

Africa Current Issues

The Curious Case of Africa's Indian Ocean Islands

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Introduction

Residents of the islands off Africa’s east coast are able to deal with stormy conditions. In 2019 alone, ten storms categorized as “intense tropical cyclones” battered the region. Despite threats from seasonal weather, the typical view of these islands is as idyllic island paradises for well-heeled tourists, attracted by their pristine beaches and turquoise waters. A Google search for “islands off Africa’s east coast” delivers results almost entirely dedicated to travel, cruises, discounted flight offers, holiday reviews and tourism. True enough, tourism is a critical revenue generator for many of these islands, but few see their strategic potential.

This article explores the shifting geopolitics that power an entirely different storm – an unfolding global economic and political tempest, driven by the re-emergence of old political rivalries, with territorial dominance emerging as the new kingmaker. While the islands at the focus of this article are not a single political unit, they share a common past as outposts for the French colonial empire.

Figure 1: Map of the Western Indian Ocean (WIO)



Source: adapted from Africa Center for Strategic Studies¹

Vanilla is back in flavour

The Vanilla Islands — Comoros, Madagascar, Mauritius, Mayotte, Reunion and Seychelles — account for more than 80% of global vanilla production.² The term “Vanilla Islands” is actually a brand created for the marketing and promotion of tourism to the island countries.³ Even something as “vanilla” as vanilla production and harvesting is taken for granted and not known by most who consume the world’s most expensive spice, second only to saffron.⁴

Agriculture and tourism are the two main contributors to island revenues. Most islands in the WIO seek economic diversification in order to hedge against a downturn in any one sector. Some are further along this path than others. The population, land area, and economies vary widely:

Figure 2: The Vanilla Islands at a glance

Island	Status	Population	Land area	GDP (US\$)
Comoros	Independent (1975)	821 thousand	2,235 sq. km	\$652 million
Madagascar	Independent (1960)	25 million	587,041 sq. km	\$12.7 billion
Mauritius	Independent (1968)	1.4 million	2,040 sq. km	\$13.3 billion
Mayotte	French department	270 thousand	374 sq. km	\$3.3 billion
Reunion	French department	867 thousand	2,511 sq. km	\$22.3 billion
Seychelles	Independent (1976)	95 thousand	455 sq. km	\$1.5 billion

Sources: CIA Factbook, Wikipedia

Comoros is a volcanic archipelago nation strategically situated in the Mozambique Channel. The largest city and capital is Moroni. Arabic and French are its two official languages. The economy relies on subsistence agriculture, fishing, tourism, and perfume distillation. Comoros has experienced more than 20 military coups since independence⁵, and is currently experiencing political upheaval, protests and military interventions after the arrest of an opposition leader.

Madagascar is one of the world’s least developed nations, about 400 kilometers off the coast of East Africa. The French colonial empire absorbed Madagascar in 1897; independence came in 1960. Its economy has access to many untapped natural resources. However, Madagascar currently lacks the capital markets, strong judicial system, contracts enforcement, and disciplined government necessary to fully exploit these resources.

Mauritius ranks highly on economic development and has the highest population density in Africa. After being controlled by the Dutch, the French and later the British, Mauritius obtained independence in 1968. Mauritius gradually transformed itself from an agriculturally based subsistence economy to a diversified, upper middle-income economy. This transition resulted in more equitable income distribution, increased life expectancy, lowered infant mortality, and much-improved infrastructure. The economy currently depends on sugar, tourism, textiles and apparel, with growing industrial and financial services sectors.

Mayotte is a small France-administered overseas territory that forms part of the Comoros archipelago. Alone among residents of the Comoros, the people of Mayotte voted to remain a part of France in 1974. Due mainly to illegal immigration from neighboring islands, half their populations are foreign nationals. GDP per capita exceeds US\$ 12,000, yet 84% of its inhabitants live below the official poverty line. The economy is based primarily on the agricultural sector: fishing and raising livestock. Mayotte imports a large portion of its food, mainly from France. The economy and development of the island are heavily dependent on French financial assistance.

