



True North in
Canadian public policy

Straight Talk

April 2018

Straight Talk: Dr. Mohan Malik

The Indo-Pacific as a free, open and largely rules-based region is coming under increasing pressure from an aggressive and assertive China. No longer just an engine of global growth, China has devoted considerable resources to expand and project all elements of its national power. And this “new era” of Chinese power has many troubling characteristics. From the Himalayas to the South and East China Sea and beyond, little effort is required to bring to mind all the ways in which Xi Jinping’s China currently falls short as a responsible global stakeholder. To shed light on this issue, Dr. Mohan Malik recently appeared on MLI’s Pod Bless Canada. This Straight Talk is based on this podcast.



Dr. Mohan Malik came to the Asia-Pacific Center for Security Studies in February 2001 from Deakin University in Australia where he was Director of the postgraduate Defense Studies Program. He obtained his PhD in International Relations from the Australian National University, MPhil in Chinese Studies from Delhi University and Advanced Diploma in Chinese language from Beijing University. He is a trained Sinologist and has broad research interests in China and Asian Geopolitics and nuclear issues. Dr. Malik has lectured at the Australian Joint Services Staff College, Warfare Studies Center, and Australian Defence College and has held Visiting Fellowships at a number of strategic policy “think-tanks” in Asia, Europe and the United States.

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MLI: There are some fascinating issues at play in China today, particularly under President Xi Jinping's leadership. What is your assessment on what's happening in the People's Republic of China (PRC), and its broader implications to the multipolar geo-political landscape?

Mohan Malik: Starting off with the recent National Congress of the Communist Party of China, what we are seeing now is the transformation of a one-party state into a totalitarian state. Xi Jinping has brought an end to the collective leadership system that was put in place by Deng Xiaoping in the post-Mao period. Every leader was supposed to serve only two terms and retire.

Xi Jinping sees himself in the same mode as Mao Zedong. If Mao Zedong unified China, Deng Xiaoping made China rich and prosperous through his Four Modernizations, now Xi Jinping wants to make China strong and powerful as a global power. And he believes that he can do so – if he can reunify lost territories, like Taiwan, Arunachal Pradesh (a region disputed by China and India, which China calls South Tibet), and the Spratly and Paracel islands in the South China Sea. But that can only happen if he continues to remain in power beyond two terms.

We are seeing a re-emergence of personality-driven decision making in Chinese politics. That was the case during Mao Zedong. Xi Jinping has gotten rid of all major rival powers within the party and the military; the People's Liberation Army or PLA has been purged; the Chinese Communist Party has been purged as part of Xi Jinping's anti-corruption drive; media, civil society, everybody has fallen in line. Xi Jinping wants to make sure that during his reign, China is able to displace the US as the superpower.

That makes it very difficult for other countries hoping for China to become more open. As China got richer, the expectation was that China will become more open and transparent, if not necessarily democratic – that it would become less aggressive. In fact, I would say that these assumptions underlying Chinese policy in both Western and Asian capitals over the last 30 years have turned out to be flawed. Assumptions like China was a regional power that would never compete with the US at a global level. Or that China will never have overseas bases or seek a blue-water ocean-going fleet. Or that China will change as it becomes part of international or multilateral institutions.

Or that China's domestic political system will also undergo change – by pursuing local elections. Yet, even there, all those experiments were controlled experiments conducted at the county-village level. Not so much at the provincial level. And even the ones at the county-village level have come to an end.

So, we are seeing a very different China. And now China's own economic growth is slowing down. It's becoming much more assertive, and even aggressive in its attempts to push other countries to fall in line.

MLI: China's Belt and Road Initiative (BRI), also called One Belt and One Road (OBOR), constitutes a massive capital investment in infrastructure in far flung places like Africa and the Americas, far from China's immediate neighbourhood. But BRI became a worrisome issue for India as well. Also last year, the Chinese government sought to subvert international rules by building a highway in a disputed area called Doklam. Can you comment on what happened last year, and more significantly some of the recent developments?

