

# **GEOPOLITICAL RISKS IN AFRICA AND ASIA FROM A COMPARATIVE PERSPECTIVE:**

## **The Strategic Role of Indian Ocean Zone**

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***MADAGASCAR***

# PLAN

## **I. Overview of Current Geopolitical Risks**

## **II. Building Peace: Asia Vs Africa**

- ❖ **Similarity during the Post-Colonial Period**
- ❖ **Asia: Breaking away from post-colonial status quo**
- ❖ **Africa: Continued post-colonial status quo**

## **III. Mitigating Geopolitical risks: Indian Ocean Zone**

# I- OVERVIEW OF CURRENT GEOPOLITICAL RISKS

- **New form of geopolitical risk:**
  - (1) born from within any country due to raising and globalized anti-status quo (anti-elitism, anti-establishment) sentiment;
  - (2) and contagious (Poor countries  $\leftrightarrow$  Rich countries; Rich  $\leftrightarrow$  Rich; Poor  $\leftrightarrow$  Poor)
- **New Nature of the conflicts:** Terror attack, guerilla warfare, sudden attack and high risk of use of cheap WMDs
- **Increasing anti-status quo (anti-elitism, anti-establishment) movements worldwide, Especially in Africa and Middle East**

# I-OVERVIEW OF CURRENT GEOPOLITICAL RISKS

- **Major and serious threat to the dynamism of world prosperity and global peace:**
  - (1) Huge economic potential in Africa will remain unexploited as fast growing economies in Asia will delay the exploration of new growth opportunities
  - (2) Poorly governed Africa with its young population is of high political risk, favorable ground for any kind of trafficking, growth of extremism, platform for worldwide terror attacks
- **String of Pearls:** Growing Chinese influence in the Indo-Pacific ocean could threaten peace

## II- BUILDING PEACE: Asia Vs Africa

- **Similar pattern of political risks between Asia and Africa in the early post colonial period**
  - (1) Less developed countries: low per capita income, weak social development, weak institutions, high inequality
  - (2) Resources rich, less diversified economy and structured on Rent-seeking activities dominated by few business elites
  - (3) Discrepancy of interests between elites and citizens
  - (4) Continued influent role of foreign power in maintaining the status quo: Securing essential raw materials, fostering close relations with political elites by supporting the economic bases of their regimes

# II- BUILDING PEACE: Asia Vs Africa

(5) Autocratic regimes

(6) Raising anti-neocolonial sentiments → growing anti-elites, anti-establishment, anti-political elites protests, within an international environment governed by the cold war

(7) Battle field of the cold war: confrontation between Rival ethnic and political factions, social conflict and societal warfare

(8) Immediate needs to build peace in the region for economic prosperity

**Lesson**: (Armed conflicts + Instability) ==> devastated economies, divided societies, Traumatized populations

## II- BUILDING PEACE: Asia Vs Africa

Peace building actions were more successful in Asia whereas political risks are higher in Africa making it more instable and conflict-prone than Asia

→ Asia's success in breaking away from post-colonial status quo

→ Africa still trapped in post-colonial status quo

# ASIA: BREAKING AWAY FROM *STATUS QUO*

- (1) **Dual Track Development Strategy**: Successful **economic policies** leading to structural transformation and economic diversification; and Effective **social policies** to cope with problems associated with rapid eco. growth → **Political stability : A VIRTUOUS CIRCLE**
- (2) Good institutions, relatively good governance and successful transition into democratic regime
- (3) Business and political elites pro-development
- (4) Emerging economy status and reduced influence of foreign power
- (5) Low unemployment rate and more equal society



# ASIA: BREAKING AWAY FROM *STATUS QUO*

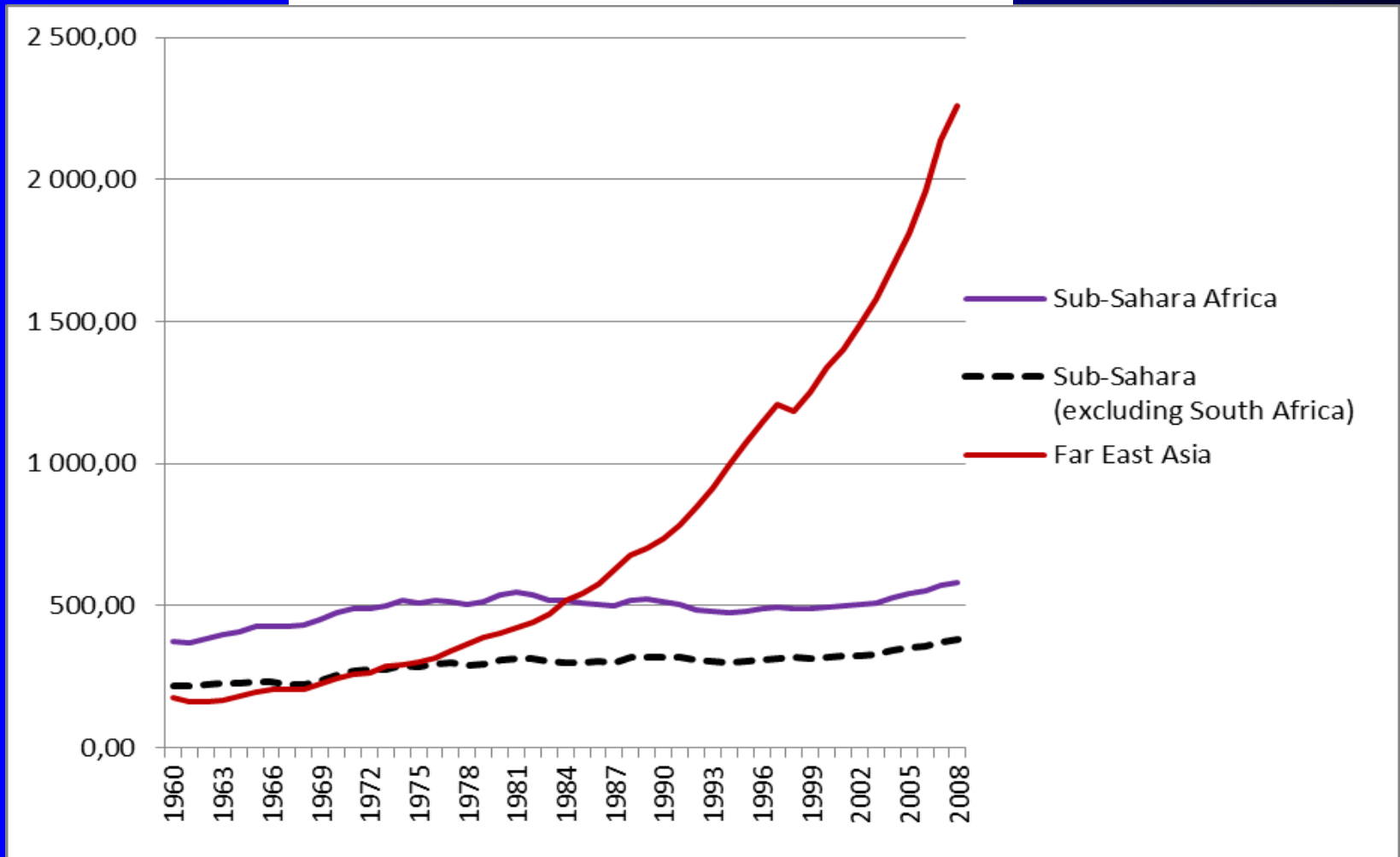
- 6) **Leading role of Japan** whose economic prosperity is closely linked to regional peace: Japan's courage to break up with status quo in its relation with the region, to establish a new attitude and mutual trust between the region and Japan in August 1977 (Fukuda doctrine); The new Asian Industries Development plan and the Japan-Asia Development Fund; Trinity-type economic cooperation

