The Silk Road was for millennia a trade bridge between East and West. Now China, as it pushes to be a global power again, is investing in a network of road and sea routes between the Pacific Ocean and the heart of Europe as a Silk Road fit for the 21st century.

The obstacles, the costs and the potential benefits are all immense — while the politics are complex and fraught.

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Daunting Realities: Territorial Disputes and Shipping Challenges to China’s Maritime Silk Road

By P. K. Ghosh

A central component of China’s One Road, One Belt initiative is the notion of a New Maritime Silk Road. Understandably, Beijing’s efforts to sell the idea to countries in the Indian Ocean region have been received with mixed feelings. Much of this has to do with suspicions about the strategic agenda China may be concealing. But perhaps a bigger obstacle could be how the sea routes would clash with the realities of today’s global shipping system, writes maritime shipping expert P.K. Ghosh.

ON A RECENT China Southern Airlines flight from China, while flipping through the airline magazine, I was surprised to see the main theme dedicated to the 21st-Century Maritime Silk Road and how the airline would benefit from enhanced connectivity to ports along this route as well as to destinations on the continental Silk Road. Such national focus on a yet-to-be-formed “One Belt, One Road” (OBOR) initiative was simply amazing.

China’s notion of a Maritime Silk Road has triggered endless debate by analysts and policy-makers globally, but a deeper look at their thinking reveals that many are often divorced from the realities of the maritime world. Many analysts have glossed over practical issues, creating an ideal visualization of a construct that looks perfect on paper but may falter in practice, given the uniqueness of the commercial maritime world.

However, it is undeniable that the underlying strategy of the Maritime Silk Road is a sustained diplomatic, economic and maritime quest to enhance Chinese power and strategic reach, a development that has created apprehensions among many of the littoral states in both the South China Sea and the Indian Ocean region.

ROOTS IN ASEAN
The initiative to build a maritime infrastructure corridor was proposed by Chinese President Xi Jinping during his trip to Malaysia and Indonesia in October 2013. Expounding on his vision, he flagged the “shared destiny” of China with Southeast Asia, inviting the region’s littoral states to build a “New Maritime Silk Road” that would draw its lineage from the ancient Chinese trading route with a similar name. At first, the initiative had a regional accent, and because the primary intention was to encourage economic growth and enhance trade and connectivity, it found supporters within some of the targeted states. Moreover, the area was initially in China’s strategic backyard, the South China Sea, and included members of the Association of Southeast Asian Nations.

In an effort to entice the states further, Xi even proposed setting up a China-ASEAN Maritime Co-operation Fund to augment maritime-related projects being undertaken by ASEAN member countries, but that idea received a lukewarm response. However, within a short time, the idea of a Maritime Silk Road grew and expanded its geographical scope to include the Indian Ocean. China’s desire to broaden its strategic reach, and project soft power in the vulnerable Indian Ocean region, led to its logical expansion. However, its acceptance in its expanded format by the principal countries in the region — mainly India, Sri Lanka and other Indian Ocean states — was a major hurdle. Accordingly, a charm offensive to woo these countries became a Chinese objective.

While China highlighted the myriad economic benefits of the initiative to New Delhi, a nuanced version that included security aspects was projected in Colombo, along with the benefits of joining the Chinese bandwagon at a time when Sri Lanka was not averse to playing the “China card” against India.

Knowing that India suffers from inherent technological gaps in developing its maritime infrastructure, the Chinese promised to assist Indian industry in the construction of high-quality ships and world-class ports, developing core technologies for marine bio-pharmaceuticals, seawater utilization, offshore wind, sea and tidal energy capture and aquaculture fisheries production and offshore equipment manufacturing. It was also implied that such an initiative would help to enhance the underdeveloped India-ASEAN maritime connectivity linkages. However, all this failed to garner the desired positive response from Indian officials, who were circumspect and suspected a hidden agenda.

Undeterred, on numerous occasions — including the visit of the Indian Vice President Hamid Ansari to China and the Special Representatives Talks held in New Delhi in February 2014 — the matter was raised again, but the Indian response remained non-committal.

Simultaneously, China’s state-owned Xinhua News Agency included a Maritime Silk Road map attached to a news report showing the ports of Kolkata and Colombo as part of the initiative, but bypassing the Pakistani port of Gwadar, which China is building, as a possible venue. It was an omission that appeared deliberate, but again it failed to generate the desired response in India.

WHAT IS REALLY GOING ON?
Given the sketchy available details, New Delhi was naturally apprehensive of the Maritime Silk Road, which it came to view as a strategic intrusion under the guise of enhancing commerce and infrastructure. It was felt that it could pose a challenge to India’s stature as a “security provider” in the region and also adversely affect New Delhi’s strategic leveraging capacity in the Indian Ocean.

While India was reluctant, Sri Lanka was initially quite accommodating, much to India’s discomfort. Visiting Sri Lankan Foreign Minister G.L. Peiris was informed by Beijing of China’s interest in jointly developing the Sri Lankan maritime economy, sea-based connectivity, fisheries, disaster prevention and mitigation efforts and search-and-rescue at sea, areas in which Sri Lankans were keen to enhance their capacity. But in due course, a change in government diminished the initial impetus and the Maritime Silk Road suffered a setback when the newly elected
Sri Lankan government announced a review of the US$1.5 billion Colombo Port City, which had been slated as the key Maritime Silk Road project in the Indian Ocean.

In addition to this setback, the new government in Greece, under tremendous pressure from its ongoing debt crisis, also halted the sale to China of Piraeus port as a part of the Maritime Silk Road project.

These developments are understandable. Due to its inherent opaqueness and the lack of available details, the Maritime Silk Road raises concerns about a hidden agenda. Outwardly, the project may be focused on the development of maritime infrastructure and enhanced connectivity within the Indian Ocean and the Western Pacific, but there could well be a concealed dual security agenda, as China subtly flagged while projecting its idea to countries such as Sri Lanka.

It is precisely this dual approach and the lack of specifics that not only makes it difficult to decipher the Maritime Silk Road’s real purpose, but creates apprehensions. In a way, China appears to be trying to offset the international focus on its aggressive and hegemonic behavior in the East and South China Seas by emphasizing the project’s more benign linkage to trade development. Given this background, Chinese initiatives, though ostensibly well intentioned, are looked at with skepticism.

Despite having approved of China’s Bangladesh-India-Myanmar development plan (BCIM), New Delhi’s chances of agreeing to the broader Maritime Silk Road are slim, at best. The maritime project comes coupled with the New Silk Road (the other half of the OBOR initiative, a land project that plans to connect Western China with South and Central Asia).

With the acquisition of African resources and offshore energy assets, the project could well evolve into sea lines of communication running all the way from the East African coast to the southern coast of China, created and controlled by Beijing. This would have enormous strategic implications, because it could end up requiring forward Chinese logistical hubs, the precursor to forward military basing to “protect” these hubs.

Many Indian strategic commentators revel in the thought that the US “pivot” to Asia can offset China’s rising regional strategy, and by extension the Maritime Silk Road. But it is doubtful that the Maritime Silk Road initiative will come to fruition easily, since for that to happen it would have to overcome considerable practical hurdles, some of which are discussed below.

**CURRENTLY IMPractical**

The Maritime Silk Road ostensibly involves the development of maritime nodes that will help enhance trade and sea-connectivity and assist substantially in the development of local economies. However, certain practical difficulties exist in the creation of such an architecture, which would naturally be dependent on the efficacy of the commercial shipping world and its inherent systemic way of functioning as it has evolved over the years. Hence, both the Maritime Silk Road initiative, with its likely dependence on shipping as the mode of transportation, and the commercial shipping world itself must operate in tandem to produce optimum efficiency. As is well known, the merchant shipping world follows certain established patterns in containerized trade while transferring cargo. It is utterly unclear how the Maritime Silk Road could co-exist with this system of maritime co-operation.

With the growth of long-distance containerized trade, the main hubs have grown in importance and are essentially located along the main circum-equatorial maritime route that goes through Panama, the Strait of Malacca, Suez and Gibraltar. Thus, the spokes of shipping sustain a relay function between the north-south and east-west shipping lanes.

In this established hub-and-spoke system most of the bigger ships travel along the band that extends along the equator, touching important ports within the band (with certain exceptions), while smaller ships in turn ply between ports out of this band, carrying “trans-shipped cargo” with them in a spoke manner. In other words, large vessels ply long-distance, high-capacity routes with large trading capacity while lesser ports are serviced by lower-capacity ships.

Therefore, a set of direct or trans-shipment connections are required to connect regional port systems to trans-oceanic and circum-equatorial routes, mainly through hub-and-spoke services. Currently only 17 percent of all country pairs are directly connected, while 62 percent of all country pairs require at least one trans-shipment, and 18.6 percent of all pairs require two. The world’s most important intermediate hub is Singapore, where 92 percent of its traffic is trans-shipment.

Depending on how quickly the designated Maritime Silk Road ports can get on board the circulation system, the desired shipping lanes will only evolve if these required trans-shipment hubs and the associated infrastructure are developed, which is a process that is also dependent on the creation of adequate demand.

In such a situation, if one were to template the conceived and planned hubs or ports of the Maritime Silk Road with currently established container ports or trans-shipment hubs, one would see a mismatch that would require correction if the Maritime Silk Road were to be a success.

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level of integration of a particular port with the shipping services is the Liner Shipping Connectivity Index (LSCI), which captures a country’s level of integration into the existing shipping network by measuring liner shipping connectivity. LSCI is a proxy measure of accessibility to global trade, with the countries that have the highest LSCI values being actively involved in trade. While the export-oriented economies of China and Hong Kong score very high, followed by the trans-shipment hub of Singapore, the fact is that the other countries in the Maritime Silk Road are actually ranked low, which again is an impediment to nurturing the Maritime Silk Road as a whole.

**ABSENCE OF BUSINESS PLANS**
While the Chinese have released an action plan for OBOR, closer scrutiny reveals it to be a superficial attempt at advertising the concept. It projects the proposed achievements of the initiative at the economic and strategic level rather than suggesting any concrete methodology to do so. The document does not offer any time frame or deadline, and more importantly, does not suggest any business model or plan to make the economics of the initiative work. Needless to say, a detailed business model is necessary for any economic initiative.

An ill-defined map marking some of the likely ports that are to be included in the Maritime Silk Road is hardly the kind of detail that is required. Additionally, most of these are not major ports, which essentially means that they would not only require extensive infrastructure build-up to handle enhanced shipping traffic but would require external connections to manufacturing hubs or industrial bases to make the system work. Only after this has been achieved can such a port be utilized efficiently. In addition, trans-shipment hubs or ports specialized in trans-shipment need to be developed en route with large capacities for handling cargo/containers, because these would feed the main ports. All these activities demand huge tracts of land, a precious commodity in over-populated countries such as India and Sri Lanka. In the absence of such finer contours, the Maritime Silk Road is likely to remain a mirage.

**CONCLUSION**
While the Chinese have been exceptionally focused on the Maritime Silk Road initiative, the fact remains that it is a sustained diplomatic, economic, and maritime quest to enhance Chinese power and strategic reach to an enlarged area of influence, an aspect that has created apprehensions among many of the littorals. Hence, these words by President Xi do not reveal the hidden security agenda behind the initiative: “More importantly, it should be a three-way combination of infrastructure, institutions and people-to-people exchanges and a five-way progress in policy communication, infrastructure connectivity, trade link, capital flow and understanding among peoples.”

Equally important, the initiative must take into account the systemic realities of today’s shipping world, otherwise it will prove to be impractical. Hence, either China adjusts to the commercial shipping world or the shipping world adjusts to China, which is one of the most powerful shipping entities in the world. Whatever the outcome will be, the future of this will definitely be interesting to watch.

P.K. Ghosh is a Senior Fellow at the Observer Research Foundation. He is the former co-chair and India representative to two successive Council for Security Co-operation in the Asia Pacific International Study Groups on Maritime Security. He was also the convenor of the first meeting of the Indian Ocean Naval Symposium.