Reunion is another French overseas territory, located east of Madagascar and south of Mauritius. Sugar was traditionally its chief agricultural product and source of export revenue. Tourism is now an important source of income.⁶ The island's remote location combined with its stable political alignment with Europe makes it an ideal location for satellite receiving stations⁷ and naval navigation.⁸ Rum, as a "Product of France", contributes to the island's economy. It is distilled on Reunion, shipped to Europe for bottling, and then distributed to world markets. Reunion also experiences high levels of inequality and unemployment that fuel social tensions.⁹

Seychelles is an archipelago nation of 115 islands in the Western Indian Ocean. Seychelles had no indigenous inhabitants; the current population consists mainly of people of African, French, Indian and Chinese origin. The World Bank classifies Seychelles as a high-income economy; it relies on fishing, tourism, agriculture and processing, boat building, printing, furniture and beverages. The government and its state-owned enterprises dominate the economy and employ two-thirds of the labor force. While prosperous, with an enviable GDP per capita ratio, the Seychelles has a politically tumultuous past and continues to have significant levels of inequality – presidential elections are scheduled for next year.¹⁰

According to the IMF, forecasted economic growth rates for the island countries also vary widely:

Figure 3: IMF GDP growth rate forecast (percent)

	2015	2016	2017	2018	2019	2020	2021	2022
Comoros	1.0	2.2	2.7	2.8	2.8	2.9	3.1	3.2
Madagascar	3.1	4.2	4.3	5.2	5.2	5.3	5.1	4.9
Mauritius	3.6	3.8	3.8	3.8	3.9	3.9	4.0	4.0
Seychelles	4.9	4.5	5.3	3.6	3.4	3.3	4.1	4.0

Source: IMF World Economic Outlook

Mauritian GDP is estimated to reach USD 15 billion in 2019, with Madagascar following at USD 13 billion.¹¹ The economies of the Seychelles are approximately one-tenth the size of Mauritius'; also, Seychelles has contended with political and social upheaval.

The World Bank Ease of Doing Business ranking, which evaluates regulations for businesses and stronger protections of property rights, provides another perspective on the island countries:

Figure 4: World Bank Ease of Doing Business Ranking 2019

Comoros	164
Madagascar	161
Mauritius	20
Seychelles	96

Source: World Bank

Note - the IMF data and World Bank rankings as shown above are available only for countries, but not for possessions such as the French overseas departments Reunion and Mayotte.

Mauritius is the clear pack leader in this widely followed measure, for which research reveals a correlation between the overall ease of doing business and subsequent FDI flows¹². The island is regarded as the richest country in Africa on a per capita basis, according to AfrAsia Bank¹³, having demonstrated consistently strong economic growth on the back of political and policy stability and a business-friendly investment climate – Mauritius is ranked as the 25th freest economy in the world in the 2019 Economic Freedom Index, with a score of 73.¹⁴ Secure ownership rights, a low tax regime and a booming financial sector drives strong foreign direct investment inflows. The wealth held in the country grew by nearly 200% over the past 10 years.¹⁵

Islands Working Together?

Apart from the rare inter-island collaboration in encouraging tourist visits, there is relatively little co-operation between the countries. If anything, the relationship is competitive. The Indian Ocean Island Games (IOIG), a tournament for sporting and athletic events, is contested every four years between Mauritius (the 2019 host country), Seychelles, Comoros, Madagascar, Mayotte, the Maldives and Reunion.

After Mauritius won the 2019 games, the Mauritian Prime Minister declared a public holiday to allow the country to celebrate its victory - the final medals tally largely reflects the economic pecking order of the region. Mauritius won the tournament with a total of 223 medals, followed by runners up Madagascar (127) and third placed Reunion (172 medals but skewed toward bronze). Seychelles, Maldives, Mayotte and Comoros made up the final four places respectively.