== > **"HAPPY MARIAGE"**

- **Peace building: more by economic means**
- **Economic prosperity, less social conflicts, political stability, relatively less anti-status quo sentiments**

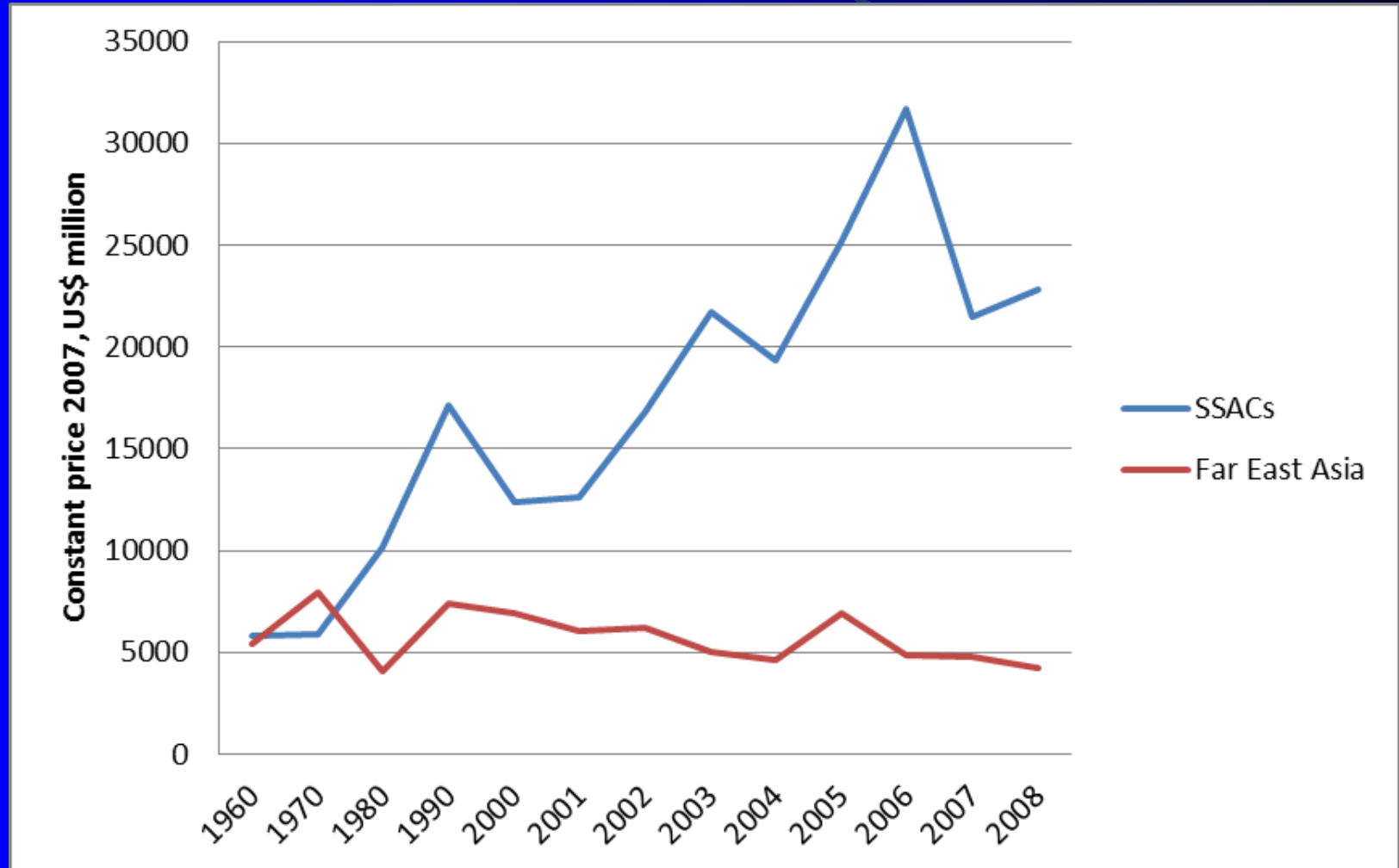
# ASIA: BREAKING AWAY FROM *STATUS QUO*

**GDP per capita (constant 2000 US\$)**



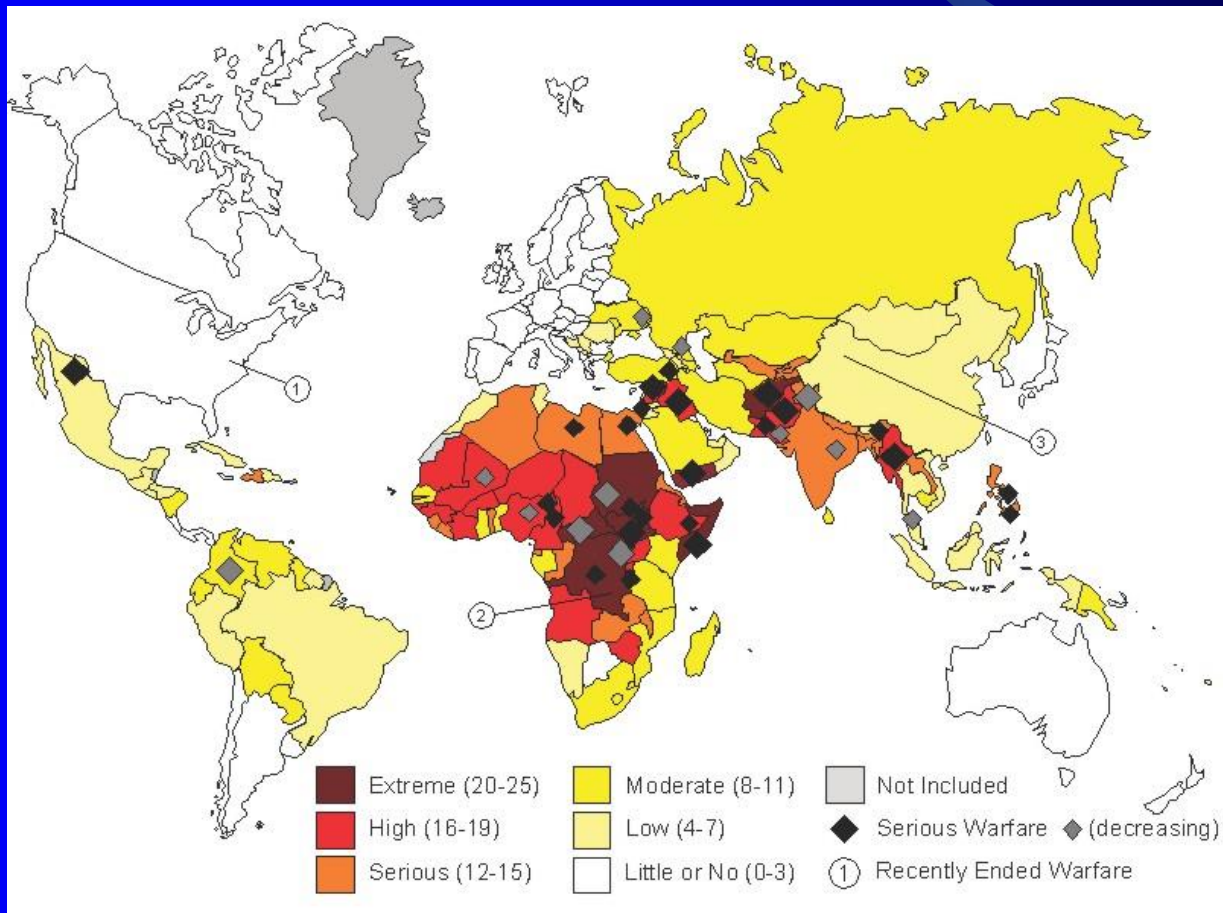
# ASIA: BREAKING AWAY FROM *STATUS QUO*

## Annual flows of net disbursements ODA



# ASIA: BREAKING AWAY FROM *STATUS QUO*

## Fragility: Asia Vs Africa



# AFRICA'S CONTINUED *STATUS QUO*

1. **Dominating position** of traditional business elite and political elite (whose interests are against the wishes of the vast majority)
2. **Rent seeking activities** and denied access to economic opportunities by the vast majority
3. **Strong influence** of former colonial power and international community, Autocratic regime,
4. **Weak institutions**, Divided societies, Desperate youth
5. **Pervasive Corruption**, bad governance, aid dependency
6. **Policy failures** (Economic and Social) == > social exclusion, Political instability. **VICIOUS CIRCLE**
7. **Peace building**: more by military means and by violent repression; ODA essentially geared toward BHN and humanitarian actions

# CHINESE EXPANSION PRESERVING THE *STATUS QUO*

- ❑ **Africa is vital for China: Vital resources, Trade, Investment and Defense actions**
- ❑ **Gradually becoming first economic partner**
- ❑ **Johannesburg summit: Some figures**

	<u>2014</u>	<u>2020</u>
Trade (Billion US\$)	220	400
