



# Silk, Cinnamon and Cotton: Emerging Power Strategies for the Indian Ocean and the Implications for Africa

CHRIS ALDEN & ELIZABETH SIDIROPOULOS

## EXECUTIVE SUMMARY

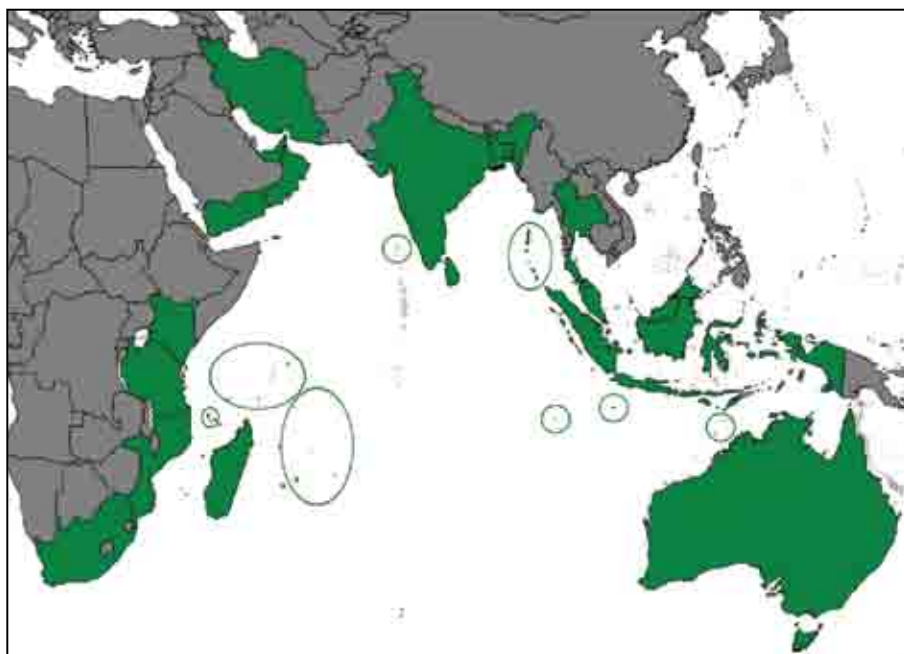
The Indian Ocean, once a centre of gravity for the trading nations of Asia, the Gulf and coastal Africa, is on the cusp of a revival of its substantial commercial status and geo-strategic prospects. This is manifested in a number of ways. First, there is surging two-way trade between Asia, the Gulf and Africa. Coupled with this phenomenon is the growing naval presence of emerging powers in the region. The expansion of Chinese naval activism, highlighted by the recent securing of port rehabilitation and naval basing arrangements stretching along the Indian Ocean's periphery, is increasingly being matched by the conduct of India and Indonesia. However, what is most indicative of the new interest in the Indian Ocean is the growing array of strategic visions for the Indian Ocean produced by emerging powers. Leading this process are China, India and even Indonesia, all of whom are articulating national and regional approaches to this critical global waterway. South Africa too is expressing a new-found determination to secure vital commercial

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and national sea links through 'Operation Phakisa' and its chairing of the Indian Ocean Rim Association (IORA). In this evolving context, it is of vital importance that the African continent recognises the implications of these initiatives, their development and geo-strategic impact on Africa, and works actively to integrate its own planning towards this key marine resource highway.



Source: [http://upload.wikimedia.org/wikipedia/commons/a/af/Map\\_of\\_Indian\\_Ocean\\_Rim\\_Association.svg](http://upload.wikimedia.org/wikipedia/commons/a/af/Map_of_Indian_Ocean_Rim_Association.svg) published under Creative Commons licence; CC- BY-SA-3.0

## INTRODUCTION

According to the UN Development Plan, \$5 trillion worth of global seaborne trade passes through the South China Sea every year on its way to different markets in Asia, Europe and Africa. Official Chinese government statistics indicate that 17.9% of China's trade traversed this maritime route in 2012.<sup>1</sup> Some 100 000 ships transit the Indian Ocean annually, with 40% of this trade going through the Straits of Malacca, one of the ocean's strategic chokepoints. Coastal African states such as Kenya and Tanzania are experiencing an unprecedented surge in seaborne trade,<sup>2</sup> necessitating the rehabilitation of their outdated port facilities and transportation networks. At the same time, landlocked countries bordering on the Indian Ocean littoral states (16 in all) have experienced phenomenal growth in recent years, which has opened up new trade, investment and development opportunities.<sup>3</sup>

