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Implications of maritime trade-dependence of India, China and Japan

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ABSTRACT

India, China and Japan, the economic big three in Asia, is heavily dependent on maritime trade in terms of importation of energy and other natural resources in addition to import/export of manufactured products. Major economic, political and security impact has been resulted from such a dependence, as the sea-lines of communication for maritime trade across the Indian Ocean and West Pacific is vulnerable to heavy conventional/unconventional threat. Policy measures have been taken in order to mitigate the vulnerabilities. Accelerated development of maritime powers, bilateralism/multilateralism, enhanced engagement with regional players and diversification policies are among such effort. The unconventional challenges are on the decline, partly thanks to effective counter-measures, while the conventional challenges is on the rise, also partly due to the mis-match of policies from major stakeholders. The Rise of Indo-Pacific Concept and the Emerging Maritime Regionalism can be a double-edge sword. Clarification of strategic intention and effective policy dialogue is needed for a more harmonious maritime engagement among the three. Strategic vision and smart policies are needed to ensure a cooperation for the benefit of all stakeholder inclusive of the three countries in particular.

KEYWORDS

Maritime Trade; Indo-Pacific; Multilateralism; Regionalism; Sea Power; Diversification

India, China and Japan are heavily dependent on foreign trade inclusive of maritime trade. The fast-developing economies of China and India and the Belt and Road Initiative are generating more dependencies on maritime trade in terms of both importation and exportation of energy resource/minerals/manufactured products/semi-manufactured products.

Maritime trade-dependence: India, China and Japan

According to the *Review of Maritime Transport 2017* released by the International Maritime Organization (IMO), over 80% of global trade by volume, and more than 70% by value, is carried via maritime transport.[1] Where India and China are concerned, these percentages are even more impressive. For India, the Ministry of Defence Annual Report for 2016–2017 indicated that 95% of India's total overseas trade by volume flows via

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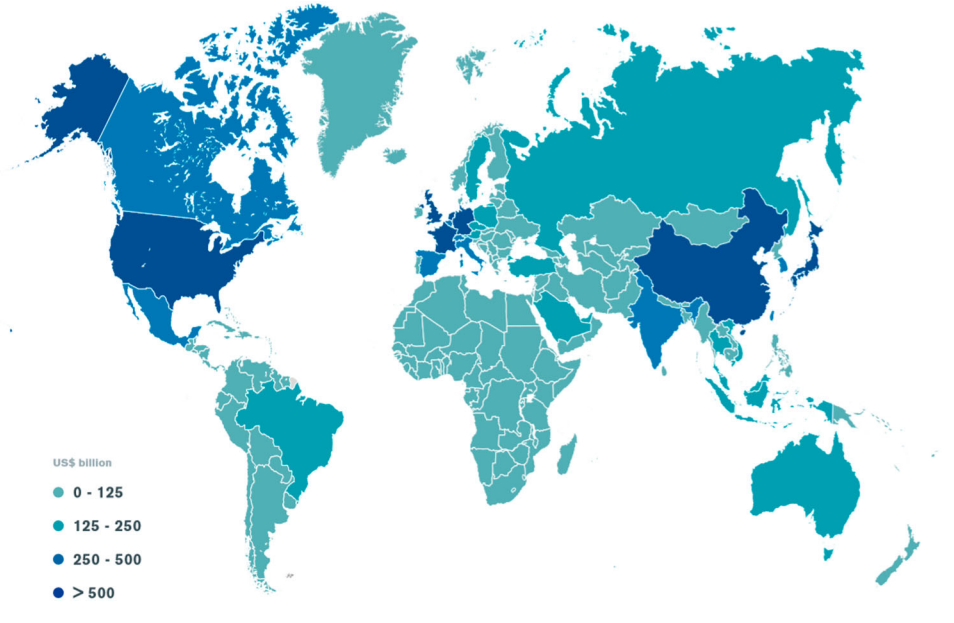
shipping.[2] Likewise, according to the Chinese Deputy Minister for Transportation, maritime transport contributed to almost 90% of China's merchandise foreign trade, 95% of its crude oil imports, and 99% of its imports of iron ore.[3] Data for Japan is not readily available but a similar heavier dependence on maritime trade will not be surprising. Data drawn from the World Trade Organization (WTO) and the World Bank (WB) indicates a complicated situation of foreign trade and (indirectly) maritime trade for the three countries. Obviously, all the three countries have a strong dependence on foreign trade, as is illustrated by the following map, sourced from the *World Trade Statistical Review 2017*, issued by WTO.

From Map 1, it is obvious that India, China, Japan and South Korea are the biggest merchandise traders in Asia, with large trade volumes, as compared to their Asian neighbours, whether coastal or landlocked. However, a brief comparison among them yields a more complicated picture.

