Beijing's South China Sea and Taiwan policies, the promotion of Huawei in Australia, and threats of economic retaliation amid Australian calls to carry China in command of the coronavirus have all soured the mood among leaders in the Australian capital. On July 1, Australia announced a military strategy update and force structure plan that, while reaffirming the 2016 paper's emphasis on the predominance of US-China great-power competition on Australian national security many noted that “since 2016, major powers have become additional assertive in advancing their strategic preferences and seeking to exert influence, together with China's active pursuit of bigger influence within the Indo-Pacific.”⁷⁴

⁷⁴Rasheed,Zaheena. “What is the Quad and can it counter China’s rise?” *Aljazeera*. 25November 2020.<https://www.aljazeera.com/news/2020/11/25/what-is-the-quad-can-us-india-japan-and-australia-deter-china>

As of July 2018 many observers noted that India was the “weakest associate in the Quad,” and it is seen as gradual reverse in New Delhi's deal with the group. In early 2019, India appointed earlier foreign secretary, Subrahmanyam Jaishankar, to the position of minister of outdoor affairs. Jaishankar is a supporter of the Quad, and he was adept to convince Indian principal Minister Narendra Modi in mid-2019 to comply to Japanese first-rate Minister Shinzo Abe's application that completely four courtyard country leaders sit collectively across from Chinese head Xi Jinping at the G20—a symbolic, albeit implicit, display of Indian brace for the patio that formerly would come up with been unimaginable.

The recent developments in the region, India's relationship with China has crumbled drastically, notably along its contentious terrestrial frontier in the Himalayas, known as the actual control line (LAC)⁷⁵. Despite the fact that both parties agreed on July 5 to conclude their military comparison, the harm appears to have been done. Even the most passionate proponents of maintaining China's balanced ties are shifting their attitudes, making it increasingly likely that New Delhi will become the quad to confront China. In reality, the months of military retaliation between India and China in Doklam, a union of a court that includes Bhutan, may have been the turning moment for New Delhi to return to Quad in 2017.

Japan contribute as major tenant in Quaderateral arrangement While Australia and India appear to be more at comfortable with the arrangement, Tokyo has not wasted any time in improving its capacity to be a better partner inside the Quad group. Japan regularly share intelligence with its ally the United States. Furthermore, Tokyo's Ministry of Defense established a new section last month to strengthen Asean and Pacific Island Aces collaboration with New Delhi and Canberra. On July 14th, Tokyo released its annual defence paper, in which he stated that "China continued continuously unilateral attempts

⁷⁵ “The Prisoner’s Dilemma for India and China: Ladakh LAC Dispute”, *Journal of Xidian University*, no. 10, Engineering Skill Development, Oct. 2020.

by changing the status quo from the coercion in the sea area around the islands of Senkaku, which leads to a serious question of concern " .

It is most probably expected by India to, ex India-Japan-and-Australia-deter-China have a tendency to invite Australia to the coming Malabar naval practices the contemporary year, Japan and United states will particularly be taken in accord to the tradition. Due to the two-sided connection between New Delhi and Canberra erstwhile invitations were stave off, but carrying the tradition in 2020 would direct a strong memorandum to Beijing, that its recent conduct in the Himalayas is ever more asserting India into the Quad's encirclement. All four nations, irrespective of the current consequences, made a decision to deepen their mutual resistance and security partnership among them as they all approved the fact that in order to preserve the growing aspect of Chinese decisiveness all over the region “free and open” Indo-Pacific has become essential. A widely willing anti-China Quad is possible to both damage and benefit the group in the upcoming era. It is more likely to harm the Quad for the reason that it will feed Beijing's narrative that the Quad is a martial union destined to “contain” and bully China, and that this tactic is threatening to the region. An anti-China Quad could persuade the Russian republic to further meticulously associate with China, or Beijing might give a boost to opposition in Southeast and South Asia as well as in different regions to compete with Quad aims.

The Quad in order to counter China, on the comforting prospects would eventually have a real aim, which was sternly required previously. The disorganization of Quad mission outstanding to differing interests amid the contributors have many times been contended by the critics. Preservation of this problem alone should advantage these realms to improve and organize their tactics to accomplish their united goal. The enhancement of their “strategic leverage”, in order to develop the political alliance and military skills that unites the principal leverage and interrupt China’s ability to force local states or dynamics for wartime benefits must be the core task of U.S. Growing US and compatible powers’ strategic leverage would preferably convince Beijing that forced policies are ineffectual or too inflated. Amongst the United States’ concurring associates, India would have the

utmost possibility to act in the Indian Ocean area, given its virtual compensations. A comprehensible approach would be most operative if it utilizes India's sole benefits, still it must also account for India's specific supply and procedure limits and be customized consequently; immense weapons purchases agendas are absolutely not the response.

The United States and its allies, in spite of the risk have not detained the rising Chinese local military supremacy. Up to now, faulty strategic logic and impractical assumptions, were the bases of their responses. The defective logic is an attribute of tactical perceptions poorly matched to the Indian Ocean region. Certainly, some arguments neglect a clear deliberate logic overall, calls for assembling regional companions' abilities rely on ambiguous concepts of neutralizing and frequently hooves, addressing how tougher associates would moderate the definite security hazards of Chinese force or wartime benefit.

Concerning the view of point to reshape Chinese defence priorities several analysts offered tactical notions that centre on a longstanding "competitive strategy". There are many examples, for instance, the foremost motive recommends that vigorous Indian ground forces may coerce China to turn away a few resources' asides on or after its US-facing naval extension and on the way to the Himalayan border. But China's prearrangement of its nearby water bodies is grounded on the extremely elevated dogmatic worth it places on its self-determining entitlements and contradicting a US involvement; specified its predilection ordering and its deliberate profundity due west, any bordering possessions it dedicates to its western terrestrial borders would not originate at the expenditure of the US-China armed balance in its adjacent oceans⁷⁶.

The logical thought of discouragement by damnation was an additional erroneous concept. This reason suggests that a heterodox performer like China may be discouraged from violence, for instance, if the United States along with its allies in the western pacific,

⁷⁶Vice Admiral MP Muralidharan, "Economic and Strategic Importance of Sea in Modern Indian Context", February 28, 2019. <http://www.indiandefencereview.com/spotlights/economic-and-strategic-importance-of-sea-in-modern-indian-context/>

threaten to hit back in other zones anywhere China is comparatively feebler. Mindful of the fact that the Chinese budget depends on power flux and trade that negotiate the Indian Ocean, the particular concept proposes that naval supremacies like the States, possibly by means of Indian provision, possibly will effectually portend or execute an obstruction up on China. Although in the occasion that restriction flops, supporters of a barricade recommend it could successfully induce force on China to admit somewhere else. Indian experts, for instance, have proposed that in the middle of the continuing martial catastrophe on the India-China land boundary, India ought to contemplate more hostile maritime military⁷⁷ exercises in the Indian Sea, or even the South China Sea, to force China into support down in the Himalayas.

Due to lack of integrity and credibility, the concept of punishment in the Indian Ocean was fallacious and defective. The idea of a reserved barricade would not only be extremely problematic to endure strategically and diplomatically, but it would also ensure or result a war. China's financial strangling would therefore be disastrous for the worldwide budget and would necessitate substantial period to work, just in case it prospered to the spike of intimidating the Chinese administration's subsistence, it would promote the risk. Such sort of possibilities for tax-injunction in contradiction of China is impracticable, in any case of any possible imperfect conflict situation, the resources will be in the authority of China's leaders. Thus, perceptions grounded on chastisement might be an inaccurately striking opportunity since they bid the opposition a technique to execute expenses on China, still there's a deficiency in their philosophy of victory for discouraging or captivating Chinese actions.

