Executive summary

THE 21ST CENTURY MARITIME SILK ROAD

Security implications and ways forward for the European Union

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KEY FINDINGS

• The Maritime Silk Road (the Road) contributes to China's maritime renaissance and serves China's core interests. These include expanding its $1.2 trillion blue, or maritime-based, economy, improving food and energy security, securing sea lines of communication and furthering its international discourse power. The initiative will expand China's maritime strategic space far beyond its adjacent waters.

• The Road, alongside the Silk Road Economic Belt (the Belt), intends to bridge a vast global terrestrial-maritime connectivity gap and may indeed lead to positive development and cooperation spin-offs. However, some stakeholders are concerned about the political leverage China may gain through Road investments.

• In the South China Sea, the Road rekindles some pre-existing strained relations between China and regional states. Tensions within the region aggravate an arms build-up but are simultaneously eased by the development of the blue economy and shelving of territorial disputes.

• In the Indian Ocean Region, the Road stimulates competition over development–support and connectivity, but also precipitates greater militarization and maritime rivalry in an already complex region. The Road could, in association with the Belt, reshape the nature of the Indian Ocean Region as a more interconnected global commons in lieu of its previous role as a relatively enclosed security space.

• On balance over the medium and long term, the Road in its current incarnation may pose more security challenges than solutions for the European Union (EU). This has more to do with preexisting maritime issues and tensions, the multi stakeholder nature of the South China Sea and the Indian Ocean Region, and some of the security implications of the Road to date than its stated objectives. Still, the Road overlaps with some EU maritime security interests—cooperation avenues will require increased dialogue and creative thinking.

The policy report The 21st Century Maritime Silk Road: Security Implications and Ways Forward for the European Union presents an analysis of the sea-based component of the Belt and Road Initiative (BRI), the Road. The report complements the February 2017 SIPRI–Friedrich-Ebert-Stiftung publication on the land-based component of the BRI, the Belt. The previous report examined security implications in two of the strategic terrestrial regions that the Belt traverses: Central Asia and South Asia. In turn, this report examines security implications in the two strategic maritime spaces that it crosses: the South China Sea (SCS) and the Indian Ocean Region (IOR). Special consideration is given to how the Road might affect the interests of European Union (EU) and how the EU could consider responding. The findings are also highly relevant to the Road’s non-EU stakeholders.

1 In Chinese discourse ‘international discourse power’ refers to the weight and influence of a country’s propositions on the international stage and at various diplomatic occasions.

2 This policy report is based on a nine-month study involving desk and field research. The desk research made use of Chinese and English language material. Field research involved three workshops and a range of interviews held in Manila, the Philippines; Yangon, Myanmar; and Shanghai, China. Select insights from 94 analysts from 60 institutions in 20 countries are included in this report. Both non-traditional and traditional security implications are discussed, with an overarching emphasis on maritime security and reactions to the Road in the countries located along the SCS in South East Asia and the IOR, mostly focused on the littoral states in the northern ranges.

The geographic scope of the Road has been constantly expanding to new waters. Its strategic evolution has more recently been characterized by a greater focus on cooperation on common maritime security and green development. Particularly when linked with the Belt, the Road is intended to bridge a vast connectivity gap and has no equivalent that approximate its scale, speed and commitment. While there will certainly be positive spin-offs in terms of development, connectivity and cooperation, there are concerns among some states about its potential security consequences. Among these concerns is that Chinese ownership of select strategic seaports may come to provide logistical facilities for its expanding blue water navy.

Indeed, the Road is destined to serve a range of China’s core interests, these include the development of its more than $1.2 trillion blue economy, improving food and energy security, diversifying and securing sea lines of communication (SLOC), upholding territorial sovereignty and enhancing its international discourse power. The Road has the potential to expand China’s maritime strategic space far beyond its enclosed adjacent waters and allow it and Road-participating states to co-shape the changing global maritime order. Within this construct, China, like previous and existing powers, is seeking to reduce the impact of disruptive forces on key supply chains—in that sense the Road is not anomalous. The initiative will allow China to build resilience into economic or diplomatic isolation that could negatively impact its economy and subsequently domestic stability. At the same time, however, by investing in fragile states, China is taking substantial risks which could affect its own economy.

In the SCS and the IOR, China’s maritime renaissance, bolstered by the Road, adds to the security complexity of these regions. These are security spaces that are more contested by regional and extra-regional players than the Belt’s most strategic regions. In the SCS, the Road is attractive to most states belonging to the Association of South East Asian Nations (ASEAN), given the association’s strong interest in improved connectivity, economic opportunities and healthy ties with China. That said, the Road is impacted by and impacts on preexisting maritime and jurisdictional disputes. This affects the receptiveness of the South East Asian territorial claimant states, two of which, Viet Nam and the Philippines, are somewhat anxious about Chinese investment. Beyond this, the Road, at times, also rekindles existing stresses and strains between China and other states within the region. This dynamic oscillates between moderation in pursuit of common maritime economic development and a shelving of territorial disputes, and the exacerbation of concerns among some regional states about China’s growing footprint and a regional arms build-up. Accompanying this is uncertainty from states regarding the engagement by the United States, as well as the overall lack of an effective, regionally led security architecture and ASEAN cohesion. This leads to countries becoming concerned over what China’s security vision for the region might look like and how jostling between powers in the region could affect their own security.