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Mohan Malik: China and India have had a disputed border ever since China occupied Tibet in 1950, which converted the traditional Indo-Tibetan boundary into the disputed Sino-Indian border. But the Doklam dispute that led to last year's military standoff is not really between China and India. The dispute is actually between the tiny Himalayan kingdom of Bhutan and China. China has land border disputes with only two countries: one is India, the other is Bhutan.

Bhutan is a very small tiny Himalayan kingdom. But this kingdom also has very close security ties with India. Effectively, India is the security guarantor for Bhutan, which has a very small defence force and depends economically and militarily on India.

Bhutan and China have been negotiating their border dispute for almost two decades. Those talks have been ongoing, and the Chinese offered to settle their dispute with Bhutan - on the condition that the kingdom ends its security treaty with India and normalize relations with China. That has not happened to date. To pressure Bhutan, China has undertaken road building into disputed territory between Bhutan and China - this happened last year, and it has surfaced more recently this year, with reports that road construction was stopped by the Indian military. India's military has crossed the border to come to its ally Bhutan's aid, when the PLA was accused of building a road in territory claimed by Bhutan. This road, it should be noted, goes south towards the border with India.

MLI: If I understand correctly, India's action in stopping China from building this road last year – that is without precedence. It's a first time that India had responded to the intervention of another rival in constructing such infrastructure.

Mohan Malik: Yes, that's right. China has been building roads all along its periphery. This was a first time that India stopped China. It's also this sort of activity that China has been doing for many years - it's known as salami-slicing in the South China Sea, which entails taking incremental steps, metre by metre. They are following the same salami-slicing strategy in the Himalayas. But the problem here is that this salami-slicing is coming at a cost of tiny Bhutan, which cannot protect itself and relies on India to come to its aid when its security is threatened.

Recently, reports have emerged that the PLA has actually increased its deployment in the Doklam Plateau, which is the disputed region between Bhutan and China. Last year, as a result of an agreement between India and China, both sides withdrew. But during the winter months, satellite imagery showed that China had continued with construction, and in a flanking manoeuvre, they have now built a road that is only four kilometres away from that point where they engaged in a military standoff with India last year. If India does not do anything, then the Chinese will have built that road. But, again, India cannot do anything unless Bhutan invites them to come to its assistance.

If Bhutan is sufficiently scared of China, it's unlikely they will invite India and may even decide to reach a settlement with China. China has offered to Bhutan what it believes to be a very generous package, including territory up in the north that's on the northern border between Bhutan and China, so long as Beijing gets the Doklam Plateau that borders the Sino-Indian border.

This means China's PLA is moving southward, closer to the Indian border where the Siliguri Corridor connects the northeastern states of India with the rest of the country. That's a great concern as far as the Indian military is concerned. They don't want the Chinese military to move closer to the Indian border.

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Whether India is going to intervene again, we don't know. But these developments show that the dispute that led to the military standoff of last year has not been resolved - it still continues. And it may still escalate in the days and weeks to come.

MLI: Is this particular stretch of highway economically significant to China? Is it militarily significant to China? What is the strategic value of this tiny little piece of real estate?

Mohan Malik: Well, economically, it makes absolutely no sense - it's a very sparsely populated region, and it's being built only for military properties, so tanks and armoured personnel carriers can use this road. So, in terms of utility, it's only for military rather than economic purposes.

MLI: What are your thoughts on the Sino-Indian rivalry as it plays out in the South China Sea?

Mohan Malik: China saw a window of opportunity in the last three or four years of Obama administration. The 2012 Scarborough Shoals standoff between China and the Philippines in the South China Sea seemed to end when the US mediated the dispute and brought both sides to the negotiating table. Both sides were supposed to pull out. The Philippines kept its side of the bargain, but China refused to do so.

Since then, China engaged in a large-scale land reclamation, dredging earth to create huge, artificial islands, such as Fiery Cross. China has already militarized all seven or eight fake islands that it created since 2011-2012. These islands have now emerged as staging posts for the PLA Navy to conduct naval operations in the heart of Southeast Asia, the Malacca Straits and the Indian Ocean. As far as the South China Sea is concerned, China has engaged in a sea-denial strategy by building these seven or eight fake islands and militarizing them.

