Dear FDI supporters,

Welcome to this week’s edition of the Strategic Weekly Analysis. This week, we begin with an analysis from the Northern Australia Research Programme of the possibility of a joint Australian-US military base on the Cocos and Christmas Islands.

Moving to South Asia, we are pleased to present analyses from two distinguished FDI Associates. First, Tridivesh Maini examines India’s attempts at improving relations with its neighbours, along with some of the constraints on those attempts. Dr David Brewster then looks into India’s place in broader conceptions of the Asia-Pacific and Indo-Pacific regions, and the implications for Australia. Dr Brewster’s latest publication, *India as an Asia Pacific Power*, which is to be released this week, may also be of interest to FDI readers. In it, Dr Brewster examines the development of India’s strategic role in the Asia-Pacific region, particularly its security relationships with Australia, Japan, Vietnam, Singapore and Indonesia.

Still in India, the Global Food and Water Security Programme reports on the food supply challenges confronting the country and the government’s latest response to these problems: the draft National Food Security Bill. The Indian Ocean Research Programme then looks at the announcement from Prime Minister Manmohan Singh, that India’s protected retail sector will be opened to foreign investment. Moving next door, we consider the announcement that former Pakistani Foreign Minister, Shah Mehmood Qureshi, will join the Movement for Justice Party, headed by former cricketer, and increasingly popular political contender, Imran Khan.

Finally, we head across the Indian Ocean to examine the unrest that has gripped the French overseas département of Mayotte. The problem centres on issues such as high food and fuel prices, corporate profits and the rising cost of living. Paris has announced a major public works programme of up to €50 million to kick-start the impoverished island’s economy.

Upcoming Strategic Analysis Papers include an analysis from the Indian Ocean Research Programme of China-Nepal relations, and an examination of the involvement in the Indian Ocean region of France, Indonesia and South Korea. Also in South Korea, the Global Food and Water Crises Research Programme will investigate the future water situation in that country.

I trust that you will enjoy this edition of the Strategic Weekly Analysis.

Major General John Hartley AO (Retd)  
Institute Director and CEO  
Future Directions International
Defence Minister Forecasts Joint Military Base on Australia’s “Unsinkable Aircraft Carrier”

Background

In late November 2011, Australian Defence Minister Stephen Smith confirmed that the Force Posture Review (FPR) will consider the future strategic role of the Cocos and Christmas Islands. Mr Smith suggested that while no formal proposal existed, the Cocos Islands could, in the future, host joint US-Australian naval and air assets. The plan has significant merit and would dramatically increase Australian power projection on the long-neglected Indian Ocean flank. Yet, this latest development, coupled with an increased American posture in Northern Australia, must be accompanied by regional engagement, or risk alienating regional states.

Comment

The Cocos Island group consists of two atolls and 27 islands and is located in the Indian Ocean, some 2,950 kilometres north-west of Perth, Western Australia and 1,272 kilometres south-west of Jakarta, Indonesia. Currently, the islands serve as a refuelling stop for the Royal Australian Air Force’s Orion surveillance fleet. The extended range of the forthcoming Orion replacement, the Boeing P8 Poseidon, will provide increased opportunities for the Australian Defence Force (ADF) and, potentially, US Defence assets.

While requiring substantial infrastructure changes, the Cocos bases could potentially serve to meet joint strategic objectives in the region. An increased ADF presence would ensure security for Australian interests in the Indian Ocean, particularly lucrative hydrocarbon projects, a motivating concern of the FPR. While Diego Garcia provides a strategically important garrison for the United States in the Indian Ocean, the coral atoll is too far removed from Asian Sea Lines of Communication (SLOCs) and, more particularly, the increasingly fractious South China Sea. An increased US presence in the Cocos would be consistent with recent trends in global US Force Posture, complementing heavy bases, such as Okinawa and Guam, with lighter facilities, similar to recently announced developments in Darwin.