Linked to this phenomenon is the growing naval presence of emerging powers in the region. The expansion of Chinese naval activism, highlighted by the recent securing of port rehabilitation and naval basing arrangements in Djibouti, combined with the basing arrangements stretching along the periphery of the Indian Ocean,

is increasingly being matched by the conduct of India. Other maritime states such as Indonesia are expressing a newfound determination to secure vital commercial and national sea links. Lurking in the background are the traditional players, the US, Britain and France, all of whom have established a naval presence and basing rights in parts of the region.

However, what is most indicative of the new interest in the Indian Ocean is the emerging powers' growing array of strategic visions for the Indian Ocean. Leading this process are China, India and even Indonesia, all of whom are articulating national and regional approaches to this critical global waterway. In this evolving context it is of great importance that the African continent is integrated into such plans, although the implications of doing so are yet to be recognised fully.

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## CHINA AND THE INDIAN OCEAN: THE MARITIME SILK ROAD

In September 2013 in Kazakhstan, China's President Xi Jinping announced a new Chinese initiative that would revive the ancient trading networks of the overland 'Silk Road' operating between China, Central Asia and the eastern reaches of Europe. A month later, on a visit to Indonesia, Xi announced the 'maritime Silk Road' stretching from Guangzhou along the Indian Ocean littoral to Dar es Salaam and through the Suez Canal to southern Europe. According to Li Yuanchao, the vice president of China, these 'Silk Road initiatives' are founded on the same characteristics, namely they are a belt of economic co-operation for China and the countries of the region; a belt of the free flow of investment and trade for China and the countries of the region; a belt of interconnecting infrastructure, including roads, railways, sea lanes and air links for China and the countries of the region; and a belt for the free flow of people from China and the countries of the region.<sup>4</sup> In promoting greater economic co-operation, the two initiatives also call for trade settlement in local currencies and more currency swap schemes.<sup>5</sup>

In a more detailed plan issued by China in March 2015, the maritime Silk Road was designed to encompass not only the Indian Ocean routes to Europe but also the South China Sea route to the South Pacific. Entitled 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21<sup>st</sup>-Century Maritime Silk Road', the document sets out the principles, the framework, and co-operation priorities and mechanisms for its implementation.<sup>6</sup> This 'manifesto' also emphasises that the initiative should be 'jointly built through consultation to meet the interests of all and efforts should be made to integrate the development strategies of the countries along the Belt and Road'.<sup>7</sup>

In 2014 China announced a \$40 billion Silk Road Fund,<sup>8</sup> while in April 2015 it announced a capital injection of some \$62 billion from its foreign reserves into its policy banks (the China Development Bank, the Export-Import Bank and the China Agricultural Bank) to support its Silk Road initiative.<sup>9</sup> Chinese analysts have spoken about the initiative's resting on the principles of open regionalism that would contribute to greater connectivity across sub-regions, thus fostering greater regional integration.<sup>10</sup> While not bordering directly on the Indian Ocean, China is a

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major trading and investment partner of many states around the Indian Ocean Rim (IOR). In addition, most of China's trade with Europe and the Middle East passes through the Indian Ocean.

In some ways it is a staggeringly ambitious project. In a historical sense, it would resurrect a Chinese trade relationship whose overland dimension had been broken by the advent of the Ottoman Empire in the 15<sup>th</sup> century and the subsequent rise of European colonialism. It would clearly build upon the existing wave of investment and rising trade ties that characterise Chinese economic flows overland and, of special importance to Africa, maritime economic relations. Finally, intriguingly, provisions for the free movement of peoples reflect the nascent experiences of contemporary migration between China and regions such as Africa and serve to expand that process. Altogether, the maritime Silk Road initiative envisages a gradualist process whose ultimate aim is the reshaping of the political economy and geography of the developing world in Asia–Africa. While its approach is much more fluid, the Silk Road concept with its vision of promoting common development and prosperity may provide a form of response to the US' Trans-Pacific Partnership and Transatlantic Trade and Investment Partnership.

