

The Straits of Malacca and China's Strategic Vulnerability

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Chinese national security planners sitting in Beijing looking for weak links in the overall strategic profile of their country would spot one immediately. It would be the Malacca Straits. By any objective indications available, it would seem that the Chinese have recognised this fact and are in the process of taking adequate corrective measures.

The Malacca Straits are a shallow and a narrow waterway linking the Indian Ocean with the South China Sea. At some points it is only 23 metres deep. At its narrowest point the navigable channel is about 1.5 to 2 kilometres wide and yet it is one of the busiest waterways in the world.¹ Nearly 60,000 ships, including huge oil tankers carrying oil from West Asia to the major oil consuming nations of China, Japan and South Korea, navigate through the Straits on an annual basis. Nearly 80 per cent of China's oil imports pass through this route. China relies heavily on imported oil, gas and other natural resources to feed its growing economy and these are mainly transported by sea. It is expected that China's imports of crude oil may exceed 300m tons by 2012 and by 2030 nearly 75 per cent of its oil consumption would be based on imported oil. Today China is the world's second largest importer of oil after the USA and it has even overtaken Japan. Nearly 10 per cent of China's total energy consumption is based on imported oil.²

A Chinese newspaper in 2004 stated, "it is no exaggeration to say that whosoever controls the Straits of Malacca will have a stranglehold on the energy route to China". In case the Straits of Malacca were ever to be blockaded, it would mean a detour of at least three to four days extra navigation by ships and that also not through very safe waters. Hard headed realists that the Chinese are, they are sceptical of the attitude of the US and India, the two countries with sufficient naval power to cause acute embarrassment to China bound shipping, in case it ever became necessary. It is for this reason that China watches each joint exercise between the US and Indian Navies with such great care and if the Japanese or the Vietnamese Navies were to join in, Chinese paranoia would become even that much more acute. This was recently demonstrated when a Chinese naval ship buzzed an Indian naval ship INS Airavat on a goodwill visit to a Vietnamese port.

Deeply aware of their vulnerability the Chinese have already started to take effective counter-measures to obviate such a necessity. Firstly, the Chinese have already enhanced the capacity of their strategic oil reserves, with the location and exact quantities stored in the strategic reserves considered to be a state secret. Secondly, the Chinese have moved smartly to tie up additional quantities of crude from countries such as Venezuela, so that oil tankers carrying crude oil for China would not have to cross the Malacca Straits. In addition, China has recently advanced as loan a sum of US \$ 20 billion enhancing the existing line of credit to Venezuela to finance new power plants and infrastructure construction projects in return for long term oil supply commitments. Thirdly, and most important of all are the new oil and gas pipe-lines that China is building right across the Central Euro-Asian heartland as well as from Myanmar to Southern China. The importance of these oil and gas pipelines across the Euro-Asian heartland and Myanmar lies in the fact that most, if not all, would be immune from hostile military action.

Realising the importance of obtaining access to Central Asian oil and gas resources the Chinese moved smartly as a first step to conclude boundary disputes lingering from the Soviet era with the former Soviet Republics of Kyrgyzstan, Tajikistan and Kazakhstan. With boundary settlements also successfully negotiated with Russia and Mongolia, China's entire border line with the former Soviet Union and Mongolia stands settled and free from incidents and consequent tension in relations. The political and boundary settlements thus arrived at made it possible for China to negotiate far reaching economic and commercial deals with these newly independent, but resource rich nations of Central Asia.

Having settled the debilitating and vexed boundary disputes, it was but natural that China would sooner rather than later negotiate crude oil and gas supply arrangements with the countries of Central Asia. Negotiations began first with Kazakhstan and by 2004 construction of a 1035 Km long oil pipe line costing about US \$700 m commenced which would join Atasu in Kazakhstan with Alashankou in Xinjiang [Sinkiang]. Construction was completed by December 2005. This pipeline can carry 200,000 b/d of crude oil and it is expected that its capacity would be further enhanced to nearly double its present capacity by 2012.

Similarly, China moved to tap the vast natural gas resources located in Turkmenistan. It is estimated that Turkmenistan holds the 5th largest reserves of gas in the world. By 2009, negotiations were complete for an 1140 kilometre long gas pipeline that would carry 30bcm of gas from Turkmenistan through Uzbekistan and southern Kazakhstan to the Chinese town of Horgos. From here it would link up with the existing Chinese pipeline system. Thus both crude and gas from Central Asia would soon be fuelling the engines of the Chinese economy and its growth centres situated along its Pacific coastline.