The idealistic expectations have destabilized US and its companions in various cases. Utmost, US rapidly and appropriately recognized India's inherence as a counteract to

⁷⁷ Buckley R, "The United States in the Asia-Pacific since 1945", (*Cambridge: Cambridge University Press*; 2002), 258, accessed on August 21, 2021. <https://hrdy7spfcn.pdcn1.top/dl2.php?id=184881229&h=deaa4302a819e477695d3f262dc3652c&u=cache&ext=pdf&n=The%20united%20states%20in%20the%20asia-pacific%20since%201945>

China, Despite the fact this strategy is theoretically pleasing, it respites on binary conventions that are progressively analytically uncertain: that India's financial and martial supremacy will rapidly promote and rolled up with China's authority, and that the US and India will constantly be of the same opinion on crucial local matters and particularly on procedure to China.

Thus, the gap with China is escalating not deteriorating because India's economic growth is decelerating in the nonappearance of organizational improvements and its martial innovation is replete of life-threatening possessions. India has nothing to do with this issue a comprehensive hypothesis reported US military as an "atrophying force". US along with India consider China as a longstanding opponent, they both command distinguish tools and task to uphold equilibrium in the India-pacific. Whereas Washington ought to be ready to retrace its expectations regarding Indian development and rule partialities, any approach aimed at the Indian Ocean region necessarily place India at its core. The problem for US legislators is in what way not in somehow—India can perform a title role in provincial refuge, assumed its specific benefits and limitations.

4.2 US–India Strategic Alliance

The United States Following decades of foreign policy collaboration with respect to the "Asia-Pacific," the US administration has now completely foresee the Indian Ocean into its strategic vision and now refers to this geography as the "Indo-Pacific," giving India a greater role in American strategic calculations. Several of the world's major democracies are located in the area, which is rich in energy and commerce routes. While the Biden Administration has yet to progress a formal Indo-Pacific policy, it has moved rapidly to participate in the resurrected Quadrilateral Security Dialogue, or "Quad," a framework that was first created in 2007 and resurrected as "Quad 2.0" in 2017⁷⁸.

⁷⁸ Singh, Akul. "India–US Defence Partnership", *Indo-US Relations*, Routledge India, 2021, pp. 118–29.

The four member nations—the United States, India, Japan, and Australia—held ministerial-level summits in 2019 and 2020. The 2020 edition followed the India-China border dispute and Delhi's decision to allow Australia to resurrect in the Indian Ocean Region's (IOR)'s vital annual Malabar joint naval exercises, which brought all four Quad warships together for the first time since 2007. The four nations “reviewed recent strategic developments in the Indo-Pacific and discussed ways to improve Quad coordination on maritime security, cyber security and data flows, quality infrastructure, counterterrorism, and other areas” at the 2020 Ministerial Conference. They also "promised to maintain regular consultations in order to achieve the goal of a peaceful, secure, and thriving Indo-Pacific⁷⁹."

The U.S President endorsed the Quad project by addressing its first-ever summit-level conference which produced the Quad's first-ever Joint Declaration, that enshrined, "We aspire for a zone that is free, open, inclusive, healthy, rooted by democratic ideals, and free of coercion." We pledge to work together to enhance stability and development in the Indo-Pacific and even beyond by advancing a free, open, rules-based order founded on international law. We uphold the principles of law and order, freedom of navigation and over flight, peaceful dispute resolution, democratic values, and territorial integrity.. The Quad Vaccine Partnership (to increase “manufacturing of safe and effective COVID-19 vaccines”), the Quad Climate Working Group, and the Quad Critical and Emerging Technology Working Group were also mentioned in an accompanying fact sheet.

“We are striving to ensure that the Indo-Pacific is accessible and dynamic, governed by international law and bedrock principles such as freedom of navigation and peaceful resolution of disputes, and that all countries are able to make their own political choices, free of coercion,” the four national representatives wrote in a joint opinion piece. Climate

⁷⁹ Ankit Panda, “Another ‘Quad’ Ministerial in Early October 2020: What Now”, *The Diplomat*. <https://thediplomat.com/2020/09/another-quad-ministerial-in-early-october-2020-what-now/>

change and the Paris Agreement, as well as health problems, notably COVID-19, were highlighted in the essay. The historic pursuit of “nonalignment” in foreign affairs by Delhi—just recently renamed “strategic autonomy”—has resulted in a profound antipathy to international alliances and a wariness of structured multilateral partnerships outside the United States.

4.2.1 Important Relative Advantages of India

India has the largest influence out of the US allies, regarding what happens in the region of Indian Ocean as well as to counter and lower the posed regional risks. India is the most populous country with the people about 1.3 billion and is the largest near shore country. Its US\$2.6 trillion economy, double the size of Australia (US\$1.4 Trillion), 1.45 million military personnel on active duty along with para-militaries of 1.6 million for the sake of internal security which is double the size of its neighboring country Pakistan (which has 650,000 active duty personnel’s and 280,000 paramilitaries). These statistics show the facts that provide the foundation of potential expansion of material power by India over the course of time⁸⁰.

However, there are potential risks that stand in the way. The strategy implemented is very much dependent on the symmetry of material competition with China but the uncertainty regarding the power mobilization of India could result in failure of policy. In Indian Ocean Region, India due to its geography and history of its persistent relationships both formal and informal, has the greatest structural advantages. In order to cope with the risks U.S and its allies need to devise such a strategy that capitalizes on their relative benefit rather than China.

⁸⁰Priyanjoli Ghosh, “India’s Indian Ocean Region Strategy”, *The Journal of Indo-Pacific Affairs*, 31 August 2020.
<https://www.airuniversity.af.edu/JIPA/Display/Article/2331112/indias-indian-ocean-region-strategy>

4.2.2 India's Powerful Geography

India has certain geographical aspects that weigh in its side. Its central geographical position along with the far stretching sub continental coastlines that are unrestricted and in close proximity to SLOCs. These routes bridge Europe and Middle East to East Asia and are crucial to global economy and flow of energy. As by the strategist Alfred Thayer Mahan, such access is important for the gain naval powers. Germany the potential acquirer of maritime in the past, have lacked this. K.M. Panikkar, a naval theorist observed that as long as the colonizers had control over the ocean's gateway- Bab al Mandab and Malacca – they dominated the Indian Ocean and had their policies implemented across the coastal and near coastal regions Indian Ocean. Islands like Andaman, Nicobars and the Lakshadweeps that are under Indian control further help India to project power to an increased degree and magnitude. According to Mahan, the Andaman and Nicobar Islands despite of impressive geography, have not so good defense and material self-sufficiency. Another state in Indian Ocean that implies the same strategy in this case is Australia which operates its other bases outside the land which are very significant to it. Others operate their bases in Ocean such as France having its base at Reunion and US having Diego Garcia.

Looking at the naval projection of China and India in Indian Ocean, India is at advantage for projecting its naval force with greater power which is all thanks to its central geographic position and closeness to main SLOCs and chokepoints. Whereas, China has to operate its bases through long distance and predictable chokepoints which weakens the endurance and increases the vulnerability of its forces⁸¹.

⁸¹ Kaplan, Robert D, “*Monsoon*”, *Random House Trade Paperbacks*, 2011.

4.2.3 Grey Approach

Another critical advantage is the India's informal links and social networks throughout the region of Indian Ocean. These networks are the effect of the subjugation to the colonial powers. The rule of British Empire expanded to vastness. With the passage of time the colonization brought the colonizes together such as areas in South Asia and at large the coastal and near coastal areas of the Indian Ocean which resulted in the establishment of the economic and social system through cooperation. Around 30 million Indian merchants, bureaucrats, laborers, and army men moved throughout the great Empire of Britain and even to the extremes of it. Though influence and momentum of such flow of ideas and people had been lost after the war and decolonization happening in the 20th century but still the influences remain scattered along with the cultural, linguistic and familial connections⁸².