To date, the actual projects tied to China's initiative overwhelmingly involve infrastructure finance and construction, including the multi-million dollar rehabilitation of the East African railway linking the port city of Mombasa with Nairobi and eventually extending into Uganda. Running in parallel is the expansion of port facilities at Dar es Salaam, as well as the long-proposed oil pipeline between the northern port of Lamu in Kenya and South Sudan, and the port construction at Lamu. In addition, China is funding the resuscitation of the port of Bagamoyo in Tanzania that is situated across from Zanzibar. Once completed, it will dwarf Kenya's Mombasa port.

Chinese naval activism on the African littoral of the Indian Ocean, cemented through the establishment of basing facilities in Djibouti in March 2015, is indicative of its recognition that commercial expansion implies a need for strengthening its security provisions. Such security provisions may potentially extend to the Atlantic if the ongoing discussions over the construction of a Chinese naval base at Walvis Bay in Namibia prove to be accurate.<sup>11</sup>

## INDIA AND THE INDIAN OCEAN

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After a period of relative neglect of the Indian Ocean by previous Indian governments, Prime Minister Narendra Modi's tour of key Indian Ocean states (ie, Seychelles, Mauritius and Sri Lanka) during March 2015 reaffirmed in very clear terms the strategic importance to India of the ocean that bears its name. In the Seychelles Modi launched the Coastal Surveillance Radar Project and signed agreements on, among other things, infrastructure development, especially on Assumption Island, allowing New Delhi to place strategic assets in the Indian Ocean, including intelligence, surveillance and reconnaissance. In Mauritius Modi signed an agreement to assist in the development of the Agalega Islands that

would ‘enhance the capabilities of the Mauritian Defence Forces in safeguarding their interests’, according to the Indian Ministry of External Affairs.<sup>12</sup> The first Indian-manufactured warship for export was also launched during Modi’s visit. It will be used for anti-piracy and other maritime security initiatives.<sup>13</sup> In addition, Modi’s trip to Sri Lanka was a key step in taking advantage of the new Sri Lankan government’s desire to rebalance its Indian and Chinese foreign policy engagement.

A few days after his successful trip, the city of Bhubaneswar in Odisha state on the Bay of Bengal hosted a major international conference on India and the Indian Ocean. In attendance were more than half-a-dozen ministers, and the conference sought to emphasise India’s historical connections to the countries in the Rim.

As it unfolds, Modi’s strategic vision emphasises increased security co-operation with Japan, Australia and the Indo-Pacific (although India is still committed to its strategic autonomy), and the deepening of bilateral relations with the Indian Ocean island states and India’s neighbouring states. To date, the focus has been on Modi’s ‘Act East’ policy.<sup>14</sup> It is less clear at this point what Modi envisages for the western Indian Ocean littoral, although linkages with the diaspora on the eastern African coast are likely to be considered a point of entry.

Concerns about China’s expansion into the Indian Ocean are palpable in India and the resuscitation of a 1971 zone of peace initiative (which Sri Lanka had suggested at the time but was spurned by India) in the Indian Ocean has also been proposed.<sup>15</sup> Furthermore, taking advantage of its vast maritime territory that stretches to the Andaman and Nicobar islands close to the Straits of Malacca, India is modernising its airstrips there and stationing fighter groups. Some Indian analysts have argued that the islands should be developed as ‘a hub or a “spring board” for power projection in the region’.<sup>16</sup>

In creating a counter-narrative to the Silk Road, India is proposing to revive the ancient cotton route. By the end of the 10<sup>th</sup> century, India had a sophisticated cotton industry and was trading with countries on both sides of the Indian Ocean. Archaeological excavations from Egypt and Ethiopia to Indonesia and Thailand have unearthed examples of Indian cotton textiles and other artefacts, highlighting India’s maritime trade along the Indian Ocean and beyond into the South China Sea. During antiquity, Indian textiles (including silk) were traded as far afield as Rome.<sup>17</sup>

Notwithstanding the accelerated activity of the Bharatiya Janata Party government in the past year, the process of re-engaging with the Rim and, more broadly, the Indo-Pacific started under the government of Prime Minister Manmohan Singh. India played a key role, together with Australia, in reviving IORA. An Indian official seconded from India heads the IORA Secretariat. More recently, in August 2014, the Chair of IORA Studies based in Mauritius was also restored with the secondment of an Indian academic. Linked to this is India’s aspiration to be a net security provider to the region. It considers its geographical position, standing ‘midway as the centre of gravity in the Indian Ocean Rim’,<sup>18</sup> as imbuing it with a particular role in deepening economic and security co-operation. However, equally, some Indian

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analysts and officials have cautioned that India should be careful not to portray the ocean as ‘its’ ocean.