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China has achieved its objectives - that's where we are in terms of South China Sea. There are talks going on between China and ASEAN (Association of South East Asian Nations) over a code of conduct. But I'm certain that this code of conduct would only apply to other countries, not so much for China. China has adopted a go-slow approach on the code of conduct with ASEAN countries. I don't see any breakthrough on that. Even if the code of conduct is concluded, it would not constrain China. But it would constrain the Philippines, Vietnam, Malaysia, and Brunei.

MLI: We've talked about the military road building of China in the north of the country of India. We've now discussed China's militarization of the South China Sea. What's happening in the Bay of Bengal?

Mohan Malik: Well, in the Bay of Bengal, Burma (or Myanmar) is seen as a very vital component in China's Belt and Road Initiative. Indeed, Myanmar now occupies the same place in China's calculus of deterrence and its economic strategy that Pakistan occupies its Southwest Asia. Some Chinese strategists even look at Burma and Pakistan as the west coast of China.

China feels otherwise contained to the east because of US military presence in the western Pacific, with South Korea, Japan, the Philippines, and Australia. So it's trying to break free of this maritime encirclement by US friends and allies in the region, and is reaching out to its western flank - that is what OBOR is all about. Its origins go back to the Great Western Development project that was launched under Jiang Zemin. Since China is faced with competition from Japan and the US in the western Pacific, it should go toward the west of China, that means Central Asia, South Asia, and Southwest Asia - regions where it faces little competition from rival powers.

As far as the New Silk Road into Central Asia is concerned, Russia has come out in support of that initiative. China faces no stiff competition. Most Central Asian republics have already fallen under China's influence. Likewise, in South Asia, India's neighbours all have concerns about being subservient to India, because of unresolved territory disputes, animosities, and suspicion.

Pakistan has always been a long-term China ally. But now you see smaller neighbours of India - Nepal, Bangladesh, Sri Lanka, the Maldives - also playing the China card by tilting toward Beijing. The Chinese have very deep pockets. Beijing is going to these countries with offers of billions of dollars of assistance for infrastructure projects. These countries can't say no to those projects. They need development, and development needs capital, and Chinese are willing to finance them.

China's OBOR strategy is trying to establish a hub and spokes economic system that places China at the centre of all economic growth. It's trying to make arteries, consisting of highways, railroads, pipeline networks, through Pakistan and through Myanmar, which can bring oil and gas from the Middle East through these countries into Western China. From Myanmar's Bay of Bengal into Yunan province. And from Gwadar Port in the Strait of Hormuz all the way to Xinjiang. This is China's energy diversification strategy.

It's a very clever strategy to reduce China's reliance on the Malacca Strait, which they fear the US and Indian navies will choke off their supply lines in the event of a conflict across Taiwan Strait or the South China Sea. So, they are establishing these railroads and pipeline networks through Central Asia. They are made by the Chinese, financed by the Chinese, protected by the Chinese. Russia is a major exporter of energy, including oil and gas, to China. After the recent economic sanctions, Russia has nowhere to go but east. China is taking advantage of this fact. From China's perspective, to continue and sustain its economic growth, the country sorely needs resources.

What was it that led to the colonization of Asia, Africa and Latin America in the 18th and 19th centuries? It was not the white man's burden. It was a search for resources by European industrializing countries - markets to dump manufactured goods and resources to fuel economic growth in Europe. Then came the calling stations and bases to protect the first two. Resources, markets and bases - these three always go together. You cannot have one without the other. That's exactly what is driving China's strategy today.

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MLI: I wanted to ask you a little bit more about the Indian Ocean and what is happening in Sri Lanka and the Maldives and some of the other little island states in which China is being accused of generating a "string of pearls."

Mohan Malik: When the string of pearls concept was first introduced, there were a lot of sceptics, just as there were sceptics that China would want an aircraft carrier or an ocean-going blue-water navy. According to these sceptics, there is no such thing as string of pearls - it was just a figment of your imagination as strategists. It turned out that proponents of the string of pearls were exactly right.

