

**DEALING WITH THE MALACCA STRAIT
DILEMMA: CHINA'S EFFORTS TO ENHANCE
ENERGY TRANSPORTATION SECURITY**

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Executive Summary

1. China is in a triangular relationship between growth, energy shortage and armament. The increase in oil import to meet the needs of its expanding economy highlights the issue of energy transportation safety and threats to its sea lane of communications (SLOCs), prompting Beijing to invest more on national defence, especially naval building.
2. Currently 78 percent of China's oil transportation has to go through narrow ocean straits in the Indian Ocean Region (IOR) which it has no control over SLOC safety. This presents Beijing with a long-term security challenge, prompting Chinese president Hu to remark on the "Malacca Strait Dilemma" in 2004.
3. The dilemma reveals the difficulties of finding any effective solution to the challenge. First, according to Chinese researchers, land-based transportation lines are neither practical nor cost-effective. Second, protecting SLOCs through naval forward presence in the IOR is basically a non-option. This is due to not only China's lack of necessary military capabilities but also its more urgent security challenge in the Taiwan Strait.
4. The current Chinese response to the "Malacca dilemma" is two pronged. First, the nature of the challenge is political, not military. Although this issue may have narrowed China's maneuvering space, diplomatic means is viewed as the most effective way to meet the challenge. Hu's recent visit to India was influenced by the oil security problem.
5. The "dilemma" is reflected in Beijing's worry about its lack of control over key global waterways. Its worst case scenario would be a US blockade of Chinese shipment in the IOR should a war in the Taiwan Strait erupt. So far this possibility remains remote. On the contrary, China has benefited from US-centered multilateral SLOC protection. This is why Beijing has identified cooperation with the US as the primary measure to ensure energy security.

6. Second, the PLA is building contingency capabilities for the SLOC challenge. At the level of strategic thinking, a new focus has been added to its war preparation that was set exclusively in the West Pacific in the past. At the combat level, before the navy is able to organize escort fleets to deep oceans, submarine warfare has been identified as the most cost-effective SLOC operation.

7. The SLOC challenge is long term to Beijing. It is simultaneously a non-conventional security challenge and a military one that may trigger maritime armed conflicts. Therefore, it needs to be examined at different levels. China's oil shipping route consists of the upper sections of the Indian Ocean and lower sections through the South China Sea and the Taiwan Strait. This brief will only concentrate on the upper sections.