In sports, politics and economics, Mauritius is consistently the clear leader, with a commitment to discipline (both political and fiscal) and respect for the “rules” – of law and policy stability. Mauritian stability stands in stark contrast to the turbulence of the other islands. The country is poised to continue being the frontrunner in attracting investment, both financial and infrastructure. In this context, the country punches above its peer group, geographically far smaller than Madagascar and with a population just a twentieth of the second-place finisher. It also stands poised to play a leading role in shaping the future economic, political and strategic significance of the region as a whole.

Colonisation-lite

The French were among the first to stamp their authority on the region in the seventeen and eighteen hundreds, and their language remains deeply imprinted on local landscapes. While being significant producers in their own right, the islands were important maritime stops along the trade and spice routes between the East and the West. The power that controlled the islands controlled the movement of goods, access to valuable commodities and oversight.

Globalisation, multilateralism and trade pacts governed by the World Trade Organisation (WTO) largely negated the need for control of these global routes, but festering trade tensions between the US and China, and growing dissatisfaction with the WTO mean that geographic dominance is again a critical strategic play, albeit now through cooperation agreements rather than colonisation. This time, the islands have far greater control of their destiny, and their negotiating hand is strengthened against a backdrop of slowing world growth and increasing political and ideological fragmentation.

Slowing growth, accelerating alliances

After a decade of economic recovery following the global financial crisis (GFC), the world growth outlook again appears precarious. Concerns of a slowdown in the United States (the world’s largest economy), even a recession, mount with every data print. Growth in the United Kingdom and the Eurozone as a whole is coming under severe pressure, as are the economic expansions that have long characterised India and China’s rising prominence.

These concerns prompted central bank policy makers from the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of China (BOC) to intervene by either lowering policy rates or actively restarting bond buying programs (quantitative easing).

The outlook for these island countries, however, is not without its clouds. Slower global growth and the increasing tide of protectionism suggest that demand for their export products (predominantly agricultural, forestry and fishing) will slow and that tourist volumes, on which the islands depend heavily for foreign exchange receipts, may begin to ease.

Economics aside, the real catalyst for a shake-up in the region is playing out on the world’s political stage. Ongoing political tensions between Washington and Beijing, the UK and the Eurozone as well as between Arab States (most notably the rift between a Saudi Arabia coalition and Qatar) reflect shifting global dynamics and a push to assert global and regional dominance at a time when historical

coalitions are unravelling, and new partners are actively being courted. Each one of these developed markets has recently courted the South West Indian Ocean islands, with high-level envoys arriving bearing “gifts”.

The race to protect sea-lanes: which of the Vanilla islands?

The coordinates of the islands lay along what are now busy oil and commodity trading passageways. The willingness to partner with the global superpowers vying for their attention place the islands squarely in the middle of what amounts to a bidding war, of which the island states are keenly aware. Successfully navigating partnerships in these seas could mean the difference between smooth sailing and running aground. The table in Figure 5 below evaluates one dimension of the protection afforded by a base in alternate locations, using the distance from each prospective island base to three major maritime chokepoints as a proxy for response time, and thus of strategic value.

Figure 5: Geopolitical measures

Island Base at	Distance from base to Sea Lane chokepoints (by air in Kilometers)		
	Strait of Bab el-Mandeb	Straits of Hormuz	Strait of Malacca
Comoros	2683	4480	6471
Diego Garcia	3874	4142	3289
La Reunion	3957	5303	5584
Madagascar	3493	5146	6324
Mauritius	3957	5218	5473
Seychelles	2319	3477	5247
Sri Lanka	4099	3301	2104

Source: Google maps

Factors in base location range from political considerations to costs for construction and ongoing operations. While these factors certainly restrict the possible choices, the critical factor is location. Location decision factors include national boundaries, the source of supply to the base, specific zones to be monitored and defended, and the distance from the proposed location to these zones. Unsurprisingly, Diego Garcia shows well in the simple geopolitical comparison in Figure 5, with Sri Lanka and Seychelles each doing well for two out of the three key chokepoints. If we assume the Strait of Malacca to already be well protected, and that threats are most likely to originate in the immediate region, Seychelles rise to the top of the rankings. In any case, the future of the Diego Garcia base is far from clear, as noted in the following section.

