

Countering China's push into India: Navigating the choppy sea trade route

New Delhi has begun to consolidate its outreach via land among Asean countries

Subhomoy Bhattacharjee | New Delhi July 11, 2017 Last Updated at 08:10 IST



Photo: Shutterstock

There is a chart on the Indian Ocean that shows its three stress points along with the number of vessels which ply on those, that Vijay Sakhuj — director, National Maritime Foundation — displays.

Through those three points, the Strait of Hormuz, Strait of Malacca and Bab el-Mandeb

Strait, about 36 per cent of the volume of international oil traffic transits. The Indian Ocean, as Sakhuj points out, has begun to get crowded, with competing actors in the race to build ports, since this Ocean is now the main international traffic lane for transport of gas, oil and coal. The likelihood of disruption is rather high especially around the Strait of Hormuz (next to Qatar) and from where India plans to source a high percentage of its natural gas.

The ocean is also the zone where the largest number of ports is coming up among the world oceans. As of now, none of the top 10 port regions of the world is located on the Indian Ocean. Eight of those are China-based. This is an unnerving statistic and could worsen soon. As a response, the Centre is mulling the option of setting up an integrated response to the Ocean, instead of piecemeal approach by shipping, the defence ministry and the Ministry of Earth Sciences.

As Minister for Shipping, Road Transport and Highways Nitin Gadkari acknowledges India has very little presence in this waterway via ports, which he wants to correct. The risks are intense, arising from China. With its expertise to build ports, China is on course to circle India with a ring of mega ports that would mimic the

current stress points and shut India even more out of the lucrative business. The minister is thus, pushing for development of at least one port system to rival the top 10. The most promising one is JNPT, near Mumbai — currently at number 32 globally — in terms of the volume of cargo handled. While the ministry expects to get close by 2021, Sakhuja is more guarded. “I am not quite sure if that is achievable in the near future. If the projects under Sagarmala take shape well, it may be possible to work towards the top 10”.

Deputy National Security Advisor Arvind Gupta says in the interregnum, India must intensely develop “short shipping”. In other words, develop a fleet of vessels that can have a quick turnaround, ferrying goods to large ports from India’s ports. This sort of traffic is necessary to build up volumes at ports like Chabahar, where India and Iran have signed an agreement for India to operate two berths. Last week, according to PTI, the two major Indian conglomerates have bid for supplying key equipment for building the berths at the port. The shipping ministry plans to expand the financial eligibility criteria to attract more bidders, the report said.

While both Sakhuja and Gupta say taking advantage of transshipment is more productive than envisaging a major port, Pritam Banerjee, senior director, South Asia, at logistics firm Deutsche Post DHL Group, says India can fruitfully develop more than one mega port. He points to the proposed Mekong-India Economic Corridor as an example of how large ports can play their part.

The plans for the two largest competing economic zones of the world — the Belt and Road Initiative, anchored by China and the Asia-Africa Growth Corridor — jointly anchored by Japan and India — make such ports a necessity. The rise in the vital role of this sea lane is not surprising. In the past two decades as the growth engines of the world economy have veered to the shores of the Ocean, it is inevitable the role of it has become significant than that of the Pacific and the Atlantic Oceans. Consequently, the engagement with the Ocean has stirred up interest among all the littoral states and those beyond. The most visible manifestation of this level of interest is the rapid growth in the number of ports along the Ocean. They are currently 197, of which a third are under construction. The Atlantic Ocean trading system has more than 400 ports distributed on both shores. Brookings Fellow Dhruva Jaishankar notes: “The challenges of securing the free passage of trade and energy, ensuring the sustainable and equitable exploitation of fishing and mineral resources, and managing humanitarian assistance and disaster relief operations would be daunting , even if the Ocean was not so contested.”

WHY INDIA NEEDS TO RUN A TIGHT SHIP

INDIA'S INDIAN OCEAN INITIATIVE

- Sagarmala Development Company set up for providing funding support to project SPVs and residual projects
- Need arises as China has 30 times more port capacity than India

WHY INDIAN OCEAN IS A HOT SPOT

- National Perspective Plan prepared to push 400 projects at ₹8 lakh crore
- India aims to raise exports and control transshipment business and build larger ports on coasts and on island nations
- Geopolitical tussle on Ocean as China's OBOR and India-Japan AAGC vie for competing influence
- Competing high GDP growth rates in India and China spurs demand for commodities, especially energy

Developments of large container ports have two spin-offs. It provides a channel for multibillion dollar investments, and has a pay-off by earning a slice of the expanding business in energy and other commodities. In the absence of large ports, India’s neighbours like Sri Lanka earn money from berthing large container ships from which the cargo is hauled to India via smaller vessels. If Gwadar in Pakistan being built with Chinese money comes up meanwhile, it will be one more competition on the sea for India.

India also needs to be present on this sea, as it has vast potential as a blue economy. Harvesting all the oceanic zones of the world could bring in improvement in living standards. As on 2010, the blue economy contributes 4

per cent to the Chinese GDP and provides employment of 9.3 million. The comparable figures for the US are 1.2 per cent and 2.8 million; for the UK, it is 4.2 and 0.6 million. There are as yet no comparable data for India, but the scope is easy to figure out.

Series concludes