While long on the periphery of Australia’s strategic considerations, the islands are of significant geopolitical importance. Defence strategist Ross Babbage, in a 1988 study titled, ‘Should Australia Plan to Defend Christmas and Cocos Islands’, cited the strategic denial and power projection credentials of the External Territories. While the islands provide basing potential with which Australia could magnify its influence, their loss to foreign influence could, correspondingly, provide a base from which to target Australia’s SLOCs and the economically vital north-west. Further, the islands’ proximity to major shipping lanes, including potential chokepoints in the Malacca, Lombok, Sunda and Makassar Straits, provides an added strategic dimension to defence posture considerations.

The Cocos Islands and Christmas Island provide Australia with significant enhancements to its Fisheries Zone and Exclusive Economic Zone. The potential fisheries, minerals and hydrocarbon reserves within these zones require security consideration, particularly in circumstances where there are projected food and energy shortages across South and South-East Asia. In recent years, the remit of the Royal Australian Navy has expanded to increasingly include a “border protection” style role, combating unauthorised entry vessels. While current circumstances indicate that an armed attack against Australia is unlikely, violations
of sovereignty from illegal fishing and by other non-state actors, represent an existing and probably, growing, threat. Traffic from a joint facility would go some way towards mitigating low-level, yet high impact, security challenges. Additionally, traditional security concerns by state actors against the zones may be addressed through the increased deterrence and dissuasion opportunities afforded by the islands’ “unsinkable aircraft carrier” status.

Yet, such attempts by Australia and the United States to create a more balanced posture may encounter a number of prohibitive obstacles, not the least of which is how regional neighbours may view Australia’s seemingly more aggressive military stance.

Expanded defence operations in the islands could potentially have profound effects on the unique ecosystem and biodiversity. Consideration must also be given to the local population. Canberra should be prepared for local resistance from the islands’ six hundred, mostly ethnic Malay, inhabitants. Relative isolation from the Australian mainland, and a lack of exposure to large-scale defence assets, could mean that Islanders view proposals for a joint facility very differently to residents of the Northern Territory. Unlike Darwin, the Cocos Islands have not had a long military history to help prepare the community for a joint facility.

Regionally, were Mr Smith’s proposal to become a reality, South-East Asian neighbours and regional bodies would surely be wary of such a dramatic shift in Australia’s military posture. Relations with Indonesia, which has already voiced concerns over the developments in Darwin, could potentially weaken as the ADF and the US seek to ensure the security of the shipping lanes that transit Indonesian waters. Economic considerations dictate that Canberra must also reflect on how such developments could be viewed in China, the destination of many of the merchant vessels leaving north-west Australia. While China is likely to welcome security of supply, Beijing would equally be concerned over developments that may see Australia become a southern bulwark against its own strategic objectives.

To avoid potential tension, Canberra must highlight some of the strategic realities in the region that have motivated changes to force posture.

The growth in regional states’ economies and military capabilities has increased the geopolitical importance of the north-west flank of Australia. Within this context, the ADF’s historic technological sophistication, relative to regional militaries, is being eroded.

As Future Directions International noted about the joint facilities in Darwin, increased military links are not in response to a direct military threat, but rather a continued commitment to the good order of the Indo-Pacific region. Equally, adjustments to ADF posture, such as the potential use of the Cocos Islands, are not brash arbitrary developments; they are consistent with Defence’s 2009 White Paper, the FPR and Australia’s commitment to the ANZUS Treaty.

Finally, Canberra has long recognised that the Indo-Pacific will become an increasingly important strategic theatre over the coming decades. Accordingly, the ADF’s doctrine and capability are projected to meet this expanded role. It is imperative for the ADF to maximise opportunities, through the provision of infrastructure such as a Cocos base, to capitalise on its capability potential. Such developments will allow the ADF to become a responsible stakeholder in the Indo-Pacific, by promoting the security of SLOCs, mitigating potential security challenges, and improving response times and logistic support to humanitarian operations.
India’s “Neighbourhood Policy”: Internal Challenges

Background

India’s policy of engaging its neighbours appears to be paying dividends of late, as relations with all the surrounding countries seem to be improving. This is happening outside the framework of the South Asian Association for Regional Co-operation (SAARC), with New Delhi actively engaging neighbouring countries like Bangladesh, Nepal, Afghanistan, Sri Lanka and, of course, Pakistan. India has also been very pro-active in its relationship with non-SAARC member, Burma.