Merchandise trade-dependence rate: China followed by India

According to WB data, the 2016 international merchandise trade dependence rate (trade as a ratio to GDP) for India, China and Japan is 27.572%, 32.909% and 25.353%, respectively (see Diagram 1).[4] People are accustomed to being told that of these three countries trade-dependency ranking places China (a world factory) as the most dependent, followed by Japan, and then India. The truth, however, is that of the three countries, Japan, despite being an island state, is the least dependent on foreign commodity trade. India, which was known as a world office and thought to be not so dependent on trade with other countries, is in fact far more dependent on foreign merchandise trade than is Japan. Its gap with that of China, a leading



Map 1. World foreign trade dependency. Source: World Trade Statistical Review 2017, P. 14.

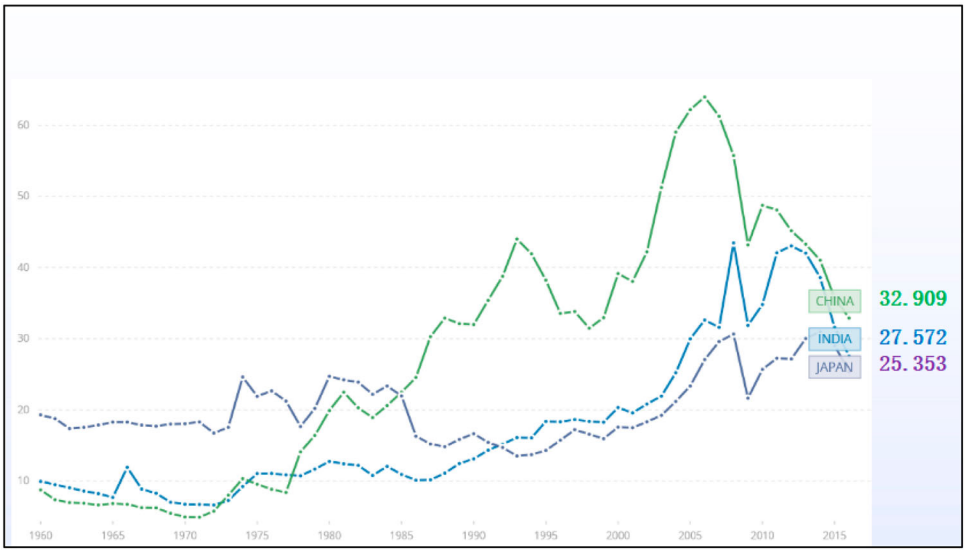


Diagram 1. Merchandise trade (% of GDP): India, China and Japan—2016. Source: World Bank Database.

Note: Merchandise trade (% of GDP): India, China and Japan, in World Bank Database, https://data.worldbank.org/indicator/TG.VAL.TOTL.GD.ZS?locations=IN-CN-JP (accessed January 11, 2018).

international trader, is just slightly more than 5.3%—not as big as conventional wisdom might indicate. The WB database also illustrated an obvious convergent tendency of the trade dependence rate amongst the three countries since 2010.

Merchandise-trade volume: China ranks first

If we check the monetary value of trade-volume instead of percentage values, the picture that emerges shows China as being the top exporter/importer, globally, in recent years. In 2016, China exported 2.09 trillion USD (13.15% of world export) worth of commodities,

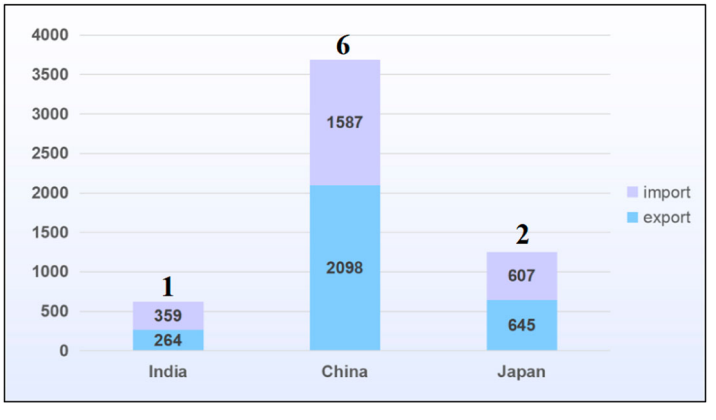


Diagram 2. International Trade 2016: India, China and Japan (in billion USD). Source: Calculated by the author based on WTO World Bank and WTO Data.

and imported 1.59 trillion USD (9.78% of world import), which makes it the largest exporter and the second-largest importer in the world. The total trade-volume of China stood at USD 3.69 trillion. In 2016, India's and Japan's trade volumes (export and import combined) stood at 0.62 trillion USD and 1.25 trillion USD, respectively (see Diagram 2). India ranked as the world's 20th largest exporter (1.65% of world export) and the 14th largest importer (2.21% of world import), while Japan, in the same year, was the fourth largest exporter (4.04% of world export) and the fifth largest importer (3.74% of world import).[5] A back-of-the-envelope calculation indicates that the ratios of the trade volumes of India, China, and Japan, are 1:6:2. Obviously, a bigger trade-volume translates to heavier maritime-trade dependence.