Inv. (Billion US\$)	32.4	100
ODA (Billion US\$)	←← ←← 35	→→ →→

- ❑ **Chinese ODA is more accessible to Africa than DAC's ODA, in terms of rules and procedures**
- ❑ **Chinese FDI is not bound to compliance requirement as DAC's (ex case of Soalala Iron)**

# CHINESE EXPANSION PRESERVING THE *STATUS QUO*

- ❑ Need to relocate investment involving 80 millions workers in the next decade
- ❑ 6 Industrial Zones has been established
- ❑ Chinese FDI is not bound to compliance requirement as DAC's (ex case of Soalala Iron)
- ❑ Cultural expansionism: Confucius Institutes across the continent (46 as in 2014)
- ❑ Maritime silk road with focus on Port infrastructures

**=== > HAPPY MARIAGE?**

**Chinese involvement in unlawful and unregulated activities reinforced the elite power, the polarization of the countries, bad governance and corruption == > Instability**

# AFRICA'S CONTINUED *STATUS QUO*

## Long-standing rulers in Africa whose exit could threaten stability

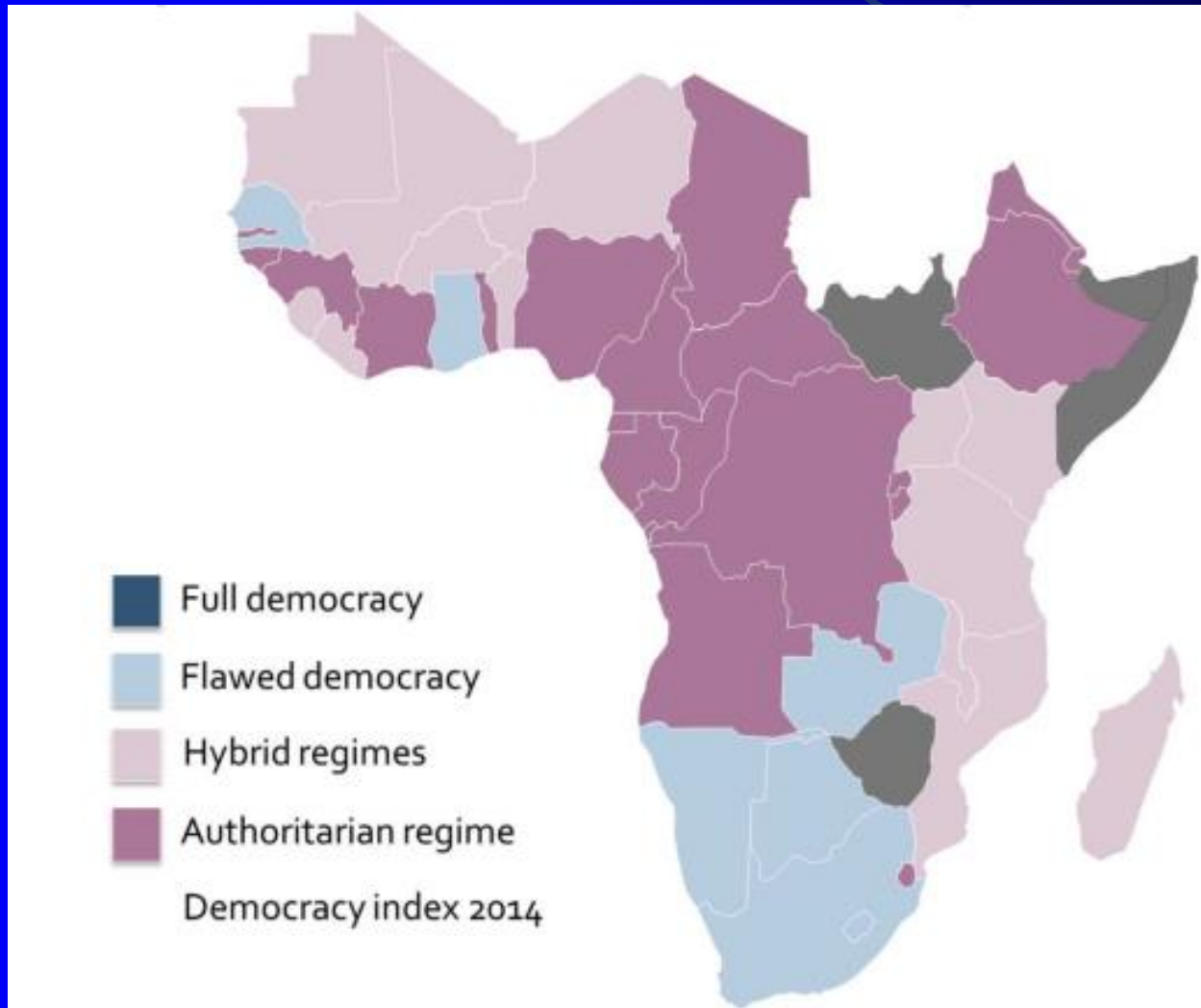
Year	1979	1982	1986	1987	1989	1990	1993	1997	1999	2000	2001
Country	Angola Equ. Guinea	Cameroon	Uganda	Zimbabwe	Soudan	Chad	Eritrea	Congo	Djibouti	Rwanda	DR Congo

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Country	Tanzania Togo Burundi	Benin Liberia	Sierra Leone	Botwana	South Africa Gabon Mauritania	Ivory Coast Guinea	Cap Verde Sao Tome Niger Comoros South Sudan	Senegal Ghana	Kenya Mali Ethiopia	Malawi Madagascar Guinea Bissau	Mauritius Namibia Mozambique Zambia Lesotho Nigeria