Comment

India’s pro-active approach in its neighbourhood, both within and outside the setting of SAARC, should be welcomed, as a stable Asia in general and a manageable South Asia, in particular, is something desired by the wider international community. Recent developments, however, clearly illustrate that India needs to urgently address some of its internal dynamics to ensure that its neighbourhood policy can achieve the desired results.

First, as far as the relationship with the neighbours is concerned, some of the border states, such as West Bengal, which borders Bangladesh, and Tamil Nadu, adjacent to Sri Lanka, do not always seem to be on the same page as New Delhi. They have internal constituencies to address. For instance, the West Bengal Chief Minister, Mamata Banerjee, declined to sign the Teesta Treaty intended to apportion the sharing of river waters between India and Bangladesh. This caused immense embarrassment to the central government, which has been pushing hard for a better relationship with Bangladesh. Ms Banerjee pulled out of Prime Minister Manmohan Singh’s trip to Dhaka in September 2011, expressing her reservations about the treaty, which she expected to be signed then. Ms Banerjee’s opposition prompted the Centre to put the treaty on hold and to consult West Bengal before signing it. It is also worth noting that, on 16 November, the Bangladeshi Foreign Minister had a meeting with Ms Banerjee in Calcutta.

In the south, Tamil Nadu Chief Minister Jayalalitha implored the Indian PM to take a tougher stance against the Sri Lankan Navy, which, allegedly, had been attacking Indian fishermen in the Palk Strait. New Delhi has undertaken damage control with regard to the Teesta Treaty, but needs to play a more proactive role in the issue of the Tamil Nadu fishermen, so as to ensure that it has no adverse impact on the Delhi-Colombo relationship.

Second, India has for long treated border states in the north-east as zones of conflict, rather than as gateways of opportunity to improve relations with neighbours like Bangladesh, Burma and China. This seems to be changing of late, with a growing realised that border states can be useful gateways. But internal issues, such as the law and order problems in the north-eastern states, will need to be addressed
to give a meaningful boost to trade with Burma and other neighbours. Otherwise, India’s “Look East” policy will remain a mere dream. The latest blockade in Manipur state – which has lasted more than 100 days – is a perfect illustration of that point. Apart from causing extreme discomfort to the residents of the state, it has hampered trade with Burma.

Similarly, in Kashmir, genuine grievances of the populace need to be addressed. Of late, for example, the Chief Minister, Omar Abdullah, has been demanding the removal of the Armed Forces (Special Powers) Act 1958, under which military personnel are deployed to unstable regions. The central government, however, is reluctant to do so. If tensions persist between the two governments over the role of the military in Kashmir, public resentment could once again have a negative impact on cross-border trade. It is thus time for the problems faced by border states to be genuinely addressed and for New Delhi to stop apportioning all the blame for internal problems to its neighbours.

Third, while the government talks about a harmonious relationship with its neighbours, a jingoistic electronic media misses no opportunity to hype-up issues involving neighbours such as China and Pakistan. The government cannot be a spokesperson for other countries, but the Indian Prime Minister has been urging the media to exercise restraint. More needs to be done, however, to counter charges by the electronic media, especially when they accuse India of being weak, even where it is not. Unfortunately, whenever the Prime Minister is about to meet the leaders of China or Pakistan, TV channels, especially Times Now, leave no stone unturned highlighting the news of Chinese incursions or some negative coverage relating to Pakistan. While the job of the media is to report, coverage such as that outlined above, is done solely with the intent of improving ratings. Recent reporting by Indian newspapers also focussed on divergences between India and China on the issue of the South China Sea. Those in the media perhaps forget that this reporting ultimately shapes public opinion; popular perceptions about China and Pakistan can thus become skewed.