In 2017, the international merchandise trade of China rose (recovered, in fact) to 4.10 trillion USD, comprising 2.26 trillion USD of exports and 1.84 trillion USD of imports.[6] Japan's foreign trade rose to 1.36 trillion USD, comprising 698.37 billion USD of export and 671.43 billion USD of import.[7] At the time of writing this paper the full year data for India was unavailable. However, if the trend exhibited in the first three quarters of 2017 (549.51 billion USD—a 20.5% increase)[8] were to persist, the annual figure might well reach 732.7 billion USD. Therefore, it can be assumed that the ranking and share of the three countries in the world trade system will largely remain unchanged in the near future.

Per-capita merchandise-trade volume: Japan ranks first

If per-capita trade volume figures are taken for 2016, the scenario changes, with Japan being ranked first, with a value of 9,843 USD. China ranks second, with 2676 USD, while India is in third place, with a per-capita trade-volume of 468 USD. The per-capita trade volume ratio of India, China and Japan is around 1:6:21 (see Diagram 3).

Two implications can be drawn from this analysis of the above data. First, the smaller volume of India's trade implies a very large potential for India to develop its international trade. Over the foreseeable future, a significant enhancement of India's dependence upon foreign trade should come as no surprise. Secondly, insofar as Japan is concerned, the

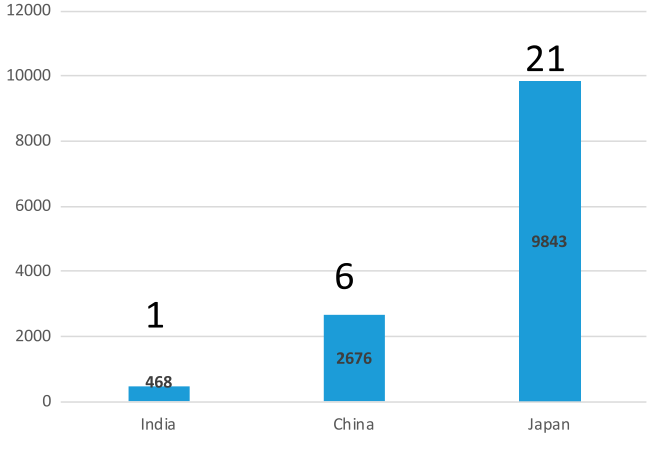


Diagram 3. Per Capita International Trade 2016: India, China and Japan (in USD). Source: Calculated by the author based on WTO World Bank and WTO Data.

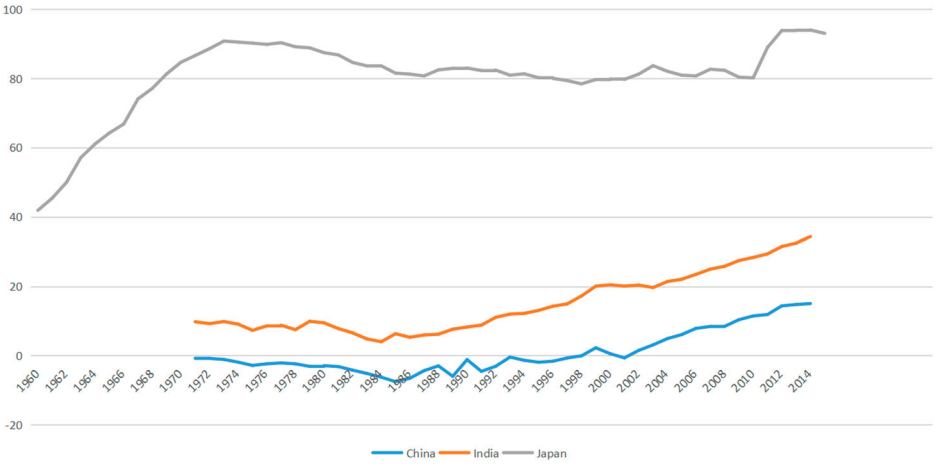


Diagram 4. Energy imports, net (% of energy use): India, China and Japan. Source: World Bank Data Base.

Note: Energy imports, net (% of energy use): India, China and Japan, in World Bank Database, https://data.worldbank.org/indicator/EG.IMP.CONS.ZS?end=2015&locations=JP-IN-CN&start=1960&type=shaded&view=chart&year_high_desc=false (accessed January 15, 2018).

significant vulnerability associated with its very high per-capita trade is amplified by its heavy imports of agricultural products—worth 75 billion USD or 11.3% of its overall imports in 2016. For China and India, on the other hand, the import volumes in respect of similar agricultural products were 155 billion USD (9.5%) and 29 billion USD (7.1%), respectively. The three countries in general, and Japan in particular, have severe vulnerabilities in terms of their respective imports of energy, as is indicted by Diagram 4.