# AFRICA'S CONTINUED STATUS QUO

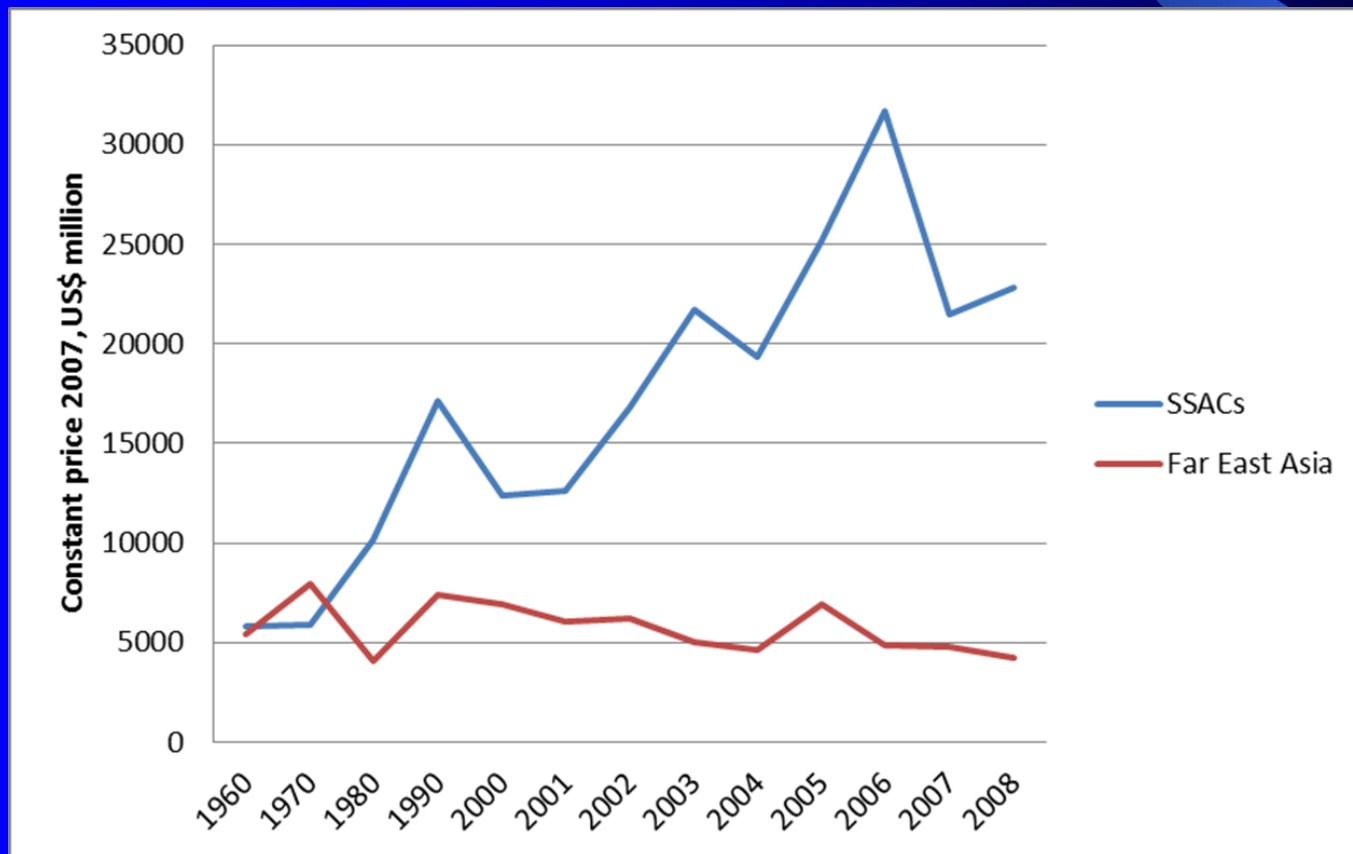
## DEMOCRACY INDEX (Source: Rabo Research 2015)



# AFRICA'S CONTINUED *STATUS QUO*

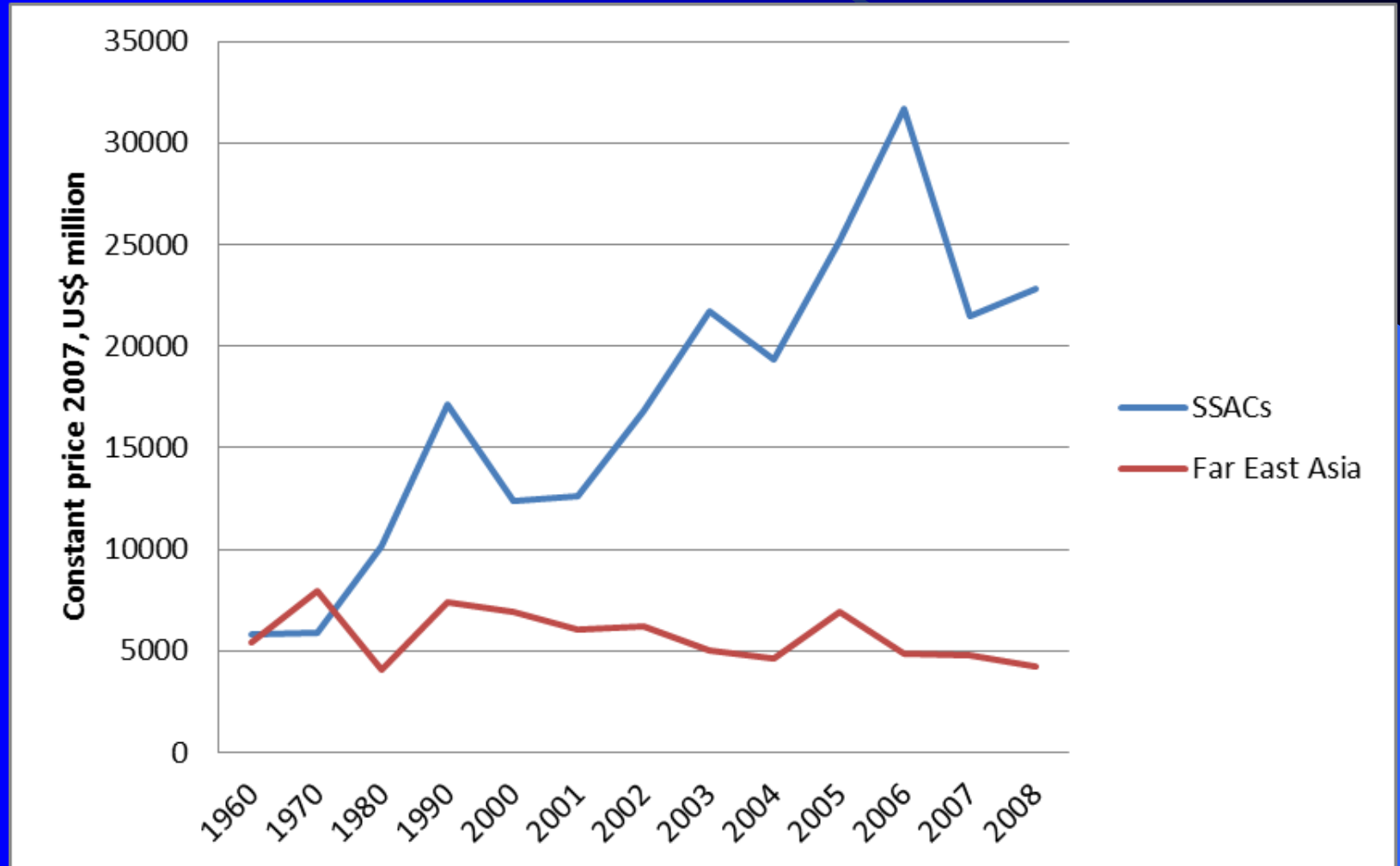
**Economic stagnation amid growing ODA, deep poverty, growing social conflicts, high fragility index, continued stronger anti-status quo sentiments**