Such informal and social connections continue the provision of India's connection with not only elites but also from the regions of Africa to Southeast Asia. Despite of China being the provider of humongous largesse as we see it lending trillions to other states still it lacks to establish the persistent influence like India in states like Sri Lanka, Maldives and Myanmar, which India does so upon the basis of its social and informal connections despite of some shortcomings in infrastructure and its formal institutions. India uses the religious, ethnic and linguistic connections to gain political advantage and attaining the influence over other states of Indian Ocean region. For Example, the use of "shared-culture" has been crucial for Indian Intelligence in establishing and maintaining stealthy relations with various rebel groups. Rashtriya Swayamsevak Sangh, Indian Hindu-nationalist group created and maintained a branch especially for the cultural and political programming. Whereas China has different take in this regard. Whenever China gains agreements as a part of BRI, their strategy seems to be satisfying the local leaders in their personal gains

⁸² David Brewster, "India and China at Sea," *National Bureau of Asian Research (NBR)*, July 2016, accessed on September 1, 2021. <https://www.jstor.org/stable/24905133?seq=1>

and enrichments as we see in the case of Mahinda Rajapaksa in Sri Lanka and Abdulla Yameen in the Maldives.

Hence, we see that China has limited influence as compared to India's vast influence among the local elites which helps it in its political influence and human intelligence resources as evident by the defeat of Rajapaksa and Yameen by the leaders who excessively inclined towards India.

4.2.4 Diplomatic Agility

In the course of last decades, the productivity of India's relationships with the majority of the states in the region has increase that provide it a great advantage. States like US, Australia, Japan and France, India has been on good terms with all these status quo powers through operational cooperation and better policy making. Agreements regarding arm transfers, intelligence, military and logistics has definitely increased the Indian stand in regards of military.

However, in accordance of the "strategic autonomy", we see that India has good relationships with the other states in the region such as Iran and Myanmar with whom US and its allies don't have good relationships. China could join all areas of its continental interior to the Indian Ocean in order to unify them into one thus creating a its continental belt and a sole and secure naval road which would to some extent, reduce its dependency on Southeast Asian chokepoints. This is possible only if China gets control and secures the corridors through which the movement takes place and that are in these crucial regional states like Iran and Myanmar.

Hence we see the investment of millions in these regions by China, to build the infrastructure and military cooperation which are of geopolitical significance. China has been building its ports in the regional areas that would allow it to project its forces and power into Indian Ocean with much greater magnitude and power. US and its allies have been staying out of such stances and deny the involvement or the likelihood of political influence. Whereas having its economic and diplomatic relationships with both Iran and

Myanmar act as centripetal force that keeps them both especially Myanmar from entering into the Chinese orbit.

Whereas, India relishes certain advantages over all the other powerhouse countries including China yet, it is still burdened by its own specific difficulties. Path-dependent history and geography restricts the New Delhi's activities and the states which are in agreement with the comprehensive strategy to the region must register for these constraints on Indian limit. Following four limitations are fundamental in this review.

4.2.5 Limited Resources

First and foremost, India faces a severe shortage of resources which directly affects its material power. Its average dysfunctional procurement processes, dearth of strategic planning and unreliable economic performance have disapprovingly restricted its military modernization. India is faced with a financial instability to the point that its Military; with low budget and increasing personnel, cannot effectively invest in capital procurements essential for substituting disposed legacy platforms, much less for the new power projection capabilities.

To deal with the economic instability and low military budget, India has worked out some plans of their own. For example, they have reduced the number of attainments of 200-ship Navy to 175 ships. In addition, they have also cut back on the previously planned acquisitions of P-8I maritime patrol aircraft and Sea Guardian armed drones. Because of these changes, many of the important acquisition programs such as domestic production or foreign sales including yet-undecided medium multi-role aircraft or Tejas light aircraft suffer interruptions for as long as several years. These resource constraints directly hinder the success of the country. If the same old strategy is kept in use, it will not be able to reap any benefits for decades; may it be to operate submarines or aircraft carriers. If the country keeps relying on its uncertain acquisition plans of future capabilities, it will only ensure of the probable risks and the policy failure.

4.2.6 Continental Security Dilemma

Second constraint that India's military face is that it is subjugated by threat perceptions on its Northern Continental border, at the expense of the Indian Ocean region. In recent years, India has been fighting wars against both Pakistan (in Kashmir in 2019) and China (at Doklam in 2020). These war experiences have strengthened the strategic-cultural bias that most of the military crises suffered have been on land borders. According to the financial records, Indian Army holds 57 of the Defense budgets. It also accounts for 85 percent of the military personnel.

The Indian Navy has driven an expanding rhythm of philanthropic assistance and disaster alleviation (HADR) missions across the area lately. In any case, the Indian strategic community remains firearm modest with regards to intercessions in non-tolerant conditions after the appalling 1987–90 mediation in Sri Lanka, a swelling counter-uprising campaign that immediately consolidated as "India's Vietnam." India has unquestionably extended its tactical posture and capacities for the Indian Ocean district, yet that development will keep on being of auxiliary significance for New Delhi contrasted with mainland dangers to its domain.

4.2.7 Reluctant to Dominate

Third obstacle that India faces is that it has conventionally presented itself as a collaborative partner and respectful of the preferences and authority of the small states in the region as per the champion of the Global South and Post-Colonial States. It has avoided to claim a title of overbearing and agenda-setting hegemon and hence, had to conflict with the likeminded status quo partners. It has seldom backed up the US military interventions. For example, India supported to evict a critical US military base hosted by the British administration in Diego Garcia in 2019 United Nations Resolution. Likewise, in 2018 it resisted from military involvement in the Maldives. This shows that India is more likely to get involved in the low-profile interventions or deniable policy tools rather than proclaiming large-scale military interferences.

4.2.8 Suspicion of Formal Alliances

Fourth, India stays hesitant to align itself transparently and officially with some other significant force. It has developed its essential engagement with the United States, informal groupings like the Quad, and other similar accomplices like France. Through such exercises and joint proclamations, the course of its political viewpoint for the state of affairs and contrary to Chinese revisionism is clear. This arrangement with the United States will presumably speed up after the still-unsettled 2020-line emergency, which has excited Indian homegrown assessment against China.

Indeed, even in this climate, with lethal engagements on the Chinese boundary and US security collaboration at unprecedented levels, India's External Affairs Minister Jaishankar demanded that India "won't ever be" important for a partnership. To a limited extent, this hesitance to join a proper union is likely an element of regulatory cycles that impede political commitment and lingering reflexive enemy of Americanism in certain quarters of the Indian state. In any case, partially, it likewise mirrors a conscious strategy decision to adjust its commitment, particularly with the United States—India sees the danger of closer arrangement with the United States as a wellspring of influence opposing China, and pronouncing a nearby partnership would consume that influence.

Indian authorities may likewise accept that reassuring China of India's freedom from the United States will appease Beijing, which could yet utilize its muscles more than it has. As the physically more fragile force, New Delhi is completely sane in looking to stay away from a costlier and more dangerous security problem with China. Whatever the reasons, India's accomplices ought to perceive that it prizes this utility of "vital independence," will keep on adjusting its showdown against China, and will retain a more formal or complete arrangement with the United States or different forces.

4.2.9 US-India Agreements

The growing strategic alliance between India and U.S with respect to Indian Ocean concluded number of agreements such as BECA, LEMOA and COMCASA⁸³.

4.2.9.1 Basic Exchange and Cooperation Agreement

BECA allows for the delivery of high-tech mechanical hardware as well as real-time intelligence and information, allowing India to use American geospatial data to attack enemy targets with pinpoint precision. The long-awaited Basic Exchange and Cooperation Agreement (BECA) for geospatial collaboration between India and the United States was formally settled on Tuesday, the last of three major foundational agreements between the two nations. The military deal was concluded at the third session of the 2+2 ministerial discussion, and it sets the door for India and the United States⁸⁴ to form a full-fledged and close partnership. The deal had been in the works for over a decade and a half after the previous United Progressive Alliance (UPA) administration refused to sign it because the coalition's Left parties were fiercely opposed to tight relations with the United States. It enables both countries to communicate a wide range of military data, including geomagnetic and gravity data, maps, nautical and aeronautical charts, commercial and unclassified images, and more. While the majority of the information exchanged will be declassified, there will be options for exchanging classified information, such as sensitive satellite and sensor data, with protections in place to prevent it from being shared with any third parties. This means that having access to such data will improve the accuracy of Indian missiles and armed drones that rely on it.