In the IOR, the Road seeks to create, alongside the Belt, a production and trade network linking the maritime domain with the Eurasian hinterland and Western China. This would be a historic first that could contribute to the opening of landlocked Central Asia, improved connectivity in South Asia, and greater Eurasian economic integration and security cooperation. As a result, the Road in association with the Belt could reshape the nature of the IOR into a more interconnected global commons that may provide a host of new economic opportunities.

The Road has begun to stimulate greater competition over development support and connectivity in the region. While this may be a positive trend, it also precipitates greater militarization and maritime rivalry in an already complex multi stakeholder region, in particular between China and the resurging quadrilateral consisting of
the USA, India, Japan and Australia (the ‘Quad’). By blending Eurasian terrestrial and maritime security spaces through the BRI, China is likely to be compelled to undertake a stronger role in IOR security affairs, as is already happening in Myanmar, the Maldives and Pakistan. This dynamic contributes to unprecedented China–India security interaction. Furthermore, the Road might facilitate China becoming a resident military power in the IOR and diminish the role of the USA as the primary security provider, as well as some of India’s envisaged security aspirations. The question arises, however, whether this would produce a sustainable US-Indian-Chinese security condominium or some alternative that includes the EU or some of its individual member states in the IOR. In the process, the development of the Road is likely to continue to contribute to an increase in geostrategic overtures and military posturing by both regional and extra-regional actors.

How do these security implications affect EU interests and what are possible avenues for security and economic cooperation with China and regional stakeholders? While the objectives of the Road serve China’s core interests, they are not entirely acquisitive and several of these overlap with the EU Maritime Security Strategy and the EU Global Strategy. These include stimulating sustainable global growth of the blue economy, improving local and regional connectivity, facilitating international cooperation on ‘green’ development in the blue economy, and promoting maritime security and stability at large. Indeed, through the Road, China will be increasingly occupied with stabilizing states and regions in order to safeguard its interests. After all, the BRI is likely to remain a red thread in China’s foreign policy. This will certainly generate positive results in some cases, but such cross-pollination may not always be in line with EU norms and values as they relate to governance models, development approaches, business standards and human security.

Hence, on balance the Road in its current incarnation may pose more security challenges than solutions for the EU over the medium and long-term. This has more to do with preexisting maritime issues and tensions, the multi-stakeholder nature of the SCS and IOR, and some of the practical security implications of the Road to date than the stated objectives of the Road. These implications are the product of both Chinese approaches and (extra-)regional stakeholder receptiveness to the Road. The EU and like-minded stakeholders should consider pursuing avenues that could limit these challenges. Ideally, the EU and China seek greater opportunities for collaboration on maritime security, although the recommendations below indicate that these may be limited in the Road’s context, or at least require more dialogue and creative thinking. One exception, as with the Belt, are the United Nations Sustainable Development Goals, which offer ample opportunities for cooperation. The Road, as with the Belt, advances through trial and error and China may be receptive to revising, if not the objectives, then at least some existing approaches if a combination of incentives and disincentives is applied.
RECOMMENDATIONS TO THE EUROPEAN UNION

These are a number of recommendations that the EU may consider in its policy response to the Road:

1. Overall, there needs to be greater integration of development as a core tenet of security, inclusion and stability within the EU’s regional engagement of South East Asian and IOR states. While this need not obviate its pursuit of democratic and human rights ideals, a failure to take better account of regional and individual state demands and their need for growth will leave the EU marginalized as China expands its engagement along the Road.

2. Rather than undertaking an evaluation of the regions as groups, an EU approach based on evaluating each country’s non-traditional and traditional security climate and each sector’s investment climate is merited. As economic and strategic engagement are intertwined in this approach, new geo-economic and geostrategic avenues of engagement should be devised.

3. Greater EU attention to maritime security in the SCS and especially the IOR is firmly recommended—their relevance to EU diplomatic, economic and security interests cannot be overstated. The EU would benefit from having a proactive strategic policy prescription for what the formulation of the Indo-Pacific means for long-term regional stability, particularly given the security implications of the Road. To begin with the EU may benefit from a series of track 1.5 workshops on this topic with stakeholders.

4. In the SCS, if China gains a stronger presence through the Road, over time it may gain leverage to realize its maritime claims, thereby possibly impacting SLOCs security and freedom of navigation. This is a red line and the EU is advised to engage with China, ASEAN and other stakeholders to discuss its concerns and the exact particulars of the maritime security that stakeholders foresee for the SCS.

5. In the IOR, the EU should closely monitor the changes in maritime security developments led by China, on the one hand, and the Quad, on the other. Rather than taking sides, the EU should support a peaceful transition to new regional security arrangements that include its own members, while strategically using the interplay and merger of the IOR’s maritime and terrestrial security spaces to its economic, diplomatic and security advantage.

6. During the IOR workshop undertaken within this project, experts from South Asia actively called for the EU to play a greater role as a regional maritime security coordinator. Based on these voices from the region, there are a number of points of entry for the EU to consider. The Indian Ocean Rim Association for Regional Cooperation could facilitate economic cooperation, while the Galle Dialogue and the Indian Ocean Naval Symposium provide forums for naval chiefs.

7. Given that fighting piracy, counterterrorism and providing safe passage for the large amount of trade between the EU and the Indian Ocean are high priorities among all actors, the EU could play a central role in establishing and maintaining a code of conduct by establishing a track 2 platform comparable to the Council for Security Cooperation in the Asia Pacific or through strategic groupings of external actors in the region, whether in bilateral, trilateral or quadrilateral formations.