## Annual flows of net disbursements ODA



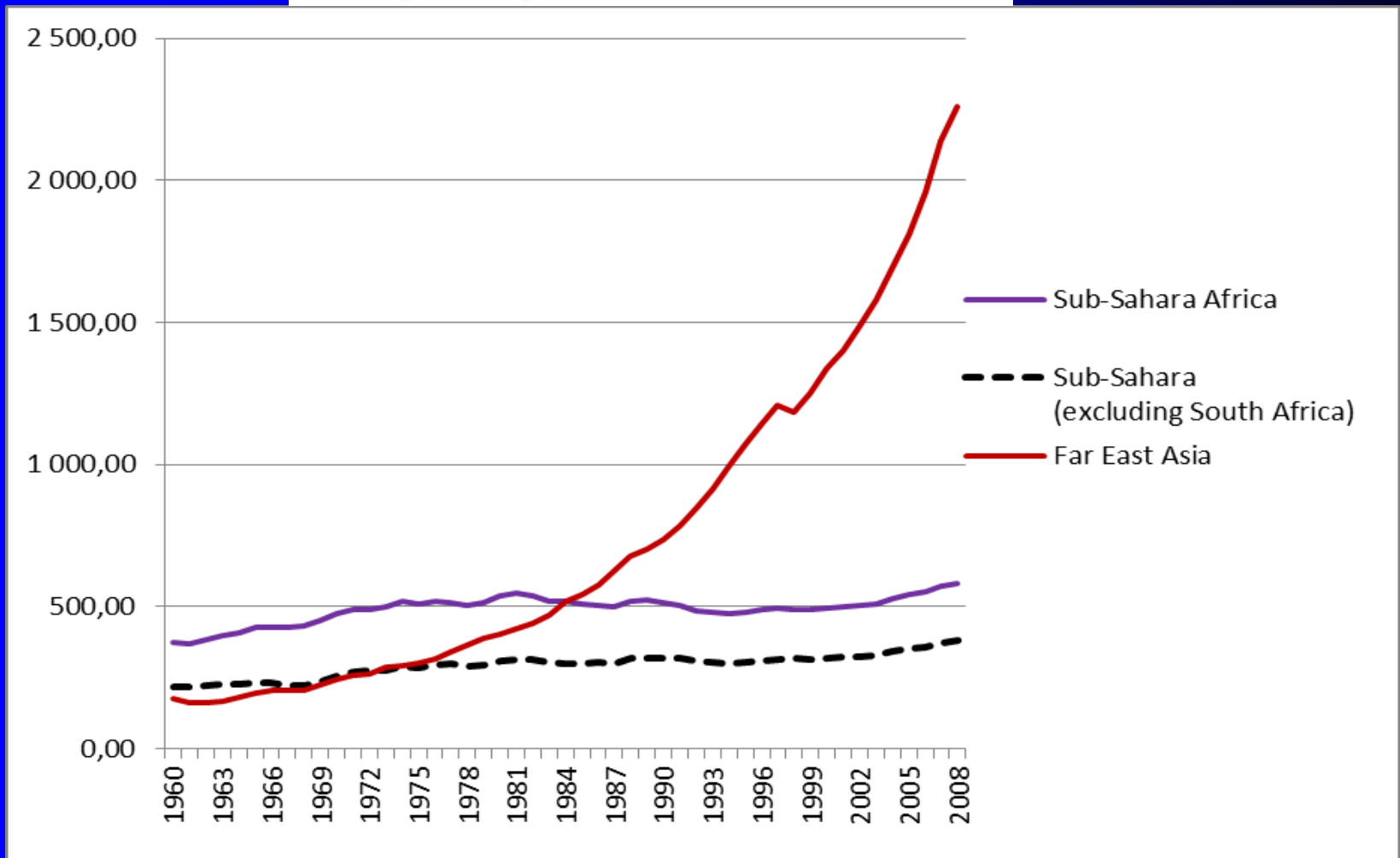
# AFRICA'S CONTINUED *STATUS QUO*

## Annual flows of net disbursements ODA



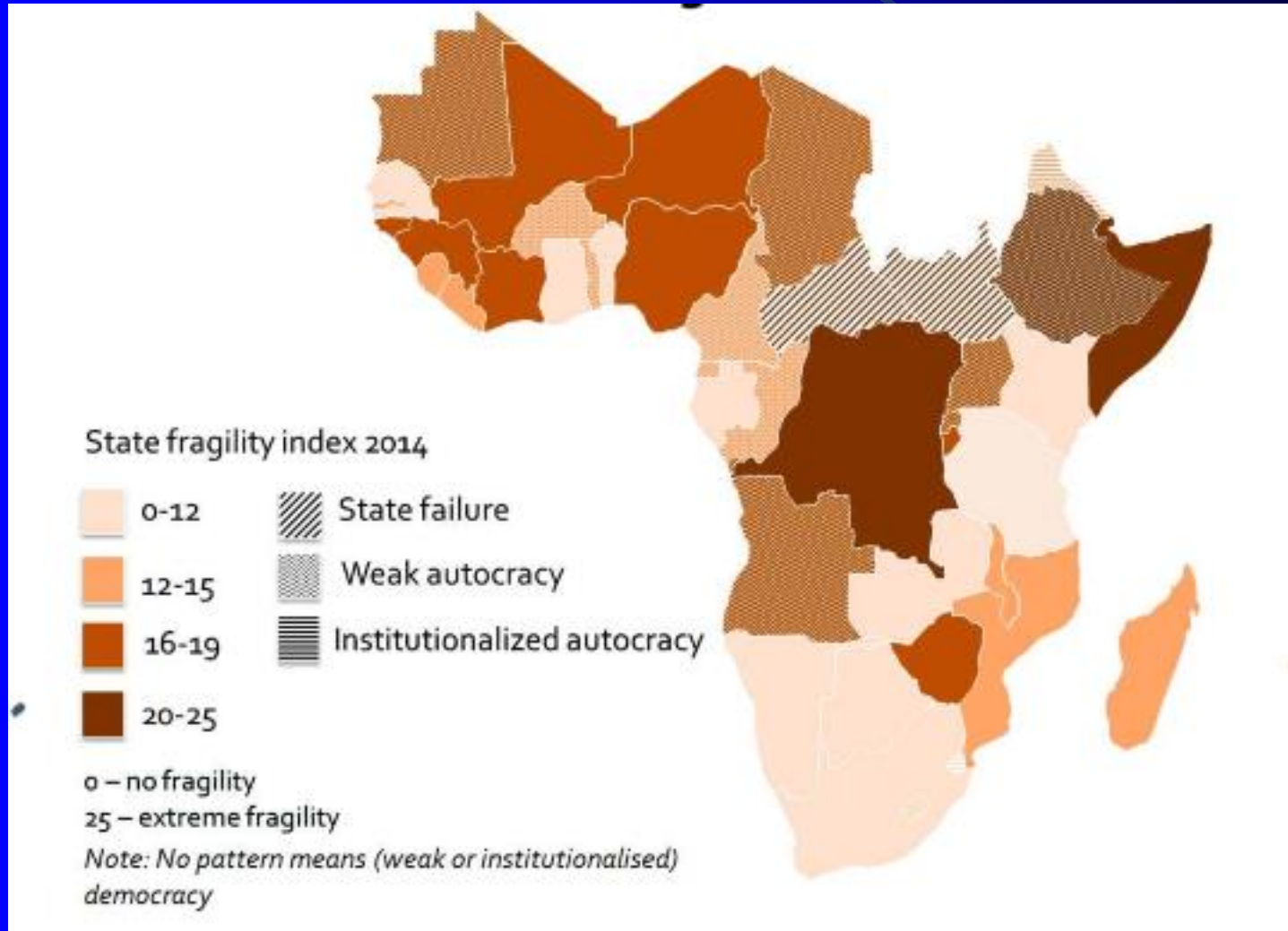
# AFRICA'S CONTINUED STATUS QUO

GDP per capita (constant 2000 US\$)