⁸³ Rosen, Makr, and Douglas Jackson, “The U.S.-India Defense Relationship”, 2017.

⁸⁴ S.M. Hali, “BECA — a new Indo-US bilateral agreement”, *The News*, November 2, 2020, accessed on December 12, 2020. <https://www.thenews.com.pk/print/737917-beca-a-new-indo-us-bilateral-agreement>

4.2.9.2 Logistics Exchange Memorandum of Agreement

The first of the three accords, the Logistics Exchange Memorandum of Agreement (LEMOA), was inked in 2016 after the new political settlement establishes and administration took office. Following that, in 2018, the Communications Compatibility and Security Agreement (COMCASA) was signed. The first 'foundational agreement' agreed by India and the US was LEMOA, a modified India-specific version of the Logistics Support Agreement (LSA).

New Delhi had sought a 'non paper' on the fundamental agreements by the end of 2014, but things only picked up following then-Defense Minister Manohar Parrikar's visit to the US in December 2015. A high-level legal panel from the United States had also travelled to India to address the Indian authorities' issues. On August 29, 2016, during the sixth round of talks between Parrikar and then-US Secretary of Defense Ashton Carter, the agreement was signed.

The LSA, sometimes known as the LEMOA, is more of an accounting system that permits both nations to replenish their military supplies from one other's authorized military sites. Food, water, billeting, transportation, fuel, oil, lubricants, clothes, medical services, spare parts and materials, repair and maintenance services, training services, and other logistical products and services are all included in this category. The Navy, which requires resupply more frequently than the Air Force and the Army, has reaped the benefits of this arrangement. While India has previously offered ad hoc logistical help to American ships, this time was different.

LEMOA standardized the procedure and simplified payment by allowing it to be carried forward and checked off against future replenishment. Initially, there were concerns that signing the LEMOA would transform India into another US military post, but Parrikar stated at the signing ceremony, "It has nothing to do with the setting up of base." P-8 Poseidon, the US Military's long-range anti-submarine warfare and naval surveillance

aircraft, refueled for the first time earlier this month from India's key base in the Andaman and Nicobar Islands.

4.2.9.3 Communications Compatibility and Security Agreement

The Communications Compatibility and Security Agreement (COMCASA) following the LEMOA, was coined on September 6, 2018, at India's first 2+2 ministerial meeting with the United States. COMCASA is a secure military communication system that provides for secure communication channels. The Indian military acquired US assets such as the C-130 Hercules special operations planes and the Globe master C-17 strategic airlifters without US proprietary communications technology because India had not signed the deal before. Even while Indian and American systems currently communicate with one another through safe and secured communication during joint military exercises⁸⁵, boosting interoperability between the two forces, COMCASA is still in the early stages of being fully operational.

This also improves foreign military's capacity to connect safely with all US-made equipment, like in Japan and Australia. COMCASA, according to a prominent Indian bureaucrat who has since retired, is India-specific and does not obligate us to purchase US equipment. “We've made certain that we have complete access to systems with no interruptions. It's a platform-specific feature. It's a tool that makes things possible. It will allow us to make the best use of US platforms,” he added. Without India's permission, data obtained via COMCASA cannot be shared or transferred to any individual or organization.

⁸⁵SneheshAlexPhilp, “The 3 foundational agreements with US and what they mean for India’s military growth”, *The Print*, October 27, 2020, accessed on September 3, 2021. <https://theprint.in/defence/the-3-foundational-agreements-with-us-and-what-they-mean-for-indias-military-growth/531795/>

Conclusion

Chain's growing presence in the Indian Ocean received much attention of resident and nonresident actors especially U.S, which in return to protect the interest in the region channel severe precaution by signing and establishing strategic alliance.

Chapter Five: Future Cooperation and Competition in Indian Ocean Region

Major rebalancing is taking place in the Eurasian region Arabian Gulf and developments in African continent set to change the course of future geopolitics along with the strategies, The Chinese continuing growing influence in these geopolitical key destination bring challenges and opportunities for regional and extra regional actors, where china influences through their policies supported by the mega structures that promises development and non-zero sum game for the participants as it enshrined it as China's Belt and Road Initiative (BRI).

The BRI is the fundamental component of Chinese foreign policy because of its infrastructural initiatives across Eurasia and provide oxygen to Gulf Cooperation Council (GCC)⁸⁶ and infrastructure, along with developments in African continent changing dynamics which will seek to establish greater connectivity and economic activity which has tendency to transform the global power posture in favour of China which can pose serious dilemma for U.S standing in international system along with decades old ambitions.

This chapter is divided into three parts China's Maritime Silk Road in the Gulf, China's Maritime Silk Road in Africa and Security posture in Indian Ocean Region and justifies the future prospects by linking it with the historical and present dynamics.

5.1 China's Maritime Silk Road in the Gulf

The Arabian Gulf has become a hotspot in terms of investment, global integration, and competition between major actors in international system, particularly since Chinese unveiled its mega project China's Belt and Road Initiative (BRI) in 2013, an ambitious initiative aimed at connecting China and Europe via the Middle East. The Gulf Cooperation

⁸⁶Degang Sun and Yahia H. Zoubir, "China's Economic Diplomacy Towards the Arab Countries: Challenges Ahead?" , *Journal of Contemporary China*, 24, no. 5 (2015): 907-908.

Council (GCC) countries are among the world generally reliant on oil and natural gas revenues, in addition to that they are major participants in China's Belt and Road Initiative (BRI). As the world economy came to a halt because to the COVID-19 epidemic, the GCC prioritized economic diversification.

The steep decline in oil prices has put economic strain on the Gulf, which had budget shortfall of 9.2 percent in 2020 and 5.7 percent in 2021, respectively. Bahrain and Oman are in the most perilous position as Bahrain's oil reserves are anticipated to run short in the next ten years, and Oman's in the next fifteen. The Gulf of Aden is located at the crossroads of Eurasia and has oil reserves that China badly requires to meet its rising energy requirements. As a result, Chinese maritime investment and infrastructure development have focused on this region. By attempting to put in place long-distance infrastructural and economic connections. In the Gulf, China is working on two types of projects to help the region's internal growth and enhance regional connectivity. Between 2005 and 2020, China invested \$78 billion in Gulf nations, primarily for infrastructure projects including railroads, refineries, and power plants⁸⁷.

Chinese participation in maritime security operations to combat piracy in the Arabian Sea and the Gulf of Aden, as well as for key GCC nations like Oman, Saudi Arabia, and the United Arab Emirates, is a priority. Infrastructure development has been included into the national aspirations of these governments through their port-industrial park complexes. By establishing a port industrial park complex network that connects markets across the Middle East, all three nations have been active players in the BRI. Contracts for a port extension in Doha, Qatar, and the development of China's maritime footprint across the Gulf have also been awarded to Chinese companies.

⁸⁷Fulton, Jonathan, "China in the Persian Gulf." *Routledge Handbook Of Persian Gulf Politics*, Routledge, 2020, pp. 492–505.

The Gwadar Sea Port⁸⁸, located on the Arabian Sea's shore in Pakistan, is an important marine route for vessels transporting petroleum from the Arabian Peninsula to Asia. Since Gwadar is not an adequate chokepoint for vessels heading to China from the Gulf, China's long-term aim is to build high-speed rail and road networks in Gwadar to transfer the oil to Islamabad and then to Beijing. These networks are intended to improve the efficiency of oil transportation from ships docked at a port.