But by far the most important development has been the construction of the Russian Eastern Siberian-Pacific [ESPO] pipeline which commenced on 27th April 2009. This became possible as a result of an agreement between Russia and China under which China would offer Russian firms long term credit amounting to US \$ 25 billion in return for which Russia would supply 300mt of oil through this pipeline for the period 2011 to 2030. This pipeline which begins its journey from the Russian city of Taishet reaches the Russian Pacific coastline some 4200 Km away and is capable of supplying crude both to China and the other Pacific Ocean countries such as Japan and South Korea. The Russians have built a new oil terminal port at Kozmino on the Pacific coastline. At a point near Skovorodino, inside the Russian Far East, this pipeline is barely 50 Km away from the Chinese border and a branch is being built to supply crude oil to China directly. The capacity of the pipeline is estimated at 600,000b/d and latest indications are that this section of the pipeline is ready for commissioning. Thus Russia can supply Siberian crude independently to China as well as to Japan and South Korea without any political implications. In addition, Russia and China are presently negotiating for the construction of two gas pipelines that would carry, when completed, 69 bcm of gas from Russia to China. These developments are symptomatic of the growing political, military and economic synergy between Russia and China. China today is one of the most significant and largest purchasers of Russian military hardware and these purchases include state of the art systems.

With Myanmar too the Chinese have been quick off their feet. The South-East Asia Pipeline Company, an affiliate of the China National Petroleum Company [CNPC], signed a deal with the Myanmar National Oil and Gas Company to build two pipelines [Oil and Gas] from the Myanmarese port of Kyaukpyu situated on the west coast of Myanmar to Ruili in Yunnan Province of China. From there the pipelines can be extended to feed besides Yunnan, the other southern Chinese provinces of Guangdong, Guangxi and Hunan. The two pipelines are 1100 Km in length and are expected to carry 22 m/t per year of crude oil and 12 bcm of gas on an annual basis and are expected to be completed by 2013. Along with the oil and gas pipelines, China has also undertaken to build a rail link from the west coast of Myanmar to the Yunnan province of China. It is said that the alignment of this railway line will be the same as of the oil pipeline. With such measures China hopes to minimise the economic impact of disruptions that can occur to its sea-borne energy flows.

Apart from taking measures to free themselves to some extent from the vulnerabilities that face them at present times, the Chinese have also undertaken a programme to strengthen their naval capabilities. The Chinese Navy is fast developing a blue water capability so as to be able to project its power in the South China Sea, as also at the eastern mouth of the Malacca Straits. With the acquisition of an aircraft carrier [Soviet origin Varyag] the Chinese Navy is no longer merely a coastal force capable of defending the Chinese coastline only. China's naval modernisation effort encompasses a broad array of weapon acquisitions, including anti-ship ballistic missiles (ASBMs), anti-ship cruise missiles (ASCMs), land-attack cruise missiles (LACMs), surface-to-air missiles, aircraft, submarines, destroyers, frigates, patrol craft and amphibious ships. In addition, observers believe that China may soon begin (or already has begun) construction of indigenous aircraft carriers. China's naval modernisation effort also includes reforms and improvements in maintenance and logistics.

Reports indicate that the PLA Navy possesses some 75 principal surface combat vessels, more than 60 submarines, 55 medium and large amphibious ships, and roughly 85 missile-equipped small vessels. The Navy has now completed construction of a major naval base at Yulin, on the southern tip of Hainan Island. The base is large enough to accommodate a mix of attack and ballistic missile submarines. China continues to produce a new class of nuclear-powered ballistic missile submarine (SSBN). JIN-class (Type 094) SSBNs will eventually carry the JL-2 submarine-launched ballistic missile with an estimated range of some 7,400 km. The JIN and the JL-2 will give the PLA Navy its first credible sea-based nuclear capability.³

A recent study⁴ concluded that a 25 per cent contraction in oil supplies would mean that China would suffer an annual reduction of 1.2 per cent to 1.4 per cent of its economic growth rate. Thus the energy contraction would be a most severe economic setback for China and likely to cause maximum damage. Hence, Indian strategic planners should take a hard second look at what the answer should be in case China continues to threaten and intrude across the fragile Sino-Indian border. Should it be that more Infantry battalions be added to beef up Indian border defences or should the Indian Navy be strengthened? This need not be an either or option given that India too is progressing well economically, but if a choice has to be made due leverage must be given to the Indian Navy.

Thus given the circumstances indicated above, serious thought should be made to strengthening not only the Eastern and Southern Naval Commands, but to carve out a new South-Eastern Naval Command based on the strategically located Andaman and Nicobar islands. This new Naval Command should be of sufficient strength and tasked to carry out multiple force projections close to the Malacca Straits. It should also be able to interdict Chinese bound cargo through Myanmarese ports and dominate the Myanmar coastline. If necessary, it can be complimented with adequate air power. Any provocation by the Chinese PLA along the Sino-Indian border should be met by making a force demonstration close to Chinese shipping in the Malacca Straits, as also close to the Myanmarese port of Kyaukpyu from where the oil pipeline for China originates. Given China's present vulnerability, the message will reach home sooner than can be expected.

Endnotes

1. IHT 28th December 2000.
2. Military and Security Developments Involving PRC 2011 – Annual Report to Congress by Department of Defence, USA.
3. *ibid* 2
4. Rand Study [2003]: Fault lines in China's Economic Terrain/Santa Monica/pp105-116.

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