In this situation, the media should exercise restraint and not try to up the ante where it is not necessary. Perhaps New Delhi needs to play a more pro-active role and genuinely attempt to clarify misgivings in the media, as well as the public, about India being soft on its neighbours. Currently, the government’s response is very much a kneejerk reaction; when the media hurls accusations at the government, the latter is always on the defensive.

For a successful neighbourhood policy to come to fruition, it is imperative that India begins to deal with some of these internal challenges.

Tridivesh Maini
FDI Associate

About the Author: Mr Maini is an Associate Fellow with the Observer Research Foundation, New Delhi and is one of the editors of ‘Warriors after War: Indian and Pakistani Retired Military Leaders Reflect on Relations between the Two Countries, Past, Present and Future’, (Peter Lang, 2011).
Evolving “Mental Maps”: India as an Asia-Pacific Power

Background

In April 1942, an invincible Japanese army stood at India’s eastern border after having conquered the whole of South-East Asia in the space of a few weeks. The Royal Navy largely withdrew to Africa and many believed that the gates to British India lay open. But the Japanese Army stopped where it was and never seriously tried to overthrow the British Raj. There were several reasons why, but underlying it all was the simple fact that India did not then form part of Japan’s “mental map” of Asia.

The new book, *India as an Asia Pacific Power*, examines India’s strategic engagement with the Asia-Pacific over the last several decades and asks whether India will join the ranks of the region’s great powers. It is the story of the rise of India as a major economic, political and military force and the “natural” expansion of its area of influence into the Pacific. It is also the story of how India is positioning itself with the existing major powers of the Asia-Pacific, the United States, China and Japan, as well as with key middle powers in the region. What strategic compulsions will India face in coming decades? To what extent will India be forced to make common cause with the United States and its allies in the Pacific to balance the rising power of China?

Comment

Underlying this story of the rising power of India is the story of the changing mental map of Asia. Mental maps matter. We all use mental maps to divide the world up into chunks that we are better able to understand and deal with. One of the most important mental maps for Australia over the last several decades has been the idea of the “Asia-Pacific.” Although the Asia-Pacific is now a ubiquitous part of our geographical landscape, its shape is set to change substantially in coming years. It is something that we need to be prepared for.

The idea of the Asia-Pacific is a comparatively recent one. It was pushed during the 1970s and 80s by countries such as Japan and Australia, which wanted to better bind the United States to the economically vibrant East Asia. Although primarily driven by economics, the idea of the Asia-Pacific has always had a strong underlying security element: keeping the United States as a benign offshore balancing influence and the main security provider to the region. It also gave Australia an opportunity to bind itself closer to East Asia, as a “Pacific” nation, if not an “Asian” one.

But our mental map of the Asia-Pacific never extended to South Asia. Asia-Pacific institutions such as ASEAN, and its spin-offs, and APEC, were built without India. Nor did India see itself as part of the Asia-Pacific. In the decades following its independence, India saw itself as a champion of colonised peoples throughout Asia and elsewhere. But, while India produced plenty of rhetoric, there was little practical engagement with the newly independent states of East Asia on their economic or security needs. India was focussed on its own economic development, based on autarchy and state ownership, and its own security preoccupations in South Asia. Through the Cold War, India’s main contribution to Asia-Pacific security was to complain about the role of the United States.

But the astounding economic growth of China, and now India, changes these assumptions. The rise of China is unsettling the security of the region and forcing East Asian states to look for new partners. The opening of the Indian economy is also arguably pulling the centre of economic gravity in Asia westwards. India’s trade and investment relationships in East Asia are growing dramatically. India is also developing security relationships throughout the region, primarily with Japan, Vietnam,
Singapore and Australia, but also with others. India is now welcomed by many countries in East Asia as an important economic and strategic balance to the growing power of China. The growing presence of the Indian Navy in the South China Sea is just one manifestation of India’s security ambitions in the region. Although China now downplays any Indian role in the Pacific, it may have little choice but to accept a growing Indian security presence.