5.1.1 The Gulf States' Ambitions

The GCC's broad strategic and commercial goals position it is recognized as a major component in China's infrastructure development⁸⁹. Saudi Arabia and the United Arab Emirates, in particular reads the MSRI as a way to expand their influence in East Asia. Other nations, like as Sri Lanka, have had issues with China's programmes and their influence on financial distress and inadequate labour rights safeguards. After renegotiating the timeframe with unsustainable funding, the Sri Lankan government was pressed to hand over its main port and 15,000 acres of land to China for 99 years to pay off its debt. Rather of modifying the terms of the agreement, the Chinese sought shares in the Sri Lankan port, and Sri Lanka is now in debt to China at its highest level ever. Nonetheless, the Gulf States remain eager and open to Chinese investment, partly because China's state capitalism model is well-suited to cooperating with the GCC's authoritarian state structures, and partly because the GCC governments have the financial resources to support infrastructure development. Arabia, the United Arab Emirates, and Egypt are three of China's top five foreign direct investment destinations as the Chinese state capitalism framework is well-

⁸⁸Faseeh Mangi, "China's New Silk Road Hinges on a Small Pakistan Port," Bloomberg, September 30, 2016, accessed September 15, 2017 <https://www.bloomberg.com/news/articles/2016-09-29/china-s-new-silk-road-hinges-on-a-small-pakistan-port>.

⁸⁹Hashem, Ebrahim. "The GCC Countries and China." *China and Eurasia*, Routledge, 2021, pp. 165–202.

suited to cooperate with the GCC's authoritarian state models, the Gulf nations remain open and ready partners for Chinese investment.

The private sector in the Gulf Cooperation Council (GCC) is reliant on public-funded initiatives fueled by oil and gas revenues. As a result, policymakers in the Gulf Cooperation Council (GCC) must diversify the economy to minimize a direct or indirect dependency on oil and gas. The GCC intends to diversify through sovereign wealth funds, restricted government assistance, and individual-level investment, which includes reducing government spending, increasing non-oil exports, and expanding foreign direct investment. Increased foreign direct investment allows China to get economically enmeshed in the area through mutually advantageous infrastructure and transportation agreements.

China is boosting its power capacity in the Gulf through the Industrial Park-Port Interconnection while the Gulf is increasing its growth potential. This strategy enables China and its Gulf partners to adapt common goals and expectations as a basis for economic cooperation.

The project centered on forming partnerships in order to assist Gulf nations in industrializing and diversifying their economies. The first component is the integration of China's four major industrial parks in Egypt, the UAE, Saudi Arabia, and Oman with the ports of Djibouti, Port Said in Egypt, Duqm Special Economic Zone Authority in Oman, and Abu Dhabi's Khalifa Port. The second component is connecting industry chains to oil, gas, and low-carbon energy. As a consequence of its dedication to science and technology, the Gulf has been able to expand its capabilities in space, satellites, financing, and mobile communications.

China's military will almost certainly be deployed to safeguard critical interests as its economic strength and reliance on Middle Eastern oil rises. In their search for alternative

security arrangements⁹⁰ to those with the US, Gulf nations appear to be receptive to the possibility of a rising Chinese presence in the area. They look towards China for political capital in order to diversify their economies because they perceive prospects for industrial expansion and economic success. The MSRI makes up half of China's worldwide trading with Europe, and the Gulf is well positioned to gain, having previously established itself as a major crossroads for global trade and finance. A growing wave of China-GCC collaborations is on the horizon, with a heavy emphasis on mutual self-interest.

5.1.2 China's growing Influence in gulf a competition to US

China has intensified its efforts in Syria and Yemen to mediate, engaged in the P5+1 Joint Comprehensive Plan of Action discussions with Iran, and provides weaponry to numerous Middle Eastern nations, putting it in direct conflict with the US. Importantly, it has done the most to influence diplomacy by leveraging economic might in the Gulf. The BRI is a fundamental component of Chinese foreign policy because of its development initiatives across Eurasia. Additionally The Maritime Silk Road Initiative (MSRI), a part of the BRI that Beijing claims is driven entirely by economic considerations, is promoting China's security goals at the expense of the US. China's infrastructure projects in the Gulf pose the biggest danger to U.S interests in the Middle East, particularly because China believes that economic growth is the only way for the Gulf to achieve regional stability. As a result, it interacts economically with nations that compete yet have an interest in regional growth, its dependence on the Middle East for almost 40% of its total oil imports, as well as its need to maintain sea routes accessible, such as Bab al-Mandab and the Suez Canal, have prompted this economic engagement⁹¹.

⁹⁰“The GCC and Gulf Security.” *Strategic Comments*, no. 9, Informa UK Limited, Nov. 2005, pp. 1–2. *Crossref*.

⁹¹ Zhang, Tingting. “Energy Cooperation Between China and the GCC Countries Under the BRI.” *China-Gulf Oil Cooperation Under the Belt and Road Initiative*, Springer Singapore, 2020, pp. 37–65.

China's ascent power projection has been institutionalized by fiscal contracts with Gulf nations, which have given the means and the possibility to entice these nations to redirect their manufactured goods away from the United States' East Asian trading partners and toward China solely. Beijing has utilised BRI partnerships to secure long-term contracts for oil and natural gas via Chinese-GCC collaborations to protect its interests. Over 80% of China's oil imports flow across the Indian Ocean, putting them at risk of US interference.

5.1.3 U.S Objectives in Gulf States

The United States' stance in the Arabian Gulf has been framed by keeping oil flowing freely at appropriate prices since the 1950s. Despite the United States' provision of offensive and logistical support until recently, a series of negative developments have haunted the United States' standing in the region, as Syria has viably been lost, Lebanon has crumbled, Gulf Arab states have encountered divisions, and Yemen's circumstance has lapsed into a humanitarian catastrophe. NATO operations against the so-called Islamic State came to a halt at the same moment, and European governments declined to support US strikes against Iran. China now has new strength as a result of these setbacks and shifting goals. China's presence as a key trading partner and foreign investor has grown, despite the fact that it appears uninterested in Gulf political issues. The US aims to retain regional hegemony in order to preserve stability and its interests, as well as to avoid unpleasant situations in nations from establishing themselves in the region. As a result, limiting China's economic progress remains a top priority in terms of security for the United States. The US Central Command (CENTCOM) and military missions have collaborated with strategic allies in the Gulf to maintain a minimum. Although there is a degree of stability, rising problems have altered the role of US soldiers in an ambiguous manner regardless of these developments, the United States and its various trading and strategic allies across the world continue to place a high emphasis on security in the Gulf.

5.2 China's Maritime Silk Road in Africa

Post second Great War with the retreat of Britain navel dominance it lost control over colonies and latterly end of cold war present African continent with deprivation of attention from newly emerged dominant actor U.S, previously African people were the resources not the land and the role of African people were merely as slaves in the worldly equation whereas African land haunted due to its geographical location since as established by many scholars that countries on equator are nearly all poor and agriculture and other economic activity is nearly half in comparison with other geographical location moreover the disease and health related problems are common prospect of African equatorial landscape. The introduction of Chinese BRI transformed⁹² the African past recognition and presented model which hold potential that can alter the African fate along with the perception as China establish it as a strong connect to Indian Ocean and reap the benefits along, with this purpose the Chinese New Maritime Silk Road is focused to develop port infrastructure which will grant power to reinforce financial activity and supply lines that go through the Persian Gulf, Red Sea and South China Sea, including Peninsulas like Hindustan, Arabia, Indochina and the Horn of Africa. It is a method of expanding Chinese presence with prime focus to expand its designs in Indian Ocean region.

MSRI holds wand that has power to transform the future of Africa, view shared by many African leaders. China under this initiative invested \$29 billion just in East Africa alone which aided it to develop infrastructure, construction projects and energy. These developments in East Africa, is central node for counties like Djibouti and Kenya, as they provide the backbone for Africa in IOR due to their strategically vital geographies. China's Blue Economic Passage enshrined as China-Indian Ocean-Africa-Mediterranean Sea under MSRI is responsible to link Africa to new maritime corridors in Pakistan, Bangladesh, Sri Lanka, and Myanmar regarding African landmass, Northeast Africa and

⁹² David Brewster, "The Red Flag Follows Trade: China's Future as an Indian Ocean Power," in *Strategic Asia 2019: China's Expanding Strategic Ambitions*, ed. Ashley J. Tellis, Alison Szalwinski, and Michael Willis (Seattle, WA: National Bureau of Asian Research, 2019)

the Horn of Africa are the subsequent angle on which maritime association is on highlight under BRI Initiative. The of nations, for instance, Djibouti, Egypt and Kenya uncovers the potential of the Horn of Africa as the other vital position of the New Maritime Silk Road and these district caught the potential of Chinese maritime policies towards Africa⁹³.

