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A logical response to the Chinese drive in the Indian Ocean would be for India to step up its naval capacity, and intensify relations with the countries on the Rim, especially Mauritius, says BHASKAR BALAKRISHNAN.

— Paul Noronha



China plans to use Mauritius as a gateway to trade blocs in the region.

The small island nation of Mauritius with an area of 2,040 sq.km and a population of 1.3 million is located strategically in the Indian Ocean's southwest quadrant. Today, Mauritius is a part of China's geo-strategic thrust into the Indian Ocean. This is a challenge to India, the most favoured partner of Mauritius, due to its historical links and strong cultural commonalities. India would do well to take Chinese ambitions into account and develop its own strategic plan for Mauritius accordingly.

Though small in area and population, Mauritius has a well developed financial services industry, with a per capita income of \$12,000 in PPP terms. It has a large area under its exclusive economic zone (EEZ), and recently filed its claim for the extension of its continental shelf.

Historical, cultural linkages

Most of the population of Mauritius is of North Indian descent imported for working on sugarcane plantations. In addition, there are descendants of migrants from Tamil Nadu, Andhra, and Maharashtra. The Indo-Mauritians, some 850,000 in number, are mostly Hindus (77 per cent) and Muslims. And they speak Bhojpuri, Tamil, Telugu and Marathi, and practice their religions and observe festivals at temples and mosques with great devotion and fervour. They speak French, in addition to English and Creole, making them an important potential link with Francophone countries.

In recent times, thanks to better connectivity, they have strengthened their cultural linkages with India. It is heart-warming to see how closely they follow events in India.

There are approximately 30,000 Mauritians of Chinese descent, from the Hakka, Mandarin, and Cantonese language groups, imported into the country since 1740. More than 90 per cent of the Sino-Mauritian community is Roman Catholic, the remainder is largely Buddhist. They are active in business and retail trade and are the second wealthiest group after the French-Mauritians.

Since 1972 when China established diplomatic relations, its relationship has grown. Mauritius was the first African country to open a Chinese cultural centre, and exchanges in culture and education have picked up.

China plans to set up the Shanxi Tianli Enterprises business park for Chinese firms at around \$730 million, making it the largest foreign direct investment in the country. The project will serve as a

launching pad for Chinese operations in the region using Mauritius as a gateway for the trade blocs in the region, creating exports worth an estimated \$200 million per year, almost 10 per cent of Mauritius' total exports last year.

The project is located two kilometres from the capital, Port-Louis, and will also host three hotels of international standard and a 300-bed modern hospital. It is part of a \$10 billion Chinese plan to set up such economic zones in African countries.

In February 2009, President Hu Jin Tao visited Mauritius, accompanied by a high-level delegation, as part of his tour of Saudi Arabia, Tanzania, Senegal, and Mali. During President Hu's visit, China agreed to lend \$260 million to expand Mauritius's only international airport; as well as an interest-free loan of 40 million yuan (\$5.9 million) and a 30 million yuan grant.

Mauritius, with its well developed and stable financial sector, is seen as being of strategic importance to China. Mauritius, for its part, would like to be a conduit for foreign investment in China.

According to a Chinese studies expert in South Africa, "Mauritius is the key economy in the Indian Ocean region. Traditionally, Mauritius has been under the Indian sphere of influence. Now China is looking to challenge that."

China's naval presence

China's interest in the Indian Ocean is not new. While the Pacific region offers some scope for Chinese naval expansion, it must compete with the US and its allies. However, this factor is absent in the Indian Ocean, which is a promising area for expansion of China's naval presence and the US seems willing to encourage this.

Thus China's strategy would seek to secure access to ports in the Indian Ocean, and to build up relations with countries strategically placed around its rim. For example, China's COSCO is aggressively seeking participation in ports the world over.

Also the Indian Ocean ridges are believed to be rich in hydrothermal vents with associated mineral resources, an item that has increasingly attracted Chinese attention. Many countries including India have filed claims for the extended continental shelf under the law of the Sea Convention within the deadline 13 May 2009, and disputes are likely to arise.

In March 2009, a Chinese naval task force including destroyer 'Guangzhou' and a helicopter participated in the 'Peace-09' exercise in the seas off Pakistan. "Anti-piracy operations" have given China the best excuse to penetrate the Indian Ocean and station forces there permanently.

Chinese naval ships would gain experience in long-distance maritime combat operations in preparation for the establishment of an ocean-going aircraft carrier fleet. The 'Chinese Aegis' class DDG it has sent to the Gulf of Aden has the most advanced electronic intelligence systems to conduct surveillance on the activities of the US Navy's 5th Fleet. In a remarkably insensitive and naïve comment, a top American military commander recently said that Washington is comfortable with the increased presence of the Chinese Navy in the Indian Ocean. Admiral Keating