In dealing with this changing reality, it won’t be enough to just bring India into existing Asia-Pacific institutions, such as APEC, and then carry on business as usual. We need to consider some of the more fundamental consequences of including the Indian subcontinent in our mental map of Asia. The changes wrought by India’s rise and its engagement with East Asia will be profound and not always smooth, as India finds its voice and as powerful states in north-east Asia see a relative loss of influence in shaping the regional agenda.

Many strategic thinkers in the United States, India and Australia are already talking about the idea of the “Indo-Pacific.” They increasingly see the Indian and Pacific Oceans as an interdependent strategic and economic space, stretching from Vladivostok to the shores of Somalia. But the “Indo-Pacific” is still little more than a concept and there are many questions as to how this can be put into practice. As US Secretary of State Hillary Clinton recently commented, ‘How we translate the growing connection between the Indian and Pacific Oceans into an operational concept is a question that we need to answer if we are to adapt to new challenges in the region.’

What does this mean for Australia? Australia is uniquely placed to take advantage of this shift. While Australia lies at the extreme southern end of East Asia, it lies close to the centre of the Indo-Pacific region. We are a major resources and energy exporter to the whole of the Indo-Pacific. We are, potentially, also a major force of the Indo-Pacific. This is why the US-Australia alliance is being expanded from a Pacific partnership into an Indo-Pacific one.

Australians need to think about how we can take a key role in helping to build and shape an Indo-Pacific community, just as we took a leading role in building the idea of the Asia-Pacific. Moving our strategic focus westwards to include the Indian Ocean will place us in unfamiliar territory, but these tectonic changes in our region represent a major opportunity for Australia.

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About the Author: A distinguished scholar and an expert on developments in South Asia, Dr David Brewster is with the Strategic and Defence Studies Centre at the Australian National University. He is the author of ‘India as an Asia Pacific Power’, published by Routledge (2011).

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India Prepares for Mammoth Food Security Task

Background

The Indian Cabinet is expected to agree by 10 December 2011 to the National Food Security Bill, which was released for comment in August. The Bill gives the government the power to offer cash transfers or
food coupons to priority households, estimated to be up to 46 per cent of the country’s rural population and 28 per cent of urban dwellers. Government departments have until 1 December to comment on the draft Bill ahead of its introduction to Parliament.

Comment

The aim of the Bill, as set out in the draft, is ‘to provide for food and nutritional security, in human life cycle approach [sic], by ensuring access to adequate quantity of quality food at affordable prices, for people to live a life with dignity.’

It will provide subsidy entitlements of food grains to 75 per cent of the country’s rural population and 50 per cent of urban India. It will require the government to purchase around 70 million tonnes per year, about 10 million tonnes more than currently. The central food pool already holds more than 50 million tonnes.

Pregnant women and lactating mothers who belong to priority households, will be entitled to a free meal, as will priority children under the age of 14. Depending on the situation, they may receive entitlement to one or two free meals per day. The eldest woman of the household is deemed to be the head of the household for the purpose of issuing ration cards. To achieve the Bill’s aims, every state government is to establish a State Food Security Commission. The Central Government will distribute supplies to each of the States from government grain pools.

Importantly, the draft Bill includes methods of revitalising agriculture, such as prohibiting unwarranted diversion of land and water from food production. It also mentions the need to give top priority to the movement of food grains, ‘including expanding the line capacity of railways to facilitate food grain movement from surplus to consuming regions.’

Commentators suggest that producing the food is not going to be a problem. This year a bumper crop is expected because of favourable conditions; the rice harvest, for example, is expected to be 87 million tonnes. The problem continues to rest on inadequate storage and transportation systems. How far the Bill will go in addressing these problems is highly questionable. Even if the Bill is largely symbolic, however, it still does show that the government recognises the inadequate distribution of food to the poor of India and the need to feed them to minimise social unrest. The task facing India is huge for any government, with an estimated 320 million hungry people that it needs to satisfy.