## INDONESIA AND THE INDIAN OCEAN: THE GLOBAL MARITIME FULCRUM

On 13 November 2014 at the 9<sup>th</sup> East Asian Summit convened in Myanmar, President Joko Widodo (Jokowi) launched Indonesia’s own ‘global maritime fulcrum’ policy. As presented by Jokowi, the initiative centres on five distinctive pillars: (i) a revival of Indonesia’s historical maritime culture; (ii) enhanced management of Indonesia’s oceans and fisheries with the aim of asserting ‘food sovereignty’; (iii) developing its port facilities, shipping industry and maritime tourism; (iv) supporting efforts to build effective partnerships to work together on issues of illegal fishing, breaches of sovereignty or territorial disputes, combatting piracy and environmental concerns; and (v) improving Indonesia’s maritime defences. It is framed in terms of interlocking national, regional and global dimensions, although the public emphasis within the country has tended to focus on the benefits for the domestic economy.<sup>19</sup>

Like other (re-)emerging powers, the Indonesian initiative claims a strong historical basis as the source for its geographic parameters, starting as far back as the 5<sup>th</sup> century.<sup>20</sup> As one senior adviser said, ‘Long before the (Chinese) maritime silk route existed, Indonesia’s cinnamon route established trading links all the way to Madagascar.’<sup>21</sup> However, unlike the others, the articulation and implementation of the Indonesian initiative is strongly oriented towards nation building across the country’s 10 000-island archipelago. In this respect, the government is anchoring the strategy through the infrastructure development of key port cities such as Medan on Sumatra and the expansion of its naval capacity to patrol its territorial waters. Utilising financial resources from institutions such as the Asia Infrastructure Investment Bank, as well as more traditional sources, is part of the Indonesian government’s plan to make rapid progress, as the cost would be too great for domestic funding resources.

The global dimensions of the policy include a strong focus on the IOR, and in this context Jakarta’s upcoming chairmanship of IORA in 2015 has special importance for the country. The IOR has been neglected and the Indonesian government’s aims are to upgrade the organisation to summit level, with the focus on maritime security and the promotion of economic development among coastal communities.<sup>22</sup>

Jokowi’s vision is that of an ‘integrated maritime world of the Indian and Pacific Oceanic systems’, hence the notion of Indonesia as an axis or fulcrum between the two oceans.<sup>23</sup> Although a maritime nation, Indonesia’s naval capabilities are weaker than those of many other states in South-East Asia, such as Singapore, Thailand and Vietnam. Indonesia’s navy has only two submarines and four frigates, where naval analysts argue that it requires at least 12 submarines and 16 frigates to provide maritime security.<sup>24</sup> The army has always been the pre-eminent service in the military. How Indonesia may apply the president’s vision will become more

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apparent as it takes over the chair of IORA later in 2015, and allocates financial and other resources to its broader maritime framework.

## **SOUTH AFRICA AND THE INDIAN OCEAN: OPERATION PHAKISA AND THE BLUE ECONOMY**

On 20 July 2014 South African President Jacob Zuma set out his vision for exploiting the country's maritime resources. Rather than a geo-political concept, 'Operation Phakisa' (Sesotho for 'catching up', reflecting its conscious modelling on Malaysia's 'Big Fast' maritime initiative)<sup>25</sup> focuses on the potential to grow the country's maritime economy<sup>26</sup> (from ZAR<sup>27</sup> 54 billion in 2010 to ZAR 177 billion in 2033) that its strategic position as a major maritime shipping route and the exploitation of its coastal waters hold for domestic development.<sup>28</sup> This would see jobs in this sector grow from about 316 000 to between 800 000 and 1 million between 2010 and 2033.