In 2016, in terms of their import of fuel and mining products, China, Japan and India were globally ranked No. 2, No. 4, and, No. 6, respectively. Japan imported 149 billion USD worth of fuel and mining materials in that year. This is 38% larger than the Indian import of 108 billion USD, but is much lesser than the 323 billion USD worth of Chinese imports for these same products.[9] Japan also ranked as the world's largest importer of natural gas in 2016, with imports being of the order of 116 BCM (billion cubic metres).[10] Likewise, China, India and Japan were the top three (in that order) importers of coal, with imports of 246 MMT, 199 MMT, and 189 MMT, in 2016.[11] Data for the year 2015 shows that China, India and Japan, were the world's second-largest, third-largest, and, fourth largest importers of crude oil, with imports of 333 MMT (million metric tons), 203 MMT, and 165 MMT, respectively.

Indian Ocean and Western Pacific: the lifeline

The regional distribution of China's international trade highlights the predominance of the western Pacific Ocean and the Indian Ocean, in the Chinese trade spectrum. In the western Pacific, China's exports to Japan (6.2% of all Chinese exports), Hong Kong SAR (13.7% of all Chinese exports), ASEAN (12.2% of all Chinese exports), Chinese Taipei (1.9% of all Chinese exports), South Korea (4.5% of all Chinese exports), and Russia (1.8% of all Chinese exports) together constitute 40.3% of all Chinese exports, while

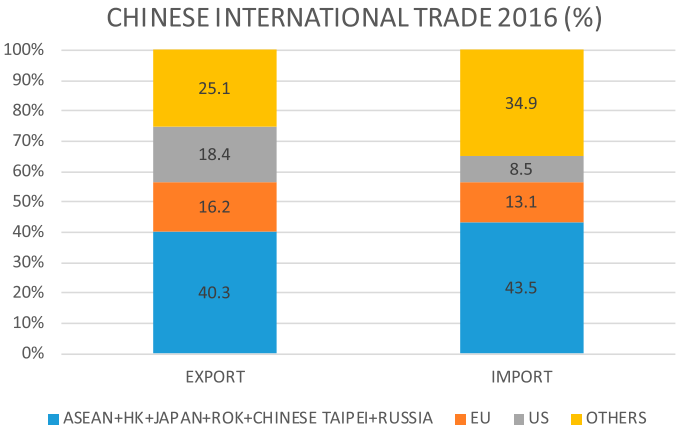


Diagram 5. Chinese exports and imports. Source: Statistical Bulletin of the People's Republic of China on National Economic and Social Development of 2016.

imports from the same group constitute 43.5% of all Chinese imports. China's robust trade linkage with the EU and the USA can be seen from its exports to EU (16.2% of all Chinese exports) and the USA (18.4% of all Chinese exports) as well as its imports from the EU (13.1% of all Chinese imports) and the USA (8.5% of all Chinese imports) (see Diagram 5). While all China's trade transits the western Pacific, its merchandise trade with the EU and part of its trade with the USA transits westward through the South China Sea, Malacca Strait, Indian Ocean, and thence via the Red Sea or the Cape of Good Hope.[12] This is not surprising as China is known to be the world's factory supplying pretty-much everything, from gloves to household appliance and from i-pads to laptops.

The western Pacific is also important for Japan, as, in the year 2016, Japanese exports to this region constituted 36.2% of its overall exports (17.7% to China, 7.2% to South Korea, 6.1% to Chinese Taipei, 5.2% to Hong Kong SAR). Its overall import from East Asia is equally large, at 38.7% of all imports (25.8% from China, 5.0% from Australia, 4.1% from South Korea and 3.8% from Chinese Taipei). In fact, seven of the "Top Ten" sources of Japanese imports (except Saudi Arabia and the UAE (No. 5), Germany (No. 7) and Qatar (No. 9) lie east of the Malacca Strait.[13]

This, of course, does not imply a reduced significance of trade passing through the Indian Ocean. In the year 2017, Japan's imports from West Asia and the EU stood at 11.0% and 11.6% respectively while exports to these two regions was 11.1% and 3.5%.[14] Tokyo's top imports in West Asia are from Saudi Arabia (3.2% of all Japanese imports), UAE (2.9% of all Japanese imports) and Qatar (1.8% of all Japanese imports).[15] See Diagram 6 for details.

It is interesting to note that Japan's import-dependence in respect of fuel and mining materials (HS25-27) stood at 24.3% of all Japanese imports, 60.8% of which came from just five countries; Australia (18.8%), Saudi Arabia (14.4%), UAE (12.9%), Qatar (8.3%) and Russia (6.2%).[16] This signifies a somewhat balanced Japanese dependence on the West Pacific (25%) and the Indian Ocean (35.8).