For the full draft Bill, visit: http://fcamin.nic.in/dfpd_html/Draft_National_Food_Security_Bill.pdf

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Market Downturn Forcing Indian Economic Reforms

Background

Indian Prime Minister Manmohan Singh opened India’s protected retail sector to foreign investment on 24 November and, as a result, the country’s corporate leaders, bankers and businessmen are anxious for further reforms to fight corruption and overhaul the judicial system.

Comment

Economic leaders hope that that the move to allow multinationals into the domestic market could be the first of several liberalisation initiatives, aimed at attracting much-needed foreign capital into India’s vastly underdeveloped retail sector. Chain stores account for just six per cent of a US$450 billion retail market that is dominated by street vendors and corner shops.2

‘Over the past few years India’s average growth in GDP has ranged between six to eight per cent, which is inspiring to say the least,’ says Gaurav Karnik of Ernst & Young. ‘Despite the current global economic uncertainty, India’s GDP is expected to grow at 7.7 per cent, which clearly underlines India’s potential as an investment destination.’

Even so, the rupee was this year’s worst performing Asian currency, suffering a worrying 15 per cent decline. The Singh Government has been under increasing pressure to manage severe criticism of its administration – one riddled with corruption and accused of inaction – and to prevent the departure of Indian capital overseas, by creating more favourable conditions at home.

The news of reform has been a welcome development from a government many have accused of sitting on its hands. ‘In India, we’ve always achieved economic reform at gunpoint,’ said political commentator Swapan Dasgupta. Critics fear foreign investment will smother smaller businesses. ‘If Wal-Mart tries to open its mall anywhere, I will burn it myself,’4 Uma Bharti, a former state Chief Minister, warned.

Policy makers and industry leaders at the 2011 Indian Economic Summit, held in Mumbai from 12-14 November, demanded measures to improve employment prospects, manage inflation, and combat the country’s rampant corruption.

‘They are not reformers,’ Surjit Bhalla, chairman of Oxus Investments said, referring to the Singh Government. ‘But, given its huge unpopularity, Congress is now looking to do what it can. There’s more than an even chance that reforms will continue.’

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Qureshi Joins Party; Imran Khan’s Political Aspirations Bolstered

Background

Former Pakistani Foreign Minister, Shah Mehmood Qureshi, after resigning from the ruling Pakistani People’s Party (PPP) earlier this year, has pledged his support for politician and former cricket captain Imran Khan’s Tehreek-e-Insaf (Movement for Justice) party. This buoys Khan’s chances of becoming Prime Minister in elections due to be held in the next year. The addition of a former member of the political establishment has added further credibility to Khan’s political aspirations, not to mention the large Punjabi voter base, where Qureshi holds a high degree of influence.

Comment

Khan has recently enjoyed a sudden increase in attention after drawing approximately 100,000 people to a rally at the beginning of the month. Although he has never held a post higher than a seat in parliament, he and his party are perceived by many to be a credible alternative to the unpopular government led by Prime Minister Yousaf Raza Gilani. The question now is whether Tehreek-e-Insaf, a relatively small party, can capitalise on public discontent with the current administration to achieve an upset victory at the next general election.

Qureshi was the Foreign Minister of Pakistan until February this year, when a falling out with President Asif Ali Zardari caused him to lose his portfolio in a cabinet reshuffle. He subsequently resigned from both the PPP and Parliament. Since then, there has been speculation as to whether Qureshi would join either Tehreek-e-Insaf or the Pakistan Muslim League. On 27 November, he announced his support for Khan’s party in front of a rally of 30,000 people.

Qureshi is a widely respected figure across the Punjabi ethnic grouping in Pakistan, accounting for around forty per cent of the country’s population. He is the head of the prominent Qureshi family, and custodian of an important Sufi shrine. During his time in government, he was the head of the PPP’s Punjab branch and almost gained enough support within the party to become Prime Minister, ultimately losing to Gilani.

