

# SINO-INDIAN COMPETITION IN THE MALDIVES: IMPLICATIONS FOR REGIONAL SECURITY

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## Abstract

*Small island states that are strategically located especially along the lines of communication of energy resources often find themselves in a competition between great powers. The Maldives is no exception to this as it has seen both China and India compete for exerting influence over the state. In the recent decade, The Maldives has become an integral part of China's Maritime Silk Road which threatens Indian hegemony and interest in the South Asian region. This paper aims to uncover the diplomatic relations of the Maldives with both the states until now, understand the implications on each other as well as regional security and work towards finding areas of possible cooperation between China and India.*

**Keywords:** *The Maldives, India, China, regional security, competition, cooperation, South Asia*

## Introduction

The Maldives, a famous holiday destination, is a small island state and an archipelago consisting of 26 atolls, that spreads around 800 kilometres vertically and 130 kilometres horizontally. The 26 atolls encompass a total of 800 islands, out of which Male is the capital of the state. The state formally gained independence in 1965 from the British Crown after ceasing to be its protectorate. The Maldives is an integral

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member of the South Asian Association of Regional Cooperation (SAARC) and a strategically significant state for South Asia as a region with special emphasis on the Indian Ocean. Historically, the small island state enjoyed relations with many neighbouring and international states, and since the cold war has been strategically valuable. It had an important military base of the British known as the 'Gan' base which both the US and USSR had wanted to use various times but were denied access.

Similarly, the positioning of the small island state is optimal with the 'Strait of Malacca' and in between the 'Gulf of Hormuz' and the 'Gulf of Aden', it lies amidst strategic oil transportation and trade routes. The area has been of geostrategic importance to the great powers of South Asia such as India, the regional hegemon, and China, the regional influencer.<sup>1</sup>

The Maldives' geostrategic location interests both India and China. It is strategically located in the Indian Ocean, allowing China to counter Indian dominance while also advancing its global military goals. In the last decade, China made the Maldives an integral part of its strategy in the Indo-Pacific region and has tried time and again to extend its influence to the small island state diplomatically and via economic assistance.<sup>2</sup> Historically, India had enjoyed better relations with the Maldives but its coercive role in South Asia and aversion to making SAARC work had made it somewhat unpopular. China's foreign policy saw the Maldives as a key component of consolidating its interests in the South Asian region, with hopes of promoting regional peace and stability and adding to the credibility of China's 'peaceful' rise to prominence.<sup>3</sup> However, the growing Chinese influence seems to spell alarm for regional security as it not only raises Indian apprehensions but receives a significant amount of US attention as well. Neither the US nor India want China to have increased influence over the Indo-Pacific region and extend its 'string of pearls' strategy. Contemporarily, the Maldives has become a key

battleground for Sino-Indian competition and at the same time enjoys substantive relations with not one but both the states.

This paper aims at understanding the relations of the Maldives with both India and China in the recent past and highlights areas of competition between the two. Towards the end, it explores its regional implications in South Asia and the possibility of 'Chindia' cooperation in the Maldives. The term 'Chindia' refers to both India and China together, this portmanteau was coined by some scholars after the meteoric rise to the global arena by these Asian giants.<sup>4</sup>

### **China-Maldives Relations**

China's ties with the Maldives began late because primarily the state held no immediate importance for the Chinese in its independence in 1965. The relations between the two started in October 1972 and slowly deepened in recent times due to China's growing influence in the region. The relations took a turn to prominence only in the last decade where in 2013 China had increased its economic assistance to the Maldives to \$15.4 million, established direct flights between the two states, and offered various scholarships for higher education to its citizens. The first Chinese embassy in the Maldives was opened in 2014 and China announced that the relations between the two states would become an example of how large and small states could ideally interact. There are various trade agreements and economic ties between the two states, marked primarily by the 2015 Free Trade Agreement between the two claimed by China to benefit the common fishermen in the Maldives.<sup>5</sup> The two states also signed certain military assistance agreements and joint training. China had expressed its desire to build a military base in the state but decided against it to not threaten India and the US which were also security partners of the Maldives.