Can Diego Garcia continue to protect the region?

Perhaps the most overt show of strategic and military interest plays out at Diego Garcia, the biggest island of the Chagos Archipelago, which was leased to Mauritius by the UK after Mauritius independence. The island is now the site of an on-going dispute between Mauritius and the United Kingdom over claims of ownership, with the US military’s operational presence on and around the island making it an extremely valuable claim. The US controlled military base allows the US navy to patrol the busy shipping route, not just to ensure the safe passage of vessels, but as a show of military prowess and control.

As recently as September 2019, UK MPs secretly visited Diego Garcia after the United Nations’ highest court declared the UK’s renaming of the Chagos Islands as a British Territory, illegal. The international body went so far as to call for the UK to “return” the Chagos Islands to Mauritius and the US to vacate the base so that the indigenous people evicted when the base was set up, could return. This move would make Mauritius an even more important country geographically than it already is.¹⁶ Untethering

itself from the UK and the US means it might be able to negotiate a far more lucrative deal with newer entrants, India and China chief among them.

Enter China and India

The international contestation, with the case of the Chagos Islands being the most prominent, is a clear example of how nations are jockeying for strategic supremacy in the region in order to gain influence and control (even if only symbolic) between West, East and Middle Eastern relations. From a US and UK standpoint, it is a play to check the rising influence of China and India in particular, not only economically, but militarily and politically. Thus, these islands, as small as they are, and as ignored as they have been, have the power to shape far broader international relations. India and China have been late to the party but are making up for it with the dispatch of their country's highest leadership, and their far less adversarial approach may give them the edge.

In March 2018, Indian President, Ram Nath Kovind visited Madagascar, flying in from Mauritius. India in the past has largely discounted the importance the Southern Indian Ocean Islands and been reluctant to get involved or comment on domestic matters for fear of destabilising broader relations in the region, and the visit was particularly symbolic in that it was the first of its kind by an Indian head of State. The Indian President oversaw the exchange of two bilateral agreements, one on defence cooperation, and the other on aviation cooperation with Madagascar. After the signing, Kovind was conferred the Grand Cross of the Second Class by the Madagascan President, the highest honour that can be bestowed on a non-citizen, underscoring the significance of the visit to the island. In addition to signing the bilateral agreements, India expressed its readiness to assist with infrastructure projects in energy, roads and port development through its credit facility.¹⁷

Just days before, Kovind visited Mauritius amidst a graft scandal by then Mauritian President Ameenah Gurib Fakim¹⁸, extending a USD 100 million credit facility to the island nation.¹⁹ Months before, in January 2018, two Pakistani Navy Ships visited the capital city of Mauritius, part of "proactive endeavours to enhance maritime collaboration with Indian Ocean littoral states".²⁰ Kovind's diplomatic visit to strengthen ties with the region was hardly a coincidence and Indian Prime Minister Narendra Modi also visited the Maldives just a few months later to solidify its growing relationship where a large Indian diaspora live. Indeed, more than half of Mauritius' population is Indian, making it an important country with which to maintain strong ties.²¹

It hasn't been all plain sailing for relations with the islands, however. In 2018, the Seychelles cancelled a cooperation agreement with India (in proposed collaboration with France) for the construction of a naval base on Assumption island, signed only months before. Recognising their potential kingmaker status, the Seychelles opted instead to develop its own base on the island to boost its Coast Guard's reach and influence. Calculating that the Seychelles was simply playing hard to get, India moved along swiftly, to Reunion, the French territory with strong Indo-French ties.