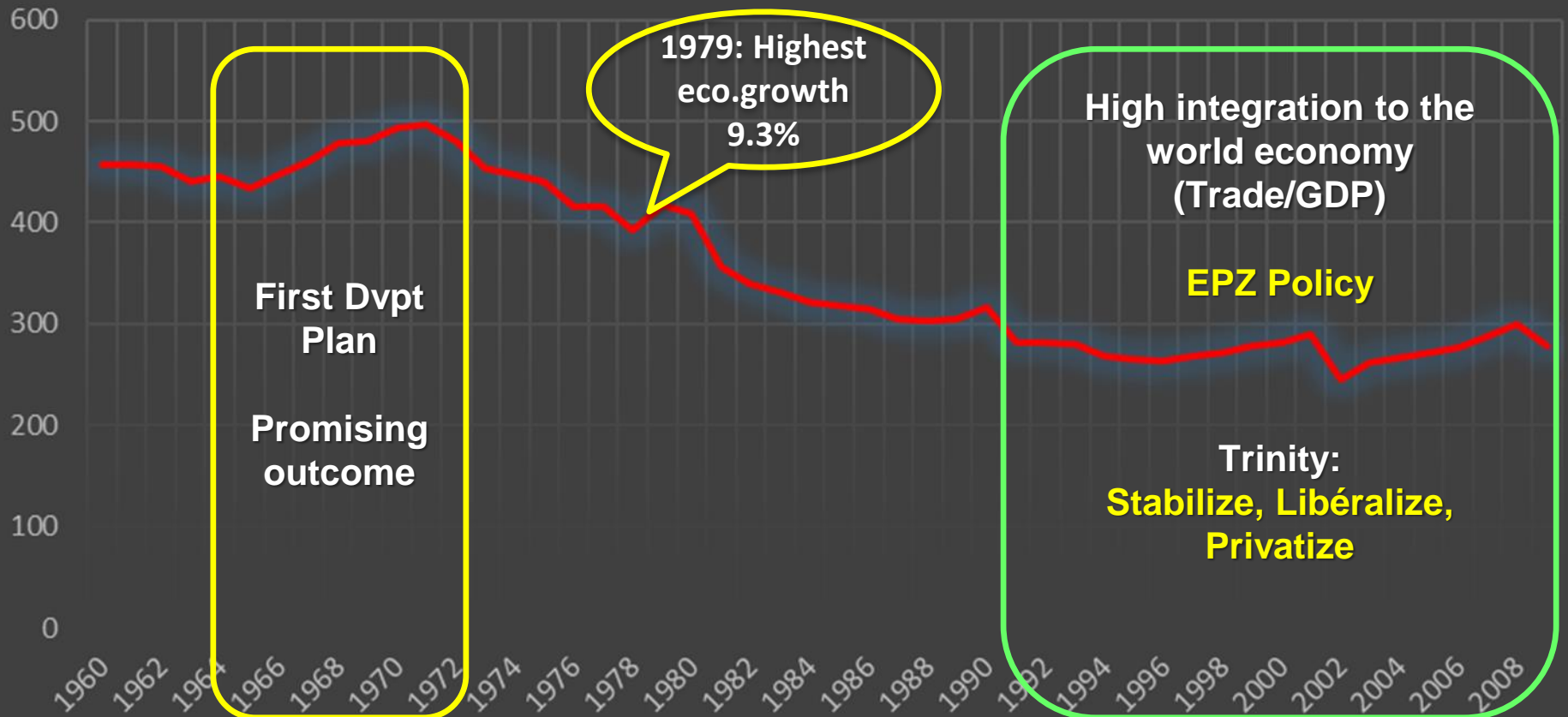
# AFRICA'S CONTINUED STATUS QUO

## State Fragility Index (Source: Rabo Research 2015)



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GNI per capita (constant 2005 US\$)



# MADAGASCAR

## Political risk factors:

- ❑ **Ineffective economic and social policies:** High poverty rate (92%), inequality, etc...
- ❑ **Lack of income opportunities:** Low educational level of workforce (75% are under primary), Manufacturing = 15% of GDP, Informal sector = 90% of total employment, low rank in doingbusiness (167<sup>th</sup>/190)
- ❑ **Corruption** (145<sup>th</sup> / 160): Citizens' distrust to political leaders and by extension to the whole political system → Weak state legitimacy whose actions are felt as irrelevant to citizens' lives
- ❑ **Depletion of natural resources:** Rosewood, Mine
- ❑ **Risks of youth radicalization:** 2000 mosks project

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## □ Chinese expansion within the framework of Johannesburg summit: “Access to vital resources and market”

Confucius Institute, mining concession, agribusiness, trading, Investment, various projects are underway (highway, 4 Economic Special Zones, String of pearls or maritime silk road )

« **Route maritime de la soie** ». Durant sa rencontre avec son homologue chinois, le chef de la diplomatie malgache a fait savoir le souhait de Madagascar d'intégrer la « Route maritime de la soie » mise en place par la Chine. « *Ce projet permettra à notre pays d'intégrer son économie à l'échelle mondiale à travers la mise en place des infrastructures liées à l'industrialisation et au commerce, à savoir les ports maritimes et fluviaux, la construction de chemins de fer... Nous entendons aussi plaider de notre potentiel touristique énorme. Les touristes chinois seront les bienvenus à Madagascar* », a-t-elle souligné. Interrogée sur les critiques par rapport aux investissements illégaux faits par des chinois à Madagascar, la ministre Atallah Béatrice de répondre : « *Le gouvernement malgache a été saisi de cette question. Le gouvernement chinois a réaffirmé son attachement au respect des responsabilités sociétales d'entreprise dans le cadre de la coopération Chine-Afrique. Le gouvernement chinois encourage les entreprises chinoises à respecter les lois et les règlements en vigueur ainsi que les us et coutumes dans leur pays d'accueil.* »



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## ❑ Growing anti-Chinese sentiments:

Chinese businessmen are involved in unlawful and unregulated activities, and are perceived as in connivance with elites and locals in exploitative ventures. (Ex: Land grabbing, Rosewood traffic, Environment issues, etc...)