The most significant and impactful areas of Chinese-Maldives relations were climate change and tourism. Both fields were integral to the Maldivian foreign policy and diplomatic relations. The Climate

Change Policy Framework in the Maldives states that the country would aim to establish better diplomatic and trade relations with states that not only respect the Maldivian cause for climate change advocacy but also help the state improve its survival capacity against the climatic threat. China provided the state not only with economic assistance but also with increased technological help to improve its infrastructure and economy against the threat of the climate. This was further consolidated when China helped build the 'city of hope', the Maldives' first man-made city to symbolise the resilience and perseverance of the state against climatic change.

On the other hand, tourism accounts for nearly 70 per cent of the Maldivian economy, China established better relations with the state by helping develop its tourism industry. China not only created the 'China-Maldives' friendship bridge to link Maldivian islands but a sizeable portion of tourists to the Maldives are also from China.<sup>6</sup> In addition, China helped develop the capital cities and the tourist attraction islands in the Maldives to help it generate more revenue. In the wake of the Covid-19 pandemic, when the Maldivian economy was struggling to make money due to lack of tourism, China came to the rescue of the state. The Maldives is very important for China's Maritime Silk Road (MSR) and over the last decade, China has tried to consolidate its interests in the state through a multi-faceted diplomatic approach.

### **India-Maldives Relations**

The Maldives and India have enjoyed historical relations that date back to pre-colonial times. In 1965, when the Maldives got independence from being the British Protectorate, India was one of the first countries to establish diplomatic ties with it. Historically, the Maldives had an India-first foreign policy, where it considered the regional hegemon's approval before making certain decisions. An example of this can be the refusal to let the US use the Gan base as it would have thrown the regional security of South Asia off-balance.

India also helped the Maldives handle a coup against the then president Maumoon Gayoom in 1988.<sup>7</sup> The warm relations that had been maintained over the decades weakened in the last five years and then surged again. With the new President Yameen terminating the \$500 million contract with India, tensions between the countries increased. They further sank when India refused entry to a member of the Maldivian parliament wanting to visit the country for a health check-up and the Maldives began to deny Indians work in their state, proudly advertising 'Indians need not apply'.<sup>8</sup> Yet, India understood the importance of the Maldives for the regional security of South Asia and the Indo-Pacific region.

Political instability in the Maldives has, to a large extent, influenced the relationship between the two states as well. However, since 2019 and especially in 2020, the relations between the two states have significantly improved. In August 2020, India offered \$500 million in aid to the Maldives once again and proposed a connectivity project.<sup>9</sup> They aimed to link two neighbouring islands to the capital island of Male via an over sea road in hopes of better connectivity and improving development and infrastructure in the neighbouring islands.<sup>10</sup> The investment in connectivity projects that India proposed is much larger than the Chinese ones.

India has also worked with the new government to mitigate political instability in the Maldives as well as to keep a check on terrorism in the state. Better relations with India were to open a better and more stable South Asia, where the Maldives expects India to play a more benevolent role in SAARC. Similarly, the Covid-19 crisis saw India extending aid, health facilities, and other important requirements to the Maldives which improved its ability to tackle the virus. India, too, has begun to invest in environmental development in the Maldives to win over their favour and has adopted a policy of 'neighbours first' in the case of the Maldives.<sup>11</sup> In the past year alone, various researchers have noted a shift in the Maldivian foreign policy inclining towards an

'India first' notion once again and bilateral ties between the two states have improved significantly.<sup>12</sup>

### **The India-Maldives-China Triangle**

For more than four decades since its independence, the Maldives was under the Indian sphere of influence. But recently China-India competition in the Maldives has started to emerge. However, the 2018 elections proved to be a turning point for China's position in the ocean. The victory of Ibrahim Mohammed Solih, a pro-Indian candidate, proved to be a victory for India. Alongside the shifts from presidents to presidents, the Maldives also faced bloc shifts with every president. The Maldives had an 'India First' policy during Mohamed Nasheed's term and pro-Chinese policy during Abdulla Yameen's tenure in which President Xi Jinping visited the Maldives resulting in Sino-Maldivian relations growing stronger. As part of the trade and infrastructure initiative, Chinese investment proved beneficial for the island as it funded the up-gradation of the airport, resorts, land recovery projects, housing, and roads infrastructure. Moreover, due to a \$373 million loan for up-gradation of the Male airport from the Chinese Exim bank, the Maldivian contract with the Indian company was cancelled.<sup>13</sup>

