GEOPOLITICAL RISKS IN AFRICA AND ASIA FROM A COMPARATIVE PERSPECTIVE:
The Strategic Role of Indian Ocean Zone

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MADAGASCAR
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 ↔ Rich countries; Rich ↔ Rich; Poor ↔ Poor)

• **New Nature of the conflicts:** Terror attack, guerilla warefare, 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
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 influential 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 $\Rightarrow$ 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) $\Rightarrow$ 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 unstable 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
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$)

- Sub-Saharan Africa
- Sub-Saharan (excluding South Africa)
- Far East Asia
ASIA: BREAKING AWAY FROM STATUS QUO

Annual flows of net disbursements ODA

[Graph showing the annual flows of net disbursements ODA with data points for SSACs and Far East Asia from 1960 to 2008.]
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) \( \Rightarrow \) 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
Africa is vital for China: Vital resources, Trade, Investment and Defense actions

Gradually becoming first economic partner

Johannesburg summit: Some figures

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<th>2014</th>
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<td>Trade (Billion US$)</td>
<td>220</td>
<td>400</td>
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<td>ODA (Billion US$)</td>
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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

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<td>Gabon</td>
<td>Mauritania</td>
<td>Ivory Coast</td>
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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

![Graph showing annual flows of net disbursements ODA from 1960 to 2008, with data points for constant price 2007, US$ million. The graph compares disbursements for SSACs and Far East Asia.]
AFRICA’S CONTINUED STATUS QUO

GDP per capita (constant 2000 US$)

- Sub-Saharan Africa
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State Fragility Index (Source: Rabo Research 2015)
MADAGASCAR

First Dvpt Plan
Promising outcome

1979: Highest eco.growth 9.3%

High integration to the world economy (Trade/GDP)

EPZ Policy
Trinity: Stabilize, Libéralize, Privatize
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 doing business (167th/190)
- **Corruption** (145th / 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 mosques project
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)
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...)
Growing anti-Chinese sentiments

Anti-Chinese sentiment rising in Madagascar

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

MANANJARY – RÉVOLTE POPULAIRE ANTICHINOIS

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 matériaux 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? \(\Rightarrow\) 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” \(\Rightarrow\) 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
3. Hub of intense global activity: 1/5 of world energy supply, important route for Asian exports to Europe, Middle East and Africa,
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 Mariage?
CONCLUSION

- **Africa**: Huge economic potential but High political risk \(\Rightarrow\) threat for itself and for the global prosperity

- **Asia**: Fast growing and relatively stable; Middle income trap \(\Rightarrow\) 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 \(\Rightarrow\) Achieving political stability

- **Distance** is obstacle to complementarity
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

- Opened, secured and free IOZ is important to achieve the double targets of economic prosperity and stability in both regions