At the end of October 2019, Emmanuel Macron announced during his first visit to the French overseas territories, that India will deploy naval aircraft at Reunion as part of a collaborative surveillance mission between the two countries. He went so far as to spell out the region's strategic importance and the need to position it within the axis of the African and Indian sub-continent.²²

Like India, China is a relatively new entrant to the South West Indian Ocean Island race, not having near the military presence that the US or India have in the region. Acutely aware of this, China is beginning to flex its political and financial muscle to fast-track its growing regional interests. The country recently wrote off a USD 5.5 million loan to the Seychelles after an agreement aimed at "supporting the (faltering) Seychelles economy".²³

For China, the islands represent not only a critical trade link, but they are an integral element in its Belt and Road initiative. The road portion of the BRI needs to invest billions of dollars of maritime infrastructure to safeguard its trade and commodities supply. More importantly, its pursuits in the region

have as much to do with increasing its military presence as it does heading off the US and gaining higher ground at the negotiating and military tables.

The picture that emerges from the flurry of diplomatic visits, trade pacts and naval tours is one of the growing strategic relevance of the Southern Indian Ocean Islands and their critical importance in the reshaping of superpower maritime strategies and broader political and military architecture.

And Africa?

Amidst all the jostling for supremacy in the region by the world's superpowers, Africa, of which these islands are a part, may be feeling a little ignored. Having traditionally been aligned to Europe under colonisation and with Africa post-independence, island loyalties and allegiances appear to be shifting East. This is understandable given Africa's lack of financial, economic and military prowess and the near paralysis of the African Union. It may be that the islands are aware that an allegiance to Africa will not serve their interests nearly as much as a tie-up with far larger superpowers.

Nevertheless, Comoros, Seychelles, Mauritius and Madagascar all signed the African Continental Free Trade Area agreement and are all members of SADC and COMESA. All of the islands show a willingness to embrace the continent of which they are (theoretically) a part, particularly on trade and cooperation. But trade relations are a far cry from the investment as well as military and political clout larger countries could offer. Thus, the islands are likely to remain largely free agents, coyly awaiting the highest bidder.

On the surface, this seeming neutrality parallels Djibouti, the tiny African state wedged between Eritrea, Ethiopia and Somalia. The country plays host to US, Chinese, Italian, German, Japanese and Spanish military bases, all of whom offer cash and infrastructure commitments to the country for the privilege of maintaining a presence in the country, one that serves their interests in safe passage.

Taking a leaf from Djibouti, rather than playing coy with individual superpowers, the South West Indian Ocean Islands could benefit exponentially by welcoming all offers, although in an increasingly fractured political landscape, this may not be agreeable to the suitors who now have a politically fragmented group of islands to play off against each other.

The leadership of the West Indian Ocean islands must acknowledge that they have far more to gain, a far stronger bargaining hand, were they to work collectively. This seems a good way off. Combining forces would allow them far greater scale and sway in any marriage. For now, however, they seem content to remain independent actors, at sea so to speak between its African continental ties, historical relationships with Europe and the US, and burgeoning interest from the East.²⁴ This then, is no time for inaction. Instead of tying their allegiance to the AU, the island group should coalesce inward, creating a quasi-union of its own in order to negotiate the best possible deal.

At worst, a failure to do this, with each choosing to side with opposing political forces and interests could instead see the region become a hotbed of political, economic and military tension. The potential outcomes available to politicians, nation states and investors are many. And in all cases come with significant opportunity and risk. A collective effort with the right strategic partner/s could see the region flourish commercially. The wrong tie-up could see them caught in the middle of broader political standoffs. Inaction could see them bullied into submission. The clock is ticking.

Conclusion

There is irony in the world's superpowers (US, China, India, UK, UAE), in some instances the former colonisers, now seek to cosy up to the once overlooked and underappreciated islands. Perhaps, as diplomacy among developed and developing powerhouses disintegrates in the pursuit of strategic and economic dominance, the Vanilla islands could potentially become kingmakers.

Wisely choosing partners and negotiating terms will be a delicate tightrope walk. Ideally, this will lead to mutual benefit for both the suitor and the beneficiaries (local population), while retaining financial and

strategic sovereignty. The rate at which events unfold will accelerate. Tensions will heighten, which may strengthen the hand of the island nations. One thing is certain — failure to work collectively will definitely leave each island exposed to being played off against another, or even being left behind.

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