Additionally, China succeeded in the construction of the China-Maldives Friendship Bridge as well as housing projects of over 7,000 homes that cost about \$210 million.<sup>14</sup> Apart from this, a neighbouring island to the Male airport has been leased to China for 50 years. The Chinese infrastructure as well as Feydhoo Finolhu Island being leased to China is of concern to India because they fear that this will not only strengthen China's economic presence in the region but will also lay a foundation for Chinese military installations such as airfields, naval bases, and observation ports.

The Indian fear is justified as the Chinese control is growing over the Hambantota Port in Sri Lanka and also due to a new naval base in Djibouti. Like Sri Lanka, the Maldives has also leased out

several islands to China which are could be used as part of the military element of China's 'String of Pearls' strategy to encircle India and counter its influence.

Moreover, if Nasheed, who was exiled, comes back to power, it will prove to be a threat to China's economic and strategic interests under the Belt and Road Initiative (BRI) in the Maldives. He has been strongly against Chinese influence and accuses the current president of opening the gates to Chinese investments with little or no transparency.

Apart from this, in the contemporary Covid-19 crises, India has been efficient in helping the countries in the Indian Ocean to counter the growing Chinese influence. To maintain its upper hand in the Maldives as compared to China, India sent Covid-19 vaccines to the Maldives, which included it in the first countries, along with Bhutan, to receive the vaccines from India. As a gift from India, a shipment of 100,000 doses of vaccines was received by the Maldives government.<sup>15</sup>

### **Implications for Regional Security**

The Maldives has good relations with both China and India, but it leans more towards India for support because it has a considerable influence on regional security and stability.<sup>16</sup> The dynamics of engagement with the two states are, of course, on different terms. With India, the Maldives is dealing with the regional hegemon and a direct neighbour in South Asia, one that it has had historic ties with for most of its political history. On the other hand, with China, the Maldives deals with the regional influencer that is an external power looking to rise to importance. China sees the Maldives as a component of consolidating its efforts towards the MSR and the String of Pearls strategy. Both states engage the Maldives from different perspectives, while China is seen as caring little for the quality of government and political unrest in the state, India is perceived as looking towards stabilising a neighbour and saving it from exploitation at the hands of China.

The competition between the two states increases regional tensions, especially when it has been backed by the US, as seen in recent years. China had successfully managed to influence South Asian states, such as Pakistan, Sri Lanka, the Maldives, Bhutan, and those in South East Asia by what is often referred to as the 'Dragon's Charm Diplomacy'.<sup>17</sup> China is successfully making itself more popular in the Asia-Pacific, which spells trouble for not only India but the US as well. China has been trying to incorporate these littoral states in the Indian Ocean and India's neighbours through the BRI as well as its String of Pearls strategy. This has led to India becoming more unpopular in South Asia.

India has noticed China's growing influence in the region and effectively tried to counter it. This had been helped by the US too, as both signed new military agreements with the Maldives and the state backtracked on its Free Trade Agreement with China. India puts forward a front of a concerned neighbour for the Maldives where it fears that the state will fall prey to the 'Chinese Debt Trap' as Sri Lanka did with one of its ports.<sup>18</sup> In 2018, India had given the Maldives around \$1 billion to repay Chinese loans, because around 45 per cent of the Maldivian budget goes into repaying Chinese loans.<sup>19</sup> India could not afford something like what happened to Sri Lanka to happen in the Maldives, for the state is located far too strategically for that to happen. Hence the two states are trying to counter each other's influences, whilst the Maldives continues to get increased aid from both for better development and infrastructure.