For South Africa, the main ambit of interest resides in the economic potential that deeper involvement in the development of infrastructure provision and its maritime waters – both the Indian Ocean and the south Atlantic – implies, rather than any strategic expansion of interests. The focus of Operation Phakisa is, in the first instance, on developing marine transport and manufacturing capacity in shipping and repairs, including the creation of a South African shipping company.<sup>29</sup> A recent maritime conference highlighted the debilitating role that the Transnet National Port Authority had played in allowing South African infrastructure to deteriorate and the concurrent desire to raise the country's status to the 'A list' of global port facilities.<sup>30</sup> The other emphasis is on engaging in exploration of the country's offshore energy industry, which is believed to have up to \$2.2 billion worth of oil or natural gas resources (although this remains to be confirmed through drilling).<sup>31</sup> Further provisions involve the promotion of aquaculture and the protection of the marine environment in South Africa's 1.5 million km<sup>2</sup> of jurisdiction of its exclusive economic zone,<sup>32</sup> all of which are to be codified as part of the Oceans Bill to go to Parliament in 2016. The National Environmental Management of the Ocean White Paper was gazetted in May 2014.<sup>33</sup>

South Africa is the only significant maritime power on the eastern (and western) seaboard of Africa, but most of its energy in the past 20 years has focused on the hinterland, less so its maritime space, even though it was a founding member of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) in 1997.<sup>34</sup> This is understandable, given the country's history and the imperative to reclaim its African identity in the post-apartheid period. Significantly, however, this limited maritime focus has begun changing. South Africa is much more conscious now of its identity as a country straddling two oceans and the benefits that it can derive from its maritime domain. South Africa's submission to the UN Commission on the limits of the continental shelf amounts to some 1 900 million km<sup>2</sup>, making its sea area much larger than its terrestrial possessions. The *South African Defence Review*,<sup>35</sup> completed in 2014, for the first time highlights the country's naval

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dimension and proposes an ambitious programme to build up the country's naval capabilities, despite the fact that the fiscal constraints in the current economic environment are huge. Protecting the sea lanes of communication and innocent passage is an integral concern for South Africa, straddling as it does two key maritime transportation routes – the Indo-Atlantic route. The review emphasises the need to develop a credible deep water capability and a versatile littoral maritime force that would allow South Africa 'an enduring presence and a blue water navy'.<sup>36</sup> The review was approved by cabinet and is now before Parliament. Taking forward its recommendations would be a significant step towards a more geo-strategically astute approach to the maritime domain, but it requires a broader political vision to complement it.

In the light of the evolving security, economic and political interests of actors resident in the Rim and beyond, South Africa should consider enunciating a policy framework that encapsulates its maritime interests – security, political and economic: an Indo-Atlantic strategy that identifies South Africa as a country straddling two strategically significant oceans and with a substantial interest also in the Southern Ocean that borders them and near to which South Africa exercises sovereignty over the Prince Edward Islands. This approach should also have a strong environmental sustainability dimension. More broadly, South Africa has a key role to play in developing a continental framework that responds to the growing commercial and military presence of other powers, whether established or emerging.

## **RECOMMENDATIONS: IMPLICATIONS FOR SOUTH AFRICA AND THE AFRICAN CONTINENT**

A comparative assessment of the various strategic visions and plans being put forth suggests that the development and commercial opportunities in the marine domain dominate the thinking in all of them. Furthermore, their respective capacity to deliver on promised infrastructure development, enhance capacity in localised shipping construction and protect the marine environment within their jurisdictions is highly dependent upon financing, training and other key factors. Expanding capacity to manage its waters and secure its commercial interests in regions geographically far afield is especially pronounced in the ambitious Chinese maritime Silk Road initiative.

It is already possible to see a reaction to this surge of interest on the part of emerging powers with the world's leading naval force, the US, introducing a revised strategy on the Indian Ocean in 2012.<sup>37</sup> External powers to the Indian Ocean countries will continue to remain interested in developments there and wish to maintain a presence. This is unavoidable. With emerging and even traditional powers developing Indian Ocean policies alongside their expanding commercial interests and security capabilities, the time is right for a stronger, more activist approach on the part of Africa. In this changing context there are a number of significant steps that South Africa (as the only African state with significant naval capacity) and Africa can take to preserve, protect and expand their interests.