Like Khan, Qureshi is highly critical of Pakistan’s tenuous alliance with the United States. His fall from the PPP was in part attributed to the Raymond Davis affair, in which Qureshi refused to grant diplomatic immunity to a CIA contractor responsible for the deaths of two Pakistani civilians. More recently, Qureshi has publicly demanded that all CIA agents be expelled from Pakistan, in protest at a NATO air strike that allegedly killed 24 Pakistani soldiers on the Afghan border. Qureshi also mirrors Khan’s discontent with the current administration’s inability to tackle major issues such as corruption, price rises and power cuts.

While Tehreek-e-Insaf has a long path to its hoped-for election victory, the combination of Khan and Qureshi could be an unbeatable team. Khan’s widespread popularity, in part due to his prior cricket career, as well as Qureshi’s influence amongst Punjabis, has the potential to establish a voter base to be reckoned with. If Khan’s party were to win the next general election, this would most likely cause a significant shift in Pakistan’s relationship with the United States, potentially having a major impact on NATO’s military operations in Afghanistan.

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€50 Million Public Works Project to Kick-Start Mayotte Economy

**Background**

French Overseas Territories Minister Marie-Luce Penchard has announced a major public works programme, designed to rejuvenate the struggling economy of Mayotte. In a statement released following a meeting in Paris with elected representatives from Mayotte on 22 November 2011, Ms Penchard indicated that Paris would allocate €50 million to the programme.

**Comment**

The Indian Ocean island of Mayotte, now France’s 101st département and, as such, an integral component of the French Republic, has been gripped by strikes and protests – sometimes violent – against high food and fuel prices, corporate profit margins and the rising cost of living. Beginning in late September, the events have paralysed the island’s already weak economy and escalated social tensions. Ms Penchard’s October visit to Mayotte did nothing to quell the disturbances.

On 22 November, Ms Penchard chaired a working group composed of leading Mahorais public officials, to devise a response to the crisis. As a top priority, up to €50 million could be allocated to Mayotte in the first quarter of 2012. While the exact details of the projects to be funded will be decided by the Mahorais authorities, they are expected to include:

- The upgrading of urban roads;
- Developmental work to facilitate the construction of housing;
- Improvement works to water supply and waste management facilities;
- Renovation of schools;
- Projects to increase local agricultural production; and
- Emergency financial aid to companies in difficulty.

The challenge is significant, as Mayotte experiences considerably higher prices, higher rates of unemployment and lower wages than metropolitan France. The economy of Mayotte is limited and is based primarily on agriculture and fisheries. The island is a major producer of the perfume essence ylang-ylang – an important niche industry. Costs are high due to the island’s remote location and the need to

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import most fuels and foodstuffs. Mayotte will continue to be dependent on financial transfers from Paris.

The success of the economic rejuvenation programme – effectively an economic stimulus package – could be seen by residents of the Indian Ocean territories as a test of France’s commitments to its far-flung overseas départements. While calls for independence are not likely, and interest in uniting with the Comoros even less so – the Mahorais are, in all respects, well-off compared to their Comorian cousins – tensions are unlikely to subside while economic difficulties continue.

An unsatisfactory outcome could also lead to dissatisfaction with the decision to integrate more closely with France. In the March 2009 referendum on the subject, 95.2 per cent of voters said “oui” to becoming a fully-fledged département. Of the 61 per cent who turned out, a mere 4.8 per cent voted against the proposition.

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What’s Next?

- The Fourth High Level Forum on Aid Effectiveness continues in Busan, South Korea, until 1 December. Foreign Minister Kevin Rudd is representing Australia.

- The 17th Conference of the Parties to the United Nations Framework Convention on Climate Change and the Seventh Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP17/CMP7) is taking place in Durban, South Africa, until 9 December. The implementation of the Kyoto Protocol, the Bali Action Plan and the Cancun Agreements are to be discussed.

- US Secretary of State Hillary Clinton is to visit Burma on 1-2 December.

- A convention of over 300 legal personnel from Brazil, Russia, India, China and South Africa will be held in Moscow on 1-2 December. The meeting will discuss legal issues faced by governments and businesses in the BRICS countries.
Any opinions or views expressed in this paper are those of the individual author, unless stated to be those of Future Directions International.