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## □ Growing anti-Chinese sentiments

the newspaper

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WORLD

# Anti-Chinese sentiment rising in Madagascar

© Dec 19, 2016 06:00 am

7 Shares

SOAMAHAMANINA, MADAGASCAR The mine had not yet even opened, but Madagascans were already seething with such vitriolic rage that the Chinese management quit



Feedback

# MADAGASCAR

## □ Growing anti-Chinese sentiments:

☰ **rfi AFRIQUE** ÉCOUTE

DIRECT RDC MALI CÔTE D'IVOIRE La Une  Rafrâichir 

MADAGASCAR | ENERGIES

### Madagascar: une société minière chinoise crée la polémique à Soamahamanina



# MADAGASCAR

## □ Growing anti-Chinese sentiments:

**matin**  
apprendre et s'informer pour mieux informer www.madagascarmatin.legitux.org

POLITIQUE EDITORIAL ACTUALITÉ DOSSIER ECONOMIE CULTURE

### MANANJARY – RÉVOLTE POPULAIRE ANTICHIINOIS

Posted on 24 AOÛT 2016 11 H 53 MIN by WEBMASTER



La révolte populaire contre les chinois gagne du terrain dans le fokontany Ambalakazaha, commune de Vohilava à Mananjary. Depuis près d'une semaine, la population locale a organisé une manifestation visant à réclamer le départ des exploitants miniers chinois de la localité. D'après une source locale, certains manifestants sont même allés jusqu'à détruire les matériels d'exploitation. Ce trouble aurait été provoqué par le non respect des normes d'exploitation ainsi que l'ignorance des chinois sur les us et coutumes locaux. En effet, ni le maire ni les autorités traditionnelles n'étaient au

# III- INDIAN OCEAN ZONE

- Immediate need to reduce geopolitical risks in Africa, How? → by economic prosperity and inclusive growth (economic means, not military)
- Africa is vital for Asia's growth momentum and to escape from "Middle income Trap" → Needs to exploit Africa's potential : Natural resources and Market
- Difficulties: (1) Huge Distance between the two regions: Geographical & Culture, (2) Chinese expansion

# III- INDIAN OCEAN ZONE

- **Solution:** Needs to connect the 2 Regions

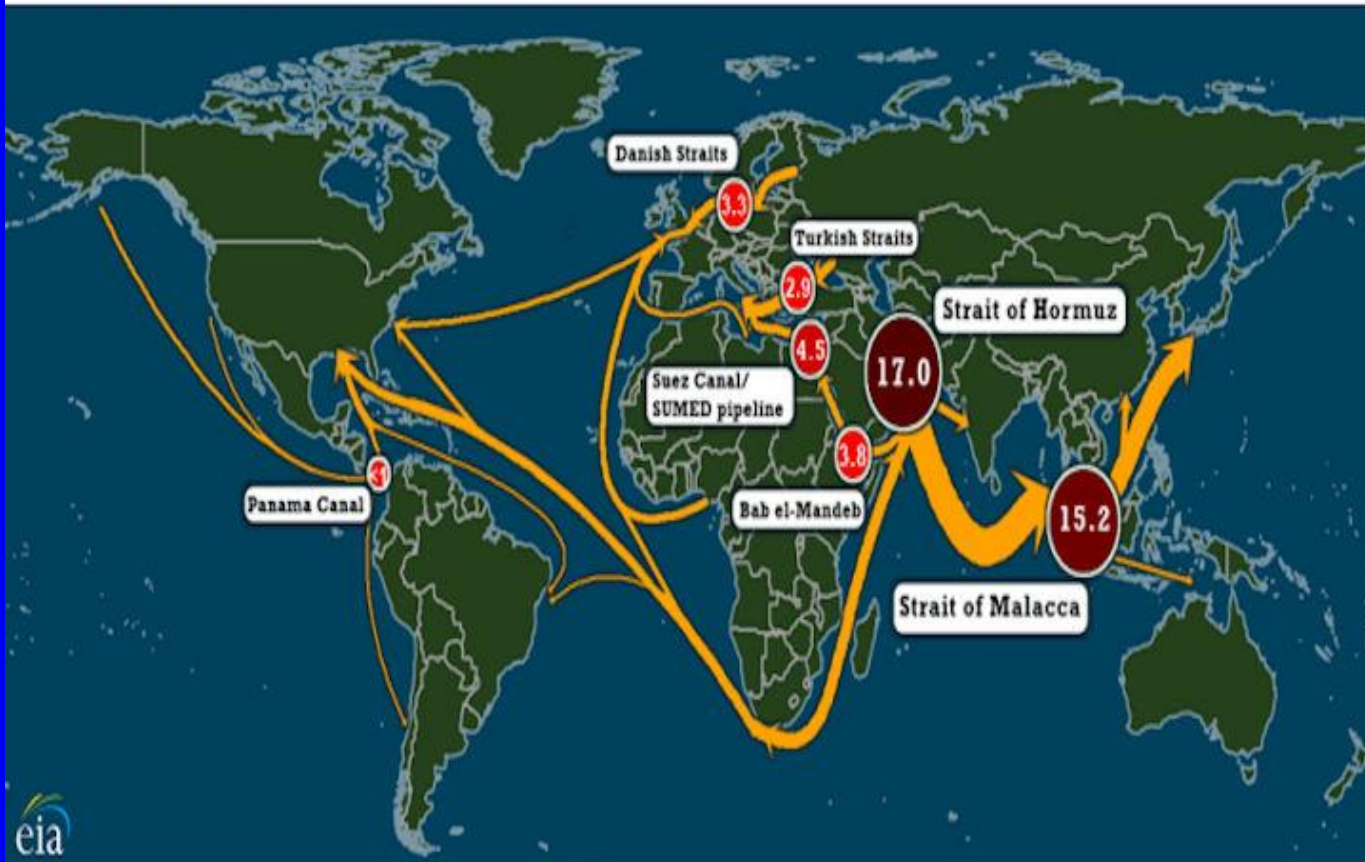
== > Strategic Importance of the "INDIAN OCEAN"

== > Ensuring Free, secured and opened Indian Ocean Zone

# III- INDIAN OCEAN ZONE

1. Hub of intense global activity: 1/5 of world energy supply, important route for Asian exports to Europe, Middle East and Africa,