We argue that South Africa's priorities in the Indian Ocean (and IORA) should be articulated in three tiers. First, it should begin a discussion led by the Department of International Relations and Cooperation, but including other key departments such as Defence, Trade and Industry, Environmental Affairs and Public Enterprises, on understanding the dimensions of its Indo-Atlantic geography and the implications for its core geo-strategic interests playing out against a background of heightened geo-political activity, especially in the Indian Ocean.

Second, at the continental level, South Africa should work within the regional and sub-regional organisations, especially in SADC and the AU/New Partnership for Africa's Development, to take forward key elements of the AU's African Integrated Maritime Strategy (AIMS) and the oceans economy, while fleshing out Africa's geo-strategic maritime interests. AIMS is intended as a tool to address Africa's maritime challenges for sustainable development and competitiveness. It seeks to develop a thriving maritime economy and realise the full potential of sea-based activities in an environmentally sustainable way.<sup>38</sup> While it is a continental framework, key states along the Indian Ocean littoral will have to take many of the AIMS elements further. Furthermore, African states on the Indian Ocean should develop a consensus on elements of their Indian Ocean engagement, including on issues such as militarisation. Recognising the value of the ocean as a bridge to other countries along the littoral and beyond, and the crucial role it plays as a source of food and bio-diversity, South Africa and Africa should strongly articulate their position of avoiding further militarisation of the ocean. The threats posed by non-state actors such as pirates have their source on land, and greater efforts and capacity need to be expended to limit the symptom on the sea, while addressing the cause on land.

Africa's limited maritime capacity, linked with the need to tackle both traditional and non-traditional security threats, necessitates building partnerships with its neighbours and pooling resources where possible in this regard. This might include intelligence but also patrol capacities and training in maritime safety, among other things. The AU should include a stronger statement on the creeping militarisation of the Indian Ocean on the agenda of the forthcoming India–Africa Summit to be held in New Delhi in October 2015. A similar discussion could be held at the 2015 Forum on China–Africa Cooperation meeting between African states and China in South Africa.

On the economic front, much as new connectivity visions are being announced in the eastern Indian Ocean (the Association of South East Asian Nations' Master Plan for Connectivity),<sup>39</sup> Africa should emphasise the North–South corridor as a key component of its Indian Ocean economic engagement. This also means that the commercial aspects of the Chinese marine Silk Road (at this stage it does not come all the way down to South Africa, but this eventuality is not precluded) could be integrated into the framework via linkages to terrestrial economic corridors. This could strengthen the commercial attractiveness of the western Indian Ocean littoral.

At a sub-regional level, SADC's focus on maritime security and environment should be elevated. Africa's other sub-regional bodies that have coastal maritime interests,

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such as the East African Community and the Intergovernmental Authority on Development, should co-ordinate with SADC in this regard and with a focus on co-operation with IORA.

Third, at the trans-regional level in IORA, South Africa should advance closer collaboration with dialogue partners and consider including the hinterland states either as full members or as dialogue partners. South Africa will take over the chair of IORA after Indonesia in 2016–17. IORA presents an opportunity to address some of South Africa's and Africa's specific maritime concerns and priorities. While the priorities of South Africa's chairmanship still have to be fleshed out, it is likely that there will be a strong African dimension to it. South Africa should use its position as chair of IORA for initiatives that foster a treaty-based architecture for the region, encouraging non-African states to engage and align their Indian Ocean policies more readily with African positions and concerns. States along the Rim should consider the creation, in partnership with regional communities around the littoral, of an overarching security architecture that facilitates security co-operation and can act as a mechanism for dealing with potential tensions.

There is room for greater co-operation among the regional economic communities along the ocean's littoral and IORA to pool resources in tackling some of the key security and sustainability challenges. Existing engagement with such groupings needs to be deepened and perhaps a platform for dialogue should be established to facilitate this. It is also unlikely that interest in the Indian Ocean will diminish. The countries around its Rim will need to develop mechanisms for mitigating rivalry and competition, and ensuring a sustainable *modus vivendi*.

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prices by introducing innovations that generate multiple benefits, not just increased profits. It is intended to go beyond the 'green economy' and does not actually refer only to maritime-related issues, although it is increasingly used in that way. For further reading on the blue economy, see <http://www.gunterpauli.com>.

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