

SECURING ASIAN LINES OF COMMUNICATION

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Dr. Chipman, Ambassador Satoh, Chairperson Ms. Antonenko, ladies and gentlemen.

Let me start by felicitating the IISS on reaching its Golden Jubilee year. Let me also add my complements to the Japanese Institute of International Affairs for having organized, in concert with the IISS, this Forum which focuses on “Asia’s Strategic Challenges” at a most appropriate juncture. An uncertain future looms before this region, and our leaders – both political and military - will require not just ordinary wisdom, but also the gift of innovative thinking if we are to avoid tensions and crises.

What we see here today is what IISS does best. By throwing together, a *mélange* of expertise into an intellectual melting-pot, the Institute stimulates debate on security concerns and facilitates the evolution of policy; making a huge impact on regional defence diplomacy. In this significant catalytic process, we must take note of one man’s remarkable endeavours: I refer to the dynamic and indefatigable Dr. Chipman who seems to flit from capital to capital with the ease of a diplomat and the resolve of a soldier!

Till recently, many of us in Asia fondly nurtured the hope that our economies were internationally “de-coupled” and therefore insulated. But the shock waves of the recent US sub-prime crisis, threat of recession, as well as globally rising commodity prices have served to wreck any remaining illusions of autarchy.

The 100 dollars per barrel mark was to be the trip-wire which would shatter the “oil bubble” and bring prices tumbling down. Last week oil crossed 135 dollars a barrel, amidst deafening silence, and the trip wire has now been presumably re-set at 200 dollars. The fact that one does not hear too many complaints about oil prices, shows that money is nowhere near as important for economies as the assured supply of energy, which is now becoming the cause of increasing anxiety.

Over 80% of Asia’s energy trade is carried by ship, resulting in heavy dependence on the sea lanes of communication or SLOCs as the navy calls them. In 1913, the British First Sea Lord, Admiral “Jackie” Fisher stressing the dependence of his country on sea lanes, remarked: “*It’s not invasion we have to fear if our Navy’s beaten, its starvation.*” Asians too, need to face the stark reality of their reliance on energy SLOCs and the consequences of any disruptions, and also that we are all in the same boat. The seas are definitely turning choppy, and unless we in Asia pull together and find ways to secure energy SLOCs, it is quite possible that our little boat may capsize.

Whether or not one believes in the utility of history as a teacher, prudence requires that we cast a backwards glance at the role of natural resources as a factor in past conflict initiation. Without entering into a dialectic involving the Malthusian or the Cornucopian models of resource depletion, one can assert that access to resources has been at the root of most latter day conflicts.

The seeds of WW II lay in Germany’s quest for oil, minerals and food grain, and of course, *lebensraum* in Eastern Europe. In *Japan’s* case too, it was her dire need for economic self-sufficiency and access to mainland Asia’s vast resources which called for military domination of the region.

In the post-WW II era, the imminent disruption of maritime trade has invariably triggered armed intervention by nations. The 1956 invasion of Egypt by UK, France and Israel, the Six-day War of 1967, the “tanker war” of the 1980s and the Falklands war are all illustrations of this. But the most

dramatic demonstration of the criticality of securing energy supplies remains the ongoing serial conflict in the Persian Gulf.

As far as the future is concerned, with only one fifth of the world population consuming four-fifths of its finite resources, it is quite likely that the 1000 billion barrels of oil remaining on earth (and their transportation) will become an issue of contention and strife within a few decades.

In the Asian context, the scope of responsibility for ensuring the safety of energy SLOCs is so vast that it cannot be shouldered by any single nation. The two big questions for Asia in this context are therefore going to be:

- Are the existing or potential threats to Asian SLOCs serious enough to warrant urgent action?
- and,
- Will the imperatives of inter-dependence bring Asian nations together to face common challenges, or will the instincts of chauvinistic self-interest prevail?

To test the waters, let me just dwell upon the three Asian players with major stakes in the safety of energy SLOCs: China, Japan and India. Given the diversity of their cultures and political systems, each nation's posture is dictated by a different set of geo-strategic imperatives.

China is on course to becoming an advanced industrialized nation, and attaining great power status. The assured supply of hydrocarbons is obviously a *sine qua non* for her rapid economic growth and long term developmental plans. Success of China's plans is vital, not merely for her development, but also for ensuring political stability and providing legitimacy for survival of the archaic Communist system. She has therefore, with great adroitness, and lack of moral or political scruples, diversified her energy suppliers worldwide, while buttressing her military capabilities and protecting energy SLOCs through creation of maritime footholds in the Indian Ocean.

In Japan's case, she receives 90% of her oil from the Persian Gulf, and since all of it transits, along extended SLOCs, Japan remains apprehensive that her energy security is hostage to Middle East instability and to threats *en route*. Apart from investing heavily in nuclear energy and implementing a comprehensive energy stockpiling strategy, a worried Japan is also negotiating with Russia for an energy pipeline. Constrained by her Defence Policy, Japan with North Korea and China on her mind, anxiously seeks regional cooperation in ensuring security of her SLOCs and energy lifelines beyond 1000 miles from home.