5.2.1 Djibouti

Djibouti⁹⁴ is the Africa's eye-catching nation which plays an important role in the New Maritime Silk Road's framework, since it links three major MSRI streams. Sudan, Mauritania, Senegal, Ghana, Nigeria, Gambia, Guinea, So Tomé and Prncipe, Cameroon, Angola, and Namibia are all connected by a single sea route. Djibouti is connected to Gwadar, Hambantota, Colombo, Myanmar, and Hong Kong by another sea channel. The corridor's last arc joins Walvis Bay to Chinese port hubs in Mozambique, Tanzania, and Kenya, as well as Gwadar. This linkage held crucial to Chinese for economic activity therefore is a central commercial hub for Chinese industries majorly with respect to logistics and transport industry.

Djibouti is China's "Comprehensive Strategic Partnership" The Djiboutian government hopes that the collaboration with the PRC would transform the country into a "Singapore" or "Dubai" of East Africa. China is Djibouti's largest external commercial player, and Chinese companies regard Djibouti as a vital aspect for opening the economies of the Horn of Africa, including landlocked Ethiopia, with an estimated \$15 billion spent in the port and its hinterlands by private and state-owned corporations. For instance the Exim Bank is on a joint venture with China Merchants Port Holdings Company Ltd. (CMPort) along

⁹³Lin, Justin Yifu. "China's Rise and Structural Transformation in Africa." In *Oxford Handbook of Economics and Africa*, edited by CelstinMonga and Justin Yifu Lin. Oxford: Oxford University Press, 2014

⁹⁴ David StyanDjibouti and Small State Agency in the Maritime Silk Road: The Domestic and International Foundations China's Maritime Silk Road Initiative, Africa, and the Middle East pp 111-136|

with the central state-owned entity (SOE) China Merchants Group (CMG), have set up a platform of finance, infrastructure, and trade that welcomes a large number of Chinese companies to seek business which will inculcate the rapid growth which will be followed by the construction of transportation infrastructure, industrial parks, free trade and export processing zones, as well as the development of commercial services and residential neighborhoods around the port. Moreover the political and diplomatic support offered by government programmers', particularly by the Forum on China-Africa Cooperation (FOCAC) and the Belt and Road Initiative (BRI), provides additional central backing for Chinese business practices to establish a commercial presence in Africa.

5.2.2 Egypt

Egypt is especially important for the New Maritime Silk Road because the Suez Canal is the major transit route between the Indian Ocean and the Mediterranean Sea during a visit to this African country in 2016, China's premier⁹⁵ Xi Jinping stressed that Chinese organizations to take part in huge opportunities in the country and bound to work towards the improvement of the New Suez Canal and the developments of unparallel kind witnessed ever before between these nations. President el-Sisi of Egypt also view this economic belt crucial for country and is willing to consolidate country's own development strategies with the Chinese infrastructural mode Belt and Road Initiative', Following the same year, China agreed to offer \$1.7 billion in loans to Egyptian banks and \$15 billion in agreements to strengthen cooperation in banking, power, and infrastructure, bringing the two countries' relationship to a new high point. China and Egypt signed a Memorandum of Understanding on jointly implementing the BRI, as well as a five-year plan to strengthen their cooperation within the MSRI and SREB, with China expressing its willingness to support or contribute

⁹⁵ Shannon Tiezzi's, "Xi's Visit Cements Egypt's Place on the 'Belt and Road'", The Diplomat <http://thediplomat.com/2016/01/xi-visit-concretes-egypts-place-on-the-belt-and-street/>

to major Egyptian projects such as the Suez Canal Corridor's redevelopment and the establishment of a new administrative capital.

The Egyptian MSRI project is the development of the Suez Canal SEZ (SCSEZ), which comprises of four areas and six ports. China presents as the largest funding body in the Suez Canal Economic Zone and Chinese firms are constructing plants, modern zones, coordination's offices, terminal bowls, and labor force. There even is possible practical approach of China assembling a New Suez Canal to resemble the current one. Other major MSRI projects incorporate a \$1.5 billion arrangement is rail line network; a gigantic Energy Park in southern Egypt, a multi-billion dollar coal power plants, and maritime energy fields. It should be recognized numerous MSRI projects in Egypt are not new. All things considered, 'China's interest in Egypt and especially in the extraordinary exchange zone along the Suez Canal, has gotten going since the "Belt and Road" was announced'. The advancement of MSRI projects in Egypt isn't shocking given the country's approach for the MSRI, as proven by the previously mentioned el-Sisi statement and his assertion last year that 'Egypt strongly believes that the these blue economic passage will engender magnanimous opportunities for their bilateral cooperation and mutual benefit'. Egypt's advantage in, and support for, the plan has numerous drivers. Initially, Egypt needs Chinese guide and financing, specialized capacities, and venture to industrialize, modernize its framework, satisfy its energy needs, and spread its global reach. China's financial charm is considerably more prominent given Egypt's relations with conventional allies like the US is troubled.

5.2.3 Kenya

Kenya is a gateway to Africa from Asia and is considered as prime strategic and major economic partner to China as investments from China played vital role in the development of this country⁹⁶, President Uhuru Kenyatta of Kenya believed it was important to recall

⁹⁶ Christine Lagat, "Kenyan Scholars say China's Maritime Silk Road to Open New Frontiers of Growth", *China Daily*, May 5, 2014, http://www.chinadaily.com.cn/world/2014livisitafrica/2014-05/05/content_17485307.htm.

all of this that: "Kenyans are fully aware that Chinese investment, particularly in infrastructure, has benefitted our nation immensely. Our collaboration with China has resulted in the development of highways and transmission lines. His investment in a number of African countries, he claims, has had excellent results." Infrastructure, roads, and trains have all been developed in China. The Agreement on Technical Cooperation in Financial Assistance and the "Framework Agreement for Strengthening Cooperation in Productive Capacity" were signed by China and Kenya, respectively. In terms of collaboration, the Chinese official stated that the two friendly nations have pursued the spirit of "peace and cooperation, openness and inclusion, mutual learning and mutual profit" that is unique to the Silk Road.

The two nations' administration also adhere to consensus that led continue building highways and ports, as well as managing the Mombasa-Nairobi Normal Channel Railway Project, the Mombasa Port Terminal, and the Mombasa Special Economic Zone The Belt and Road Initiative (New Silk Road) will deepen sensible joint partnership, bringing a better future to routine events and more tangible benefits to people in both countries. The Maritime Silk Road has announced a new phase in China-Kenya relations, under this Chinese government has reached an agreement to assemble the Lamu Port, other foundation activities such as roadways, railways, air terminals, petroleum processing plants, and fibre optic lines, will be used to coordinate South Sudan and Ethiopia. Following that, the emerging East African oil and gas companies can handsomely benefited by this opportunity. China-Kenya Global Partnership, "Over the past four years, which carry economic and trade cooperation between both countries which led both of their fate deeply intertwined and has reached unprecedented historical levels," In terms of Kenya's rapid growth, China is currently the largest commercial partner, largest supplier, largest lender, and greatest source of foreign tourists visiting⁹⁷.

⁹⁷ Lesutis, Gediminas. "How to Understand a Development Corridor? The Case of Lamu Port–South Sudan–Ethiopia–Transport Corridor in Kenya." *Area*, no. 3, Wiley, Dec. 2019, pp. 600–08.