I'd even call the Maritime Silk Road, the maritime component of the Belt and Road Initiative, string of pearls 2.0. The string is getting longer, the number of pearls is increasing. Now we see China's naval presence in Djibouti and Gwadar. They are looking at other ports - Jiwani port in Pakistan, Kyauk Pyu port in Myanmar, Hambantota port in Sri Lanka, Misa port in the Maldives.

China has leased Djibouti for 15 years, Gwadar port for 40 years, Hambantota port for 99 years, and one Maldivian port for 50 years, ostensibly for tourism purposes. And they are now pressuring Myanmar to give them a 99-year lease of Kyauk Pyu port in the Bay of Bengal that China is building – if Myanmar wants to avoid paying the \$1 billion penalty for not following through on a deal it concluded with China to build a dam in 2011. China has come up with the proposal to the government – you don't have to pay this penalty if you give us 75-85% stake in Kyauk Pyu port (rather than the original 50/50 split for this giant joint venture), and a lease for 99 years.

Cambodia is another case. Twenty percent of Cambodia coast line is leased to one Chinese company based in Tianjin called the United Development Group. That lease is for 99 years. China is also building a port in Kampot, Cambodia. There is talk of Lamu port in Kenya being leased. China is even building a new city, Malacca City, even though Malaysia doesn't need it. With that, you're going to see Malaysia becoming highly indebted to China.

Now you see the number of pearls increasing: Maldives, Sri Lanka, Madagascar, the Seychelles, which invited China to build a port and have access to conduct counter-piracy operations. China's strategy is to acquire naval presence all along maritime choke points. So this string of pearls is real. And it's much bigger than what was talked about a decade ago or so.

MLI: Canada has friends and allies in the region who believe in a rules-based system, including governments in New Delhi and Tokyo. What must the world do to respond to China? What is your prescription for countries that share our values and our interests?

Mohan Malik: I'm glad that you bring this up. In one of my articles, I've argued that what is happening now is a clash of values between One Belt and One Road and the recently reconstituted Quad, comprising of the US, Japan, India and Australia. Quad 2.0, because the first Quad was dismantled in 2008 after Kevin Rudd became prime minister of Australia. Then, Australia defected from the Quad, in a manner that really upset many countries in the region. That's why India has had reservations about Australia coming back into the Quad.

Ironically, it is the Chinese who have worked hard to bring Quad 2.0 into reality again. Many would argue that if the Quad had not been dismantled 10 years ago, maybe China would not have engaged in constructing artificial islands in the South China Sea. Instead, it saw western countries failing to come together to deter China.

China had a great degree of latitude to do what it could do to take advantage of this situation. Whether it's the Maldives or Cambodia or Sri Lanka or other countries, you see China interfering in domestic affairs of other countries to install pliant regimes that can provide access to resources, markets and bases in those countries. So the US-led liberal international order has not turned out to be quite as durable as it was supposed to be.

That's the major challenge facing the US today. China is undermining western led institutions. It's not just China's investments. Wherever China goes, you see its impact on civil society and elsewhere, with opposition leaders put behind bars, independent media crushed, and strong men emerging to serve their own personal interests and China's interest as well.

This is what I called a clash of values – the march of authoritarianism, and the challenge it poses to democratic societies worldwide. It's not confined to countries on China's periphery. The European Union

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(EU) faces a big challenge from the 16-plus-one grouping that China has formed, with countries like Serbia, Greece, Hungary, the Czech Republic, Macedonia. All these countries have undermined EU efforts to sanction or criticize China's human rights record in the UN. That's what Cambodia does vis-à-vis the South China Sea disputes, preventing countries in Southeast Asia from coming together to counter China's moves in the South China Sea.

This challenge is at various levels. It's at an economic level, a political level, and a normative level. What kind of order are we going live in if the largest economy in the world - if China becomes the largest economy - tries to recast the world in its own image. Over the last few years, the Chinese have been saying that the China model is far better than any other political model, especially for European countries. So now China is openly exporting its form of governments to other countries. How do we counter that? This is the key challenge for western democracies, for the newly resurrected Quad.

MLI: You have given us a seminal overview of the strategic challenge that China poses, not just in the Indo-Pacific region but to world order as well. Thank you for briefing us on the strategic challenge, and what Canada could do to respond.



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