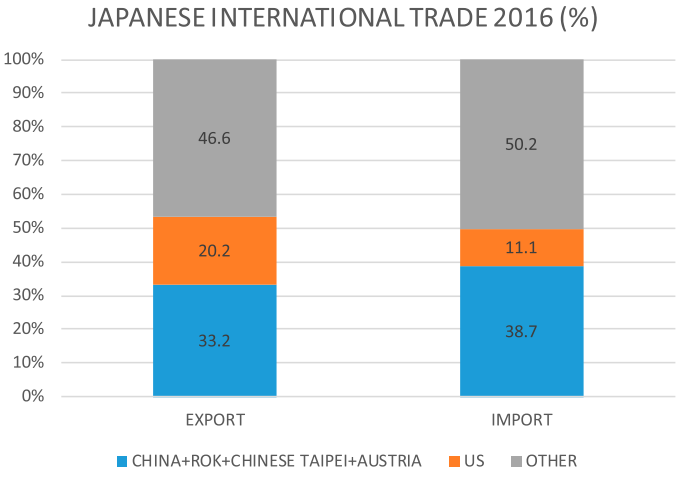


Diagram 6. Japanese exports and imports. Source: Japanese Merchandise Trade and Sino-Indian Trade Profile: 2016.

For India, import and export figures with the "ASEAN + Six" group (i.e. ASEAN plus China, Japan, South Korea, Australia and New Zealand) are 36.3% and 17.7%, respectively. India imports 20.2% of its overall imports from West Asia and exports 20.1% of its overall exports to the same region.[17] The UAE is India's second largest export-partner on the planet, with an export-share of 11.7% of all Indian exports (see Diagram 7). Fuel and mining materials (HS25-27) constitute 26.4% of India's imports, of which just four countries in the Indian Ocean littoral cater for 40.6% of all Indian imports (14.4% from Saudi Arabia, 10.3% from Iraq, 8.8% from UAE, and 7.1% from Iran).[18]

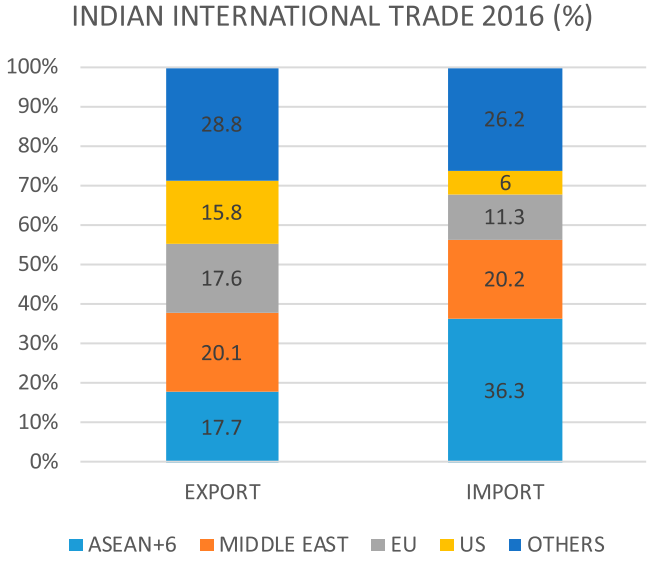


Diagram 7. Indian exports and imports. Source: Indian Merchandise Trade and Sino-Indian Trade Profile: 2016.

Policy measures against trade vulnerabilities

India, China and Japan are each combating their respective vulnerabilities associated with their very high dependence upon maritime trade. Individual efforts, when evaluated in insolation, may well be viewed as being satisfactory. However, when placed in the context of the overall maritime environment as it presently obtains, the interaction of these policies with one another will change the dynamics of the environment itself.

Accelerated development of maritime powers

The first countermeasure adopted by the each of the three countries is an accelerated development of sea-power. In recent years, these three major maritime powers of Asia are making great efforts to develop their respective sea power, and all at the same time. India's rising naval profile, such as its *Arihant* Class and *Kalvari* Class submarine programmes and its domestically-developed aircraft carrier, the induction of the *Vikramaditya*, naval cooperation with major naval powers; juxtaposed against China's rapid enhancement of its naval power, comprising the induction of the *Liaoning*, and the development of an indigenous aircraft carrier, amongst other indicators of sea power, as also the increased Chinese naval footprint in the western Pacific and the Indian Ocean, are generating debate among researchers around the globe. Japan's changed security doctrine, too, has caused an increase in its naval power, which used to be underestimated in the past decades.

Bilateralism and/or multilateralism

The second major point being made in this paper concerns bilateral, multilateral or international cooperation against "common" challenges in general and against "unconventional" ones in particular. India, China and Japan all contribute to counter-piracy escort missions off the Somali coast and the Gulf of Aden. India and Indonesia have been carrying out coordinated patrols (CORPATs) off the Malacca Strait every March and September, since 2002, seeking to keep this region safe and secure for commercial shipping and international trade. A similar effort, involving India and Thailand, is carried out in April and October of each year since 2006. Japan, for its part, has attempted to develop trilateral exercises with India and the USA in the Indian Ocean and in the western Pacific, as was observed in MALABAR 2007 and 2015 in the Indian Ocean, in addition to the recently concluded MALABAR 2017 exercises off Chennai, as well as the MALABAR exercises of 2009, 2011, 2014 and 2016. The MALABAR series of exercises has been transformed from a bilateral mechanism into a trilateral one. China commenced naval exercises with Russia from 2012, but the future projection in this regard is not clear.