Daily transit volumes through world maritime oil chokepoints



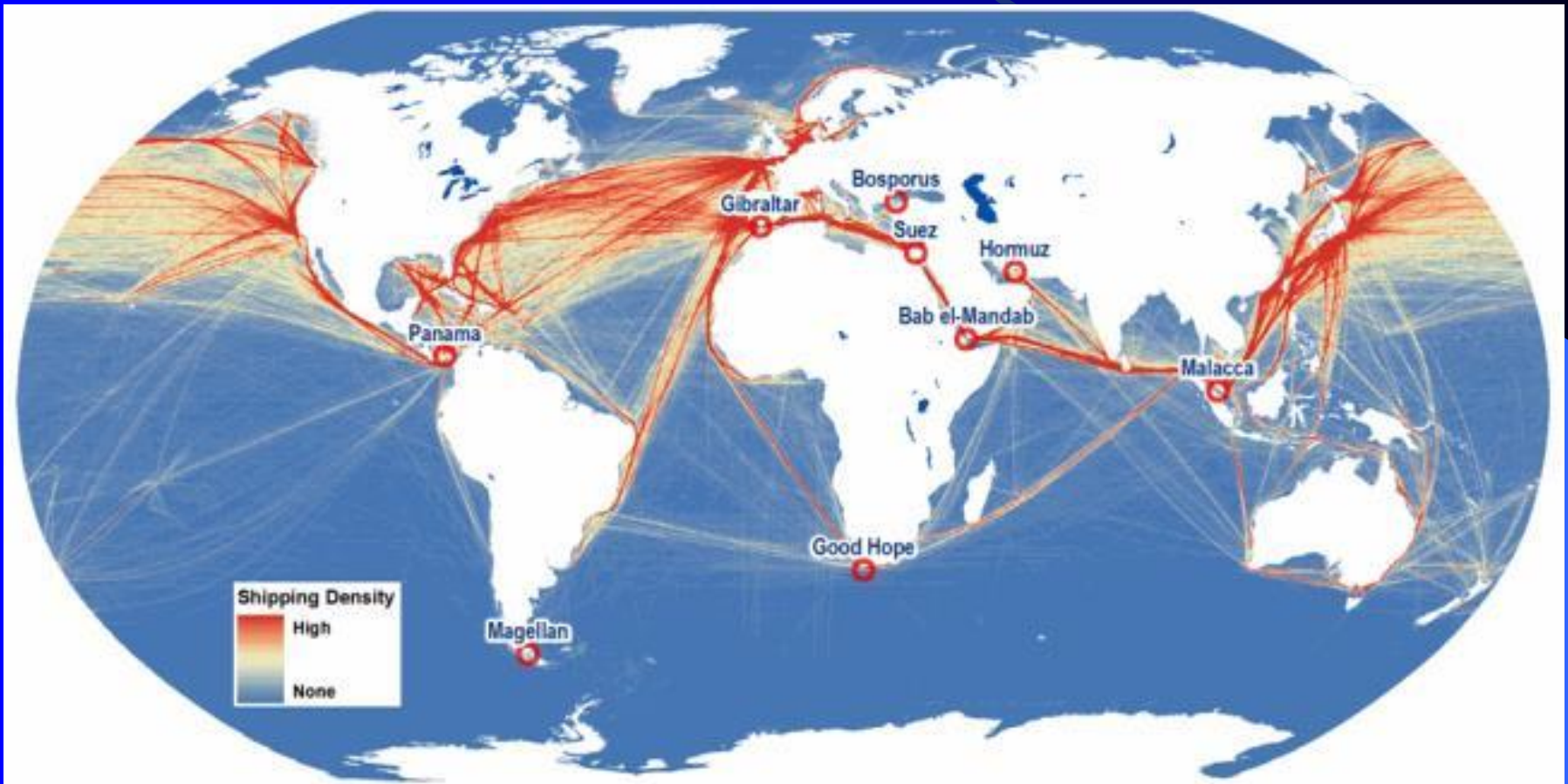
# III- INDIAN OCEAN ZONE

## 2. Strategic significance of Madagascar and other islands: Proximity to important sea routes and well developed ports





# III- INDIAN OCEAN ZONE

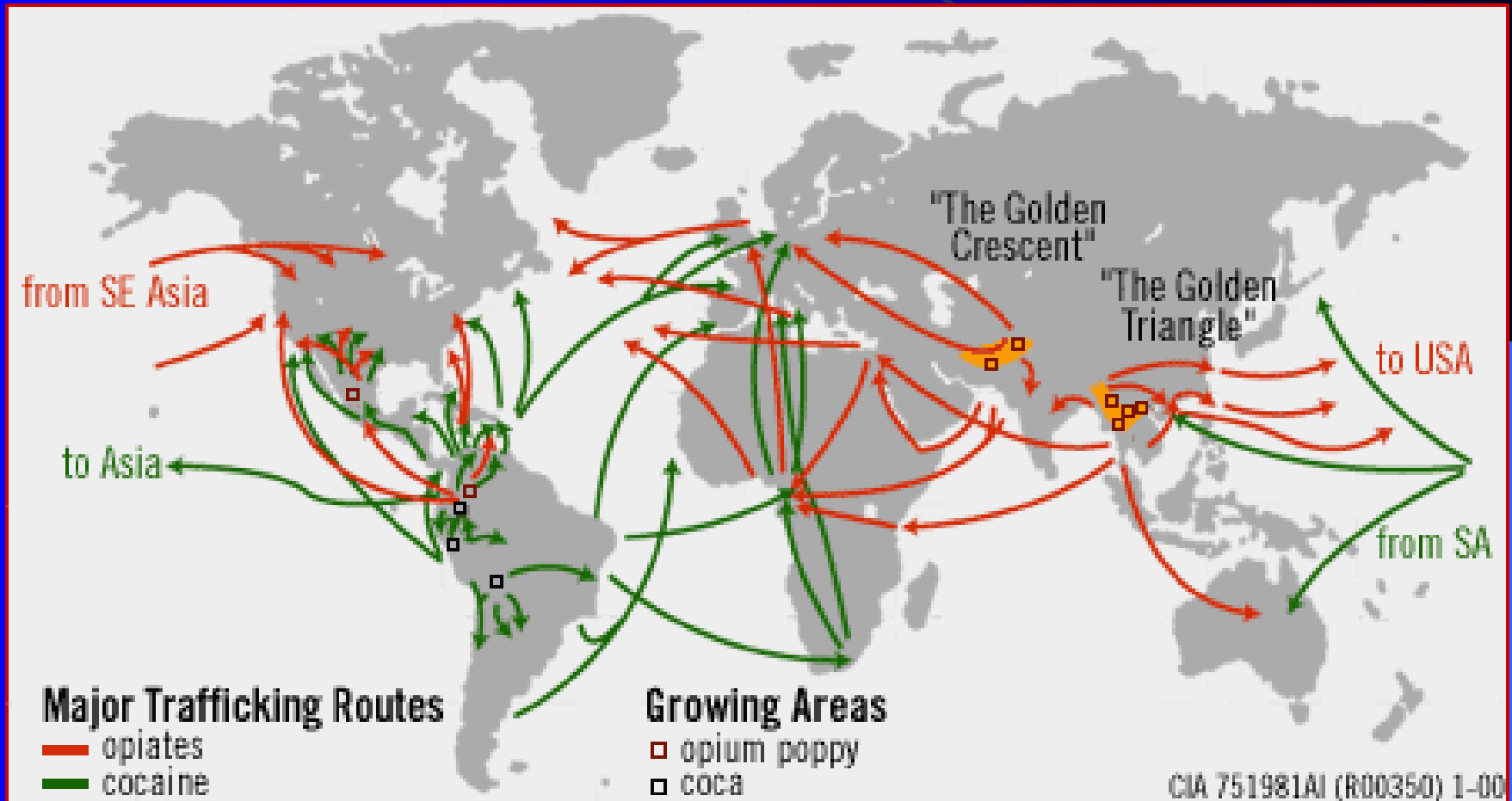


# III- INDIAN OCEAN ZONE

## 3. Hub of global terrorism, piracy, smuggling of drugs, weapons, human trafficking



# III- INDIAN OCEAN ZONE



# III- INDIAN OCEAN ZONE

## 4. Chinese expansion and ambition: String of pearls, maritime silk road



# III- INDIAN OCEAN ZONE

## 5. Opportunities:

- ❖ Growing anti-Chinese sentiment,
- ❖ France's presence and networks
- ❖ East Asian values (Freedom, Rule of Law, Accountability, Market Economy) as Vehicle of change and to break away from the status quo
- ❖ Efficient use of ODA and FDI in the sense of providing equal opportunity for all (not to benefit only elites) → learning from Japanese experience in Far East Asia.
- ❖ Simplified ODA allocation rule and procedure

**Possibility of a Happy Marriage?**

# CONCLUSION

- ❑ Africa: Huge economic potential but High political risk == > **threat for itself and for the global prosperity**
- ❑ Asia: Fast growing and relatively stable; Middle income trap == > **need Africa as new market and as source of raw materials and rare metals for to internalize skills, technology and innovation**
- ❑ Emerging Asian countries: Opportunity for learning, growth and exports for Africa  
→ **Achieving political stability**
- ❑ Distance is obstacle to complementarity

# CONCLUSION

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- ❑ Asia: Fast growing and relatively stable; Middle income trap == > **need Africa as new market and as source of raw materials and rare metals for to internalize skills, technology and innovation**
- ❑ Emerging Asian countries: Opportunity for learning, growth and exports for Africa  
→ **Achieving political stability**
- ❑ Opened, secured and free IOZ is important to achieve the **double targets of economic prosperity and stability in both regions**