5.3 Security Posture in Indian Ocean

U.S earned key positions in the maritime busiest legacy after the fall of British influence, wielding its command and establishes strong presence by establishing its security protocols with and without the support of allies. U.S outsource its security needs from regional actor India in the Indian ocean covering the Malacca strait and adjacent region's moreover it has task force as a watchdog to monitor the developments in this segment of water moreover U.S held major focus towards Persian gulf since its is of the vital key destination for U.S national interest which was recognized in 1970's by U.S policy makers under Nixon administration and establish security arrangements in this region⁹⁸, there on the developments concerning Indian Ocean is unlike any other, the American establish strong Navel presence in Diego Garcia in early 1970 and subsequently area of operation broaden due to the growth of influence in the region and in 1995 situation concerning gulf pressed U.S to deliver strong solution for the interest and 5th fleet under Naval Forces Central Command (CENTCOM) was devoted only to Indian Ocean and events post 9/11 provide the legitimacy of these measures.

Security dynamics of Indian Ocean region under African remit are transforming and rivalry between U.S and China in this stream in the taking a new dimension, as both actors are influencing for economic and political dominancy for decades now things are taking dangerous turn for both actors. However China security understanding in early 20th and initial years of 21th are of continental and focused on national geography but developments during open door policy and subsequent reforms of 2012 led China's premier Xi Jinping to work to modernize Chinese military structure and consequently turned its approach towards international waters which is cleanly pose competition for present U.S power projection.

⁹⁸ Ladwig, Walter C. "A Neo-Nixon Doctrine for the Indian Ocean: Helping States Help Themselves." *Strategic Analysis*, no. 3, Informa UK Limited, May 2012, pp. 384-99.

Camp Lemonier is a United States Naval Base in Djibouti⁹⁹ that houses the US Africa Command's Combined Joint Task Force - Horn of Africa. It is the United States' sole permanent military post in Africa. Originally, Camp Lemonnier served as a garrison for the French Foreign Legion. In 2002, Djibouti leased the facility to the United States, along with the ability to utilize the nearby airport and port infrastructure. The facility is the hub of a network of about six US drone and monitoring bases spanning the continent, supporting Operation Enduring Freedom – Horn of Africa. The subsequent air bases are smaller and operate out of distant hangars on military facilities or civilian airports. Camp Lemonnier also acts as a centre for aircraft missions in the Persian Gulf region due to its strategic position.

Djibouti, where China constructed its first overseas naval base and has holdings in a vital deep water port, is another country defending China's principal ultramarine maritime base i-e where the Pentagon's African Command is now stationed and used for CIA drone operations. The Chinese government's stated goal is to establish offices that are ready to provide measured assistance to theft prevention, charitable assistance, and peacekeeping efforts. Despite China's insistence on avoiding the term "army installation," the country's capacity to create a Marine capable of operating in all global waterways – as evidenced by its first air transporter, the purported "Liaoning" – is undeniable.

Chinese authorities and experts are keen to separate PRC "strategic strong points" from traditional military bases, comparing a benign PLA presence abroad with sites controlled by other countries, particularly the "hegemonic" system of US military bases on foreign land. According to Chinese administration, the Djibouti "support base" will help China "fulfil international obligations" by offering humanitarian aid, supporting Chinese peacekeeping operations in Africa, assisting impending anti-piracy missions, and "maintaining peace and stability in Africa and around the world."

⁹⁹Cabestan, Jean-Pierre. "China's Military Base in Djibouti: A Microcosm of China's Growing Competition with the United States and New Bipolarity." *Journal of Contemporary China* 29, no. 125 (2020): 731–747

In this respect, Africa's significance to China derives from its placement in a maritime area where Beijing seeks to increase its influence and power projection. Indeed, China's presence in Africa's neighboring waterways was non-existent a decade ago. The PLA Navy is thought to have five battleships and numerous submarines on constant rotation in the Indian Ocean today. This is expected to grow in the future decades as India expands its own influence in the region, aided by its resident ally, the United States. Under BRI, Beijing's military posture demonstrated a fast expansion of marine and naval reach¹⁰⁰. Newer category of guided missile frigates, sophisticated warships, and highly trained Forces have been deployed in China, and their duties have expanded to incorporate joint battle drills and patrols, military discretion, and more noteworthy maritime and oceanic collaboration and training. The PLA's involvement according to top Chinese military experts in different anti-piracy operations in African waters has reinforced the expertise and China believes it will need it to help BRI, among them are base and expeditionary operations, maritime route protection, and civilian evacuation. All of these responsibilities, outside of the PLA's maritime boundary, are in accordance with what the PLA describes as "historic missions."

5.3.1 U.S the Roll Back Power

U.S post Second Great War adhere its presence in the Persian Gulf because of the economic potential it can reap due to the resources it carry there and then it became central node of U.S foreign policy to hold strong presence in this region the establishment of East force and subsequent strong dominance over the supply chains provided U.S economy major push which aided it with political strength and further boost its security arrangements, Martin Katsura in his writings Colder War establish the concept of Petro dollar which he says helped U.S to achieve the status of super power. Petro dollar as he explains is

¹⁰⁰He, Baogang. "The Domestic Politics of the Belt and Road Initiative and Its Implications." *China's New Global Strategy*, Routledge, 2020, pp. 104–19,

establishing dollar as standard instead of prime gold for oil supplies, which led to increase demand of dollar due to its position and oil being important element for daily norm helped U.S in ways that cannot be enshrined.

China's growing influence in gulf GCC states especially towards Saudi Arabia as it is the life line of U.S petro dollar understanding, is increasing day by day. China's mega project Belt and Road initiative made visible attention to these states and there interest to join the project is creation problem for U.S petro dollar equation as Martin Katsura believes if petro dollar fall so does the power of U.S. In past U.S made efforts to secure this arrangements and in order to guarantee and provide legitimacy to the concept installed its security personal in this GCC nation but recent developments under Biden administration is not providing oxygen to U.S interest and cost fearsome damages which cannot be compensated¹⁰¹.

Moreover to dominate in the Indian Ocean U.S held strong strategic alliance with regional actors like India and region from Strait of Malacca to Strait of Hormuz are Indian sphere of influence by putting this in practice created Malacca dilemma and tried to barricade the China's growing power moreover with the help of India it also tried to influence the Iran's Chahbhar port where India invested heavily with one ambition to create problem for China's approach to Indian Ocean but recent developments with respect to Iran's relation and heavy investment by China in this country seed out every hurdle crafted by India and project the China's power which is another alarming episode for U.S¹⁰².

¹⁰¹ "Saudi Arabia Signs Initial Deals with China on Prince's Visit," Reuters, August 30, 2016, <http://www.reuters.com/article/us-saudi-china-agreements/saudi-arabia-signs-initial-deals-with-china-on-princes-visit-idUSKCN1151HT>.

¹⁰² Pant, Harsh V and Ketan Mehta. "India in Chabahar." *Asian Survey*, no. 4, University of California Press, July 2018, pp. 660–78.

Furthermore Africa was completely ignored by U.S policy makers and littoral states was only benefited less because of their resources but primarily due to their geographical prospect. China's growing navel activities and economy brought China a need to establish a base in Africa along with heavy investment China earned the good will which is projecting its power in the whole continent that can cultivate big problems for U.S power projection and its role as a super power. The universalization of Chinese global strategy, based on a powerful position in Africa, with the aid of the New Silk Road, is putting China on the path to establishing a framework that would allow it to integrate as a global superpower. It is a method and a manner of expressing at the same time to legitimate China's development in varied examples from those heard by the U.S in the era following the end of the Cold War. In order to barricade the Chinese growing power projection in this region U.S with the support of likeminded allies crafted a design which can become a major challenger for Chinese infrastructure Belt and Road initiative which they call it Blue Dot Network.