Engagement with regional players

The third point concerns enhanced maritime engagement of the three countries (India, China and Japan) with other regional players. The three countries (in general) and China (in particular) are developing enhanced maritime engagement-mechanisms with other regional powers. New Delhi's initiative of Project MAUSAM, Project SPICE

ROUTE, as also multilateralism involving India, Maldives, Sri Lanka and Seychelles; Beijing's initiative of the Maritime Silk Road (as part of its Belt and Road Initiative), the China-Indochina Peninsula Economic Corridor, the BCIM Economic Corridor, the CPEC Economic Corridor, the China-Middle East Energy Cooperation Community, the Tokyo-Delhi joint initiative of Asia Africa Growth Corridor, etc., are prominent examples of such efforts. The accelerated development of bilateral relations between the three countries and with other powers within the Indo-Pacific as a whole, have also made a significant contributions in this regard.

However, suspicions, doubts and misgivings, centred upon such efforts are developing, as well. India seems to have growing concern over Chinese initiatives, while India's own initiatives and the Asia-Africa Growth Corridor are projected by many in China as efforts seeking to contain Chinese initiatives. This author, however, rejects this logic as being specious. It must nevertheless be admitted that sadly, the discourse on how to check one another remains loud and frequent, while discussion on joint efforts or synergy or benign competition has been reduced to an undertone.

Diversification

The fourth aspect is relevant to the diversification of routes, sources and destinations. Needless to say, India's effort at developing the International North-South Transport Corridor (INSTC) and Chabahar port, in order to encourage trade via both land and sea across Eurasia; China's effort to develop oil and gas pipelines from Myanmar, Kazakhstan and Russia, in addition to ongoing discussions on the possibility of a pipeline from Gwadar into China, all belong to this group. Japan, too, is attempting to diversify its dependence for the imports of oil and natural gas oil. Its endeavours in this regard include more energy imports from Africa and Russia. It is also making a concerted effort to revive the TTP while simultaneously pursuing discussions with the US for a greater quantum of secured LNG imports, etc.

Diversification, if successful, will help relieve some challenges, but might not suffice to fully deal with the vulnerabilities of dependence on maritime trade, especially since land-connectivity and pipeline development are difficult and time-consuming processes that are replete with geopolitical uncertainties. In the case of imports of petroleum-products, the diversification of sources of crude oil and natural gas is easier said than done, as the natural endowment (or lack thereof) of supplying and importing nations, as also the geographical concentration of resources (crude oil in particular) are facts that cannot be easily changed. Diversification is not an easy job even where trade in manufactured products is concerned, as trade potential is a by-product of economic development, which cannot be changed overnight.

Implications of maritime trade-dependence and policy measures

Attendant upon the foregoing issues are a number of implications, with the potential of bringing forth both, challenges as well as opportunities. Security challenges come in traditional and non-traditional/ unconventional forms. A tentative observation here is that unconventional challenges, although complicated, appear to be on the decline, partly thanks to effective countermeasures at national and international levels. Conventional

challenges, on the other hand, are, unfortunately, on the rise, also partly due to the mismatch of policies on the part of major stakeholders.

Unconventional challenges on the decline

The implications of maritime-trade dependence, in terms of economy, politics and security are very significant. Security challenges arise from both traditional and unconventional sources. Within the latter paradigm, piracy, maritime terrorism and smuggling of armaments constitute major threats. This notwithstanding, unconventional security threats have significantly diminished, thanks to a number of positive developments in recent years. The first such development is the dismantling of major terrorist group with a maritime wing. Both, the eventual defeat of the LTTE in Sri Lanka, and the pacification of the turmoil that used to be endemic in Indonesia's Aceh Province, offer illustrative examples of this trend. The current downturn in the fortunes of several terrorist organisations—Al-Qaeda and the ISIL (Daesh) in particular—also contribute to this diminution, even though these two specific groups do not possess distinct sea-based maritime wings. This may explain why the USS Cole incident and the MV Limburg oil-tanker attack have not been replicated. Further, piracy off the Somali coast, in the approaches to the Red Sea, and "within" as well as "off" the Gulf of Aden, has largely been contained, thanks to concerted common efforts by the world's navies, since 2008. Likewise, the channels and chokepoints of South-east Asia, as also the Bay of Bengal, all of which used to be notorious for piracy, have been largely peaceful in the past decade. As a result of these positive developments, seen on both flanks of the northern Indian Ocean, maritime piracy and armed robbery, according to an IMB report, reached a 22-year low in 2017.[19]

Natural disasters constitute a third major unconventional challenge. The infrequency of the occurrence of this challenge makes it less severe than the other ones discussed thus far. The frequently cited *tsunami* of December 2008 is, in fact, a rare case, and one that did has not been repeated throughout the past decade and will, in the opinion of this writer, remain an infrequent occurrence. Other natural calamities, such as the fresh-water crisis that occurred in the Maldives in 2017, are not comparable to a *tsunami* considering its relatively minimal impact upon international trade and international security.