### **Implications for the United States**

In the contemporary world, the rivalry between China and the United States is evident. This rivalry has intensified US engagement with the Maldives as China's growing presence and influence in the littoral states is of immense danger for the United States. For many years, the United States has been keenly observing China's activities in East Asia and its provocation in the South China Sea threatens the



interests of the US partners and allies. China's provocation along the Indian border in Ladakh and opening a Chinese military base in Djibouti compelled the US to realise the geostrategic significance of the Maldives.

Consequently, in September 2020, the US signed a new defence framework agreement with Male. Later, the Trump administration announced the establishment of its first US embassy in the Maldives. The US also stepped forward for maritime cooperation with Male including assistance of approximately \$11 million since 2018.<sup>20</sup> In addition, any investment by India for influence building in the Maldives is also looked at by the US as a positive gesture. The Maldives has also given opportunities to the US to start projects to counter-balance China. These include 'Development Finance Cooperation' and 'Blue Dot Network' to build transparent and effective infrastructure in the region which were established by the Trump administration.<sup>21</sup> The early part of the term of the Biden administration largely focused on Afghanistan, so the US secretary of defence only called the Maldives Foreign Minister to strengthen their relations which will help pursue the common interests in the Asia-Pacific region.

Moreover, the interests of the United States in the Indian Ocean—clearly declared in the US Indo-Pacific strategy—mainly revolves around controlling the Strait of Malacca which can be blocked and used against China in any case of escalation of disputes in the South China Sea or an arms confrontation with China over the issue of Taiwan.

### **Possibilities for 'Chindia' in the Region**

Although both India and China are aggressively competing for exerting greater influence in the Maldives, theorists often ponder upon the ability for cooperation between the two in the region. The possibilities for cooperation between the two are on the following fronts:

1. The two states could come to terms with the fact that competition will make the small states warier of hegemony. India could help the Maldives improve its economy through training of human resources, better technology, etc. while China can offer economic assistance to help improve the infrastructure of these states. This will help promote growth in the region whilst the Maldives gets to enjoy equally favourable ties with both states.
2. Since both states are interested in economic and energy security as well in protecting the Sea Lanes of Communication, developing the economy of the Maldives will be beneficial to both India and China as it would not only open new markets for the two states but also help make transportation of energy resources effective and safe in the region, increasing the economic integration of the region.
3. Climate change is a cause of concern for both India and China. However, for the Maldives, it is a matter of survival. Both the states are part of international climate agreements and negotiate with the Maldives to improve regional climate and make it safer for those who live in it. China and India have great potential for using science and technology alongside research and development to help the Maldives at regional and international levels as well as improve their own climate change situations.
4. Terrorism is one of the main problems of the globalised world in the 21<sup>st</sup> century and India and China are not new to facing this threat. The growing threat of Islamic extremism in the Maldives is not only a cause of concern for the peace and stability of South Asia but also for the trade and tourism of the Maldives itself. If the state is plunged into instability, the efforts of China and India to develop it for their own interests would

go to waste. Hence, both can cooperate to mitigate the threat of terrorism in the region.

### **Conclusion**

The growing competition between China and India in the Maldives is a cause of concern for regional stability in South Asia and the Indo-Pacific. Although both states have justifiable goals in the Maldives and solids reasons for the discontent towards one another, the competition between the two is neither good for the economy of the region nor for that of the littoral states in the Indian Ocean. This also shows that the small island state of the Maldives has the potential of influencing the regional dynamics of South Asia. The developments in the relations of both India and China with the Maldives help one to understand the political relationships of large states with smaller ones, especially ones that are strategically located. This paper examined the opportunities for cooperation between the two powers in the Maldives that would improve the regional economy and security in South Asia. A cooperative approach could help both states achieve not only their own goals but bring the region prosperity as well which will indefinitely serve them well in the long run. Moreover, India has a better chance of gaining the support of the Maldives in the case of bloc politics in the region since it is geographically closer to India and can also produce a viable relationship. In any case, if the Maldives chooses to remain neutral, it may suffer economic consequences.

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