5.3.2 The U.S Futuristic Response: Blue Dot Network

Infrastructure investment is desperately needed across the world; China's One Belt and One Road initiative pushed the problem to the world spotlight, and projected influence around the globe. The United States circulated the Blue Dot Network¹⁰³ (BDN) in early 2019, in partnership with Australia and Japan, to certify large infrastructure projects as sustainable and not exploitative which is regarded as counter-proposal to the Belt and Road Initiative like the one of the most common U.S critiques of the Belt and Road is that reckless inflows might lead to national vulnerability. The inability to repay debt limits a country's power to respond to economic hardship and makes it more vulnerable to pressure like in Sri Lanka Port Hambantota, which Chinese company's US\$1.12 billion investment paved the way for Chinese to occupy the port for 99 years which is not healthy for country. Hence Blue Dot

¹⁰³Ashbee, Edward. "The Blue Dot Network, Economic Power, and China's Belt & Road Initiative", *Asian Affairs: An American Review*, no. 2, Informa UK Limited, Apr. 2021, pp. 133-49.

Network goal is to encourage excellent infrastructure investment by using a certification system to hold projects to high transparency and sustainability criteria.

The G20 Global Infrastructure viewpoint projecting a global requirement of US\$ 94 trillion by 2040 to maintain economic development and begin closing infrastructure gaps. As the backbone of community, business, and trade is infrastructure. The need is considerable; The Outlook anticipates a US\$ 15 trillion shortfall over the same timeframe based on existing investment trends. China's pledge of US\$ 1 trillion in global investment through the Belt and Road Initiative, if fully fulfilled, would be the world's largest single initiative to date.

On the other hand, Blue Dot Network does not contain any financing or methods for closing the global infrastructure gap which at present time project as a flaw. Over the following five to ten years, the Blue Dot Network may grow into the Blue Dot Trader platform, which would serve as a podium for bringing together a variety of construction and finance suppliers to improve the quality and quantity of global infrastructure investment.

The First Milestone of BDN achieved when India joined the BDN in February 2020 as part of the Joint Statement for a Comprehensive Strategic Partnership, which was signed while the BDN was still being formed. This is a positive indicator of a desire for high-quality infrastructure that may be achieved through regional collaboration. Balance between competition and cooperation is difficult to achieve, but the Blue Dot Network may give a foundation for doing so.

Blue Dot Network may become the "Global platform" after establishing standards and effectively certifying projects for a few years. This forum may be a meeting place for governments wanting to satisfy particular infrastructure investment criteria to connect with verified finance and construction firms in order to launch sustainable and "bankable" projects. There are various bilateral and international initiatives to assist infrastructure development at the moment, but there is no central site where a country may analyze and compare options.

5.3.3 Cooperation and Opportunities under Blue Dot Network

Blue Dot Platform may serve as a podium for collaboration among China and the United States as the World Bank has determined that Chinese firms satisfy excellent requirements for World Bank funded road building projects, thus the Chinese firms, on the other hand, have been banned from World Bank projects owing to procurement standards violations, which may be addressed by improved transparency. If Belt and Road projects can fulfill the Blue Dot Network's rigorous criteria, they will gain credibility. Participation by China in the Blue Dot Platform will alleviate many geopolitical worries about economic coercion and militarism connected with the Belt and Road Initiative, allowing the project to focus on genuine development. There will always be political motivations to help other countries, but the Blue Dot Platform would provide the participant nation a much better chance of making educated infrastructure development decisions¹⁰⁴.

Transparency is a strong weapon for combating corruption and ensuring a level playing field. US may look up to the Asian Infrastructure Investment Bank (AIIB) and finance Belt and Road projects that fulfill BDN requirements to promote China's involvement in the BDM. This collaboration may inspire China to pursue infrastructure initiatives and repair its ties with the U.S. The BDN's main priorities include promoting sustainability and openness.

The Blue Dot Platform has the potential to be an excellent platform for pursuing ecologically friendly facility. Numerous Belt and Road projects are in the energy sectors, however outside of China, most Belt and Road power facilities are coal-fired and employ subcritical technology. China is a world major player in solar and hydroelectric energy technologies, and that will inculcate it as a strong competitor in this industry.

¹⁰⁴ Perissi, Ilaria, and Ugo Bardi. "The Future: The Blue Economy." *The Empty Sea*, Springer International Publishing, 2021, pp. 129–73.

Conclusion

China's MSRI posed serious complications to U.S. standings in the International system due to their increasing influence in the Indian Ocean Region which consequently led U.S. to design its own set of initiative as they call it BDN that has potential to the influence of Chinese system and establish the call for perpetual cooperation among them.

Findings

- The Indian Ocean has become a centrepiece of world politics, primarily due to its pivotal trade routes, natural resources, and strategically critical choke points.
- The rise of China at global stage has also led to increasing presence in the IOR. Despite in its initial stage, Maritime Silk Road Initiative (MSRI) has significantly enhanced the Chinese presence in the Indian Ocean Region. Due to MSRI, China has strengthened its association with the Indian Ocean's major littoral states.
- For over several decades, the US has been a dominant extra-regional power in the IOR. The US has security, political, and economic interest's vis-à-vis Indian Ocean, it also sees the IOR as an important region to maintain its global role.
- China's Maritime Silk Road Initiative (MSRI) has the power to alter the prevailing political, economic and security order of the IOR, therefore it is also posing economic, political and security challenges for the US in the region.

Recommendations

- Since Power transition is a natural process in International relations it should not jeopardize world peace and security.
- This is the time when tradition security paradigm is shifting its shape and focus is more on geo-politics and geo-economics, the pattern of cooperation and competition should also change short of war.
- Foreign policy debate should be more guided towards co-existence and connectivity.
- The Gulf between developed and developing should be decreased not only through academic discourse but through effective and sustainable strategies.

Conclusion

The China's inception within the International system was not welcoming following the economic uncertainties and subsequent reforms like The Great Leap and Agriculture First stabilizes the nation but Cultural revolution haunted the struggling nation and led all economic activities in hibernation, political development during 1979 brought new economic reforms like Four Modernization and Out-Door Policy which provided rapid growth to GDP from 6.7 percent to 9.5 and ultimately inducted in WTO in 2001 following the perks of economic struggles. The 2008 drastic economic chaos transformed China economic policy and provide China to expand its area of interest because of that under Xi Jinping China concluded outflow model and to aid such conquest present what they call BRI.

United States is understood as the dominant actor and has credible presence around the globe but during WW1, WW2 and Cold War its area of interest was quite minimal in global affairs. Following 1970, the events in Persian Gulf engender the rapid shift in U.S policies and engagements and consequently the country showed rapid transformation in every aspect of dealing globally and championed every strategic location as their concern which led them to hold prominent power projection in the Indian Ocean Region because of vitality throughout the decades in order to be the most influential actor.

China post 2013, proposed the notion of One Belt and One Road through which their reach propelled all over the globe effecting economy, politics and security dynamics. In Indian Ocean it affected the most as China's Maritime Silk route under Chinese initiative threatened the U.S dominant posture and affected the regional supply lanes and policies of littoral states which in return inculcate serious challenges to U.S power projection in this region.

China's MSRI growing reach complicated U.S stakes in the Indian Ocean Region and to cordon off China it concocted number of responses such as Quad and agreements like

BECA in Indo-Pacific region which poses serious dilemma for dissatisfied power China, with the help of its likeminded allies like India, Australia and Japan because of their strategic importance and geographical aspects.

Indian Ocean remained vital for U.S interest over the years especially Gulf States such as Saudi Arabia because of oil rich resources and important strategic position to influence actors in international system. U.S showed prominent presence and established security arrangement to ensure the peaceful resolution of its interests and bases such as Naval Support Activity Bahrain to shelter its interest with prominent Fifth fleet, moreover strategically alliance with actors like India also aid in its dominance but China's increasing foothold in the Indian Ocean Region with its mega initiative BRI and subsequent establishing its naval presence in Djibouti complicated dynamics for U.S since it hold strong presence with a security installments.

China's "Maritime Silk Road Initiative (MSRI) has potential to challenge the U.S supremacy, particularly in maritime domain in favour of China through altering the dynamics of regional geopolitics, while questioning the U.S' traditional strategic posture in the Indian Ocean Region."

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