It need to be noted that although unconventional security problems do constitute common challenges for all stakeholders and, therefore, generate an imperative for cooperation, the incentive is on the decline as unconventional challenges themselves are on the decline. International or regional cooperation to counter unconventional security challenges is certainly desirable and a frequent driver of much discourse, but it is, in actual fact, of far lesser significance that it used to be.

Introducing inter-state rivalry at Sea: Exploiting oceanic vulnerabilities?

In sharp contrast with the decline in unconventional challenges, conventional security challenges seem to be on the rise. These rising challenges emanate from at least three sources. The first is the discourse, implicitly or explicitly, on using a given stakeholder's vulnerability to maritime trade and especially along one or more specific trade-routes (International Shipping Lanes). This is most evident in the case of maritime powers

that lie to the east of the Malacca Strait. Take China, for example. The logic is that China is vulnerable on the sea because Chinese sea-power has lagged far behind that of other major maritime players. As a consequence, some analysts, in their formulations for the containment of China, propound the imposition of a blockade or a threat of blockade of China's Sea Lines of Communication (SLOCs). Considering China's complicated ties with both India and Japan, and given that China has an apparently favourable power equation in continental (land-power) terms, these analysts feel that China's relative maritime weakness provides an asymmetry that could be exploited.

However, such a discourse would enhance the security of neither China nor India, as the same logic could be applied in reverse by China. In other words, China could well offset its relative inferiority in, say, the Indian Ocean, by exploiting its relative superiority on the land, were India to mount an offensive at sea. Thus asymmetries in power may be seen to cut both ways. Obviously then, this is nothing more than a logic-trap, which might, if not avoided, induce an upward spiral of escalating contentions and competition, at the cost of security for both countries. In addition, considering the difficulty in identifying ownership and destination of ships, collateral damage to others, such as Japan, remains a worrisome probability. It is worth recounting that neither Chinese scholars/analysts nor officials have ever seriously considered exploiting the maritime vulnerabilities of neighbouring littorals, inclusive of Japan, even though Sino-Japanese bilateral relations have been thorny in recent years. This might be partly attributed to the fact that shipment security and safety is, in any case, a common interest of all major trading states, including China itself, and partly to an understanding that any such efforts would be counterproductive and self-defeating.

The rise of Indo-Pacific concept: cooperation or rivalry?

It is important to note that Chinese analysts do not look upon the emerging discourse of regionalism, inclusive of Indo-Pacific, as problematic, *per se*. India's aspiration to play a significant role in this region—whether called the "Asia-Pacific" (a term that has long been favoured by Chinese analysts) or the "Indo-Pacific"—is unsurprising, as rising powers always have an increased stake and rising interest in their immediate and extended neighbourhoods. This is mirrored by Asian littorals located on the Pacific Rim, especially those that lie across the Malacca Strait, such as China, Japan, and South Korea. All of them see the Indo-Pacific to be of increasing relevance, and have both, interests and stakes, in the Indian Ocean. All in all, whatever name one gives it, the western Pacific and the Indian Ocean will be of very substantial and substantive geopolitical and geoeconomic significance to China, India, Japan, and other stakeholders as well.

However, a somewhat disquieting development is the relatively recent, rivalry-oriented interpretation of this discourse. The recent discourse on the Indo-Pacific seems to imply a US-India-Japan-Australia quadrilateral system, or perhaps a US-India-Japan trilateral system that is aimed at containing or contesting China, whether implicitly or explicitly. This is a risky trend as it might compel China to engage in a "tit-for-tat" game, instead of engaging the region in a more cooperative manner. The consequence of such a confrontation would be grave for all parties concerned. The first and major suffering of this possible development would have to be borne by countries located in this region (instead of some that are located far away).

Emerging maritime regionalism: inclusive or exclusive?