India's phenomenal growth rate of the past few years, barring mishaps, could make her economy the world's third largest in a few decades. In the same timeframe, she will achieve the dubious distinction of becoming the world's most populous nation and also its third largest energy consumer. India's domestic energy situation remains bleak, and her import dependence will grow. The glimmer of hope held out by the Indo-US Nuclear Energy deal, is about to be snuffed out by the retrograde Communist partners of the ruling coalition. India's somewhat lopsided growth has produced a 300 million strong middle class which is countervailed by an even larger number struggling below the poverty line. Unless the economy can sustain its high growth rate, India will not be able to eliminate such iniquities. And any turbulence in energy supply would spell disaster.

In the context of SLOCs, these three major energy users share many areas of common concern with other Asian nations. At the same time, there is also potential for conflict.

The Asian energy SLOCs originating in the Persian Gulf take the oil and gas laden ships, through the Iran dominated Strait of Hormuz, around strife-torn Sri Lanka through the Malacca Straits or Indonesia's archipelagic sealanes into the disputed waters of the South China Sea. During this passage, they run the gauntlet of piracy, maritime terrorism and inter-state conflict. In ensuring

their safety lies a significant convergence of interests and scope for cooperation between Asia's energy consumers.

On the other hand, while Indo-Pakistan tensions continue to simmer, the Taiwan issue keeps the spectre of a Sino-US clash looming ominously over the horizon. At the same time, another situation with conflict potential is the competition between China and India, being played out on different planes. Opinion is divided amongst the sanguine who feel that there is enough space in Asia for both to grow peacefully, and the skeptics who predict an inevitable clash of interests between the competing neighbours. The gloomier viewpoint is bolstered by visible signs of mutual suspicion regarding domination of Indian Ocean SLOCs, leading to a muted naval arms race, with nuclear overtones.

Unfortunately there has been historically, a lack of forums and institutions in Asia, which could facilitate dialogue, or help forge a cooperative response to developments affecting the region. It therefore appears logical that Asian nations should now come together in the interests of energy security, to help foster understanding and to evolve regional institutions for cooperative endeavours.

In this context, I wish to suggest four basic themes, some of which could form the basis of building an Asian energy security framework. Except for one, they all have maritime, but not military, connotations, and are envisaged as egalitarian "associations of the willing", based on mutuality of interests and hopefully free of domination by any one power.

Firstly. With over 50,000 ships traversing the Malacca Strait annually, an incident involving collision, grounding, pollution, hijacking or terrorist strike represents a nightmare scenario impacting on virtually the whole world. Given the steady increase in traffic, and the enormous expense involved its security and efficient management, this waterway should become a collective regional responsibility. A dedicated, "**Malacca Straits Security Agency**" composed of regional stakeholders, could be constituted for this purpose.

Secondly: The major regional maritime powers - China, India, Japan, Australia and Korea- seem to have prompted a naval arms race between smaller states like Singapore, Malaysia, Thailand, and even Myanmar to ward off perceived threats. The underlying causes of insecurity could be addressed through a broad based dialogue conducted by a "**Maritime Confidence Building Forum**" which could also discuss measures to prevent a pointless regional naval arms race.

Thirdly: Borrowing from the US CNO's "1000 Ship Navy" concept of a multinational network of maritime forces, I feel that the Asian region could do with a scaled down version of a similar notion. Given the nature of maritime challenges an "**Asian Maritime Partnership**" could form a modest naval "force in being" to serve the common cause of SLOC security. Nations which agree to join this initiative could pledge the availability of some ships and aircraft to the Partnership at short notice, and undertake to share the maritime traffic picture with each other.

My last proposal is meant to address the very basis of Asia's energy insecurities through an "**Asian Regional Energy Board**". The need emerges from a convergence of interests among Asian nations, calling for a common approach to regional issues like energy conservation, stockpiling, alternative fuels and efficient energy usage to minimize environmental damage. This Forum could supplement the efforts of organizations like the International Energy Agency so that all these issues are addressed in a holistic and coordinated manner on a regional basis.

Energy Security has rightly been engaging the attention of G-8 leaders since the Gleneagles Summit of 2005, and this subject formed one of the main agenda points at the St Petersburg meet of 2007. While such issues continue to be discussed around the high tables of international diplomacy, the time has come for nations like China, India, Japan and others to take the initiative and evolve organs and institutions that will protect Asia's interests. While it has been experienced that sub-regional groupings have limited effectiveness, and US initiatives are often circumscribed

by local sensitivities, one can neither be prescriptive in a discourse of this nature, nor seen to be re-inventing any more wheels where the existing ones can perhaps be re-engineered.

As a live exemplar, we have, before us the Union of South American Nations named UNASUR formed on 23rd May 2008.

Energy SLOCs are the vital arteries which carry the lifeblood of our economies, many of which hang in delicate balance. Turbulence or conflict are the last thing that Asia needs. While no one believes that Utopia is around the corner, cooperation is worth striving for, and the maritime domain is perhaps the easiest place to start since oceans, as they say, make "*neighbours of people around the world*".