As of now, there is no effective or comprehensive security institution in the Indian Ocean Region. The Indian Ocean Regional Association (IORA) and Indian Ocean Naval Symposium (IONS), as major intra-regional mechanisms, are by no means comparable with ASEAN or the EU. IORA is very loosely organised, while IONS is a naval platform rather than being a comprehensive regional cooperation mechanism. China and Japan, despite being major stakeholders, have been under-represented in both these platforms, as they are regarded as extra-regional States. Such a view misses three very important points:

> The first is simply that China and Japan have a very large stakes in the Indian Ocean Region (IOR)—bigger even than those of many regional players—especially in terms of maritime trade in energy and other commodities, as also in terms of infrastructure development and economic investments. So substantive are these stakes that they tend to render irrelevant the geographical divide between regional and extra-regional players within the IOR.
>
> The second is that neither China nor Japan have ever objected to India's participation-in and membership-of quintessentially East Asian constructs such as the East Asia Summit (EAS), the ASEAN Regional Forum (ARF) and the Asia-Pacific Economic Community (APEC), etc. China and Japan understand and appreciate India's increasing stake in this region. It is only reasonable for China and Japan to now expect reciprocity from India.
>
> The third point is relevant only to China and is a reiteration of the fact that China is, in any case, an immediate neighbour of the Indian Ocean. China's southwestern-most province of Yunnan is geographically proximate to the Bay of Bengal, lying a mere 500–600 kilometres away. Southwestern Yunnan is linked with the Indian Ocean by the Salween River and the Irrawaddy River. The latter is navigable along the 1,700 km of waterway southward from Myitkyina, a border city almost 200 km away from Tengchogn in Yunnan Province of China. It is not at all difficult to envisage a riverine transport system linking Nepal, Bhutan, Bangladesh and India with the Bay of Bengal. And yet, while conceptualising such a transport system, one must include China, which lies on the uppermost reaches of the Yalung Zangbo River and incorporates tributaries from China's South Asian neighbours in its middle and lower reaches.

Although comprehensive organisational structures are weak in the IOR, intangible institutions are not. These "intangible institutions", which include a whole slew of annual, India-centric maritime/naval exercises such as MALABAR (focussed on the India-US engagement), KONKAN (India-UK), VARUNA (India-France), INDRA (India-Russia), MILAN (India-ASEAN), SIMBEX (India-Singapore), IBSAMAR (India-Brazil-South Africa), etc., have all been in place within the Indian Ocean Region for over two decades. India has also held multiple maritime exercises with Japan, either bilaterally or trilaterally (the latter additionally involving the USA). China, on the other hand, is conspicuous in its absence and has not held naval exercises with India either in the western Pacific or in the Indian Ocean, in over a decade. With Japan, the situation is even worse. China has *never* held any combined or joint manoeuvres or exercises with Japan, let alone with the US Navy. The "extra-regional" discourse may well be playing a role here, even though there has been little or no extensive discussion on the reason behind the mysterious exclusion of China. However, China's exclusion simply on account of it not being geographically located within the IOR (and hence an extra-regional player) cannot be logically sustained, as any such argument flies in the face of the fact that Japan and/or the USA are not regional players of the IOR, either.

Observations and conclusion

Considering the inherent complexities in any discourse that is centred upon the maritime trade-dependence of India, China and Japan, the following observations and conclusions are relevant:

Maritime affairs is of vital and increasing significance for all stakeholders

The first major conclusion is on the significance of maritime affairs for all stakeholders in general and India, China and Japan in particular. Despite the ups and downs of their respective bilateral relations in recent years, India, China and Japan are, in fact, in the same boat in terms of their maritime security. It is interesting to note that Japan, as an East Asian State, clearly has much more common interest with China than with other players, including India, as India's oil import SLOCs largely focus on the Indian Ocean and stop well West of the Malacca Strait, while those of both China and Japan extended across the Malacca Strait and encompass the entire swath from the Indian Ocean littorals to the western Pacific.

Clarification of strategic intentions

The ability of each of the three countries in question—India, Japan and China—acting out of their respective economic necessity, to address major challenges to their maritime security is undoubted. The scaling-down of piracy and armed robbery at sea are clear indicators in this regard. However, maritime rivalry can easily become an unintended consequence of this ability, especially if these national efforts are not harmonised and if the intentions of each country are not clarified. For example, India, China and Japan have each developed their own maritime cooperation initiatives. There is much media speculation on whether and how such initiatives will compete—if not conflict—with one another. The re-emergence of the "Quad" and the sudden rise of the Indo-Pacific as a divisive and competitive construct rather than a cooperative one, could further complicate an already convoluted situation. Such a development would be against the individual and collective interests of all stakeholders in general and those of India, China and India in particular. Mitigation strategies and structures are, therefore, the need of the hour.

Pragmatic policies for better engagement is an urgent need

The discussions in previous paragraphs bring out the urgent need for pragmatic policies that would promote cooperative engagement within the Indo-Pacific. Forward-looking policies, such as "bilateral"-, "trilateral"-, "minilateral"- and "multilateral" maritime-dialogues, personnel exchanges amongst Track-1 and Track-2 maritime agencies and organisations of each country, enhanced engagement within existing and emergent institutions, etc., can be a few of the several steps that are possible and recommended. To develop an India-China-Japan trilateral maritime dialogue institution might be an option worth trying. More importantly, effort is needed to keep the evolving regionalism in "Indo-Pacific" or "Greater Asia-Pacific" open and inclusive. Such engagement will have to deal with both unconventional and conventional challenges, especially as conventional-security issues,—whether as risks or as opportunities for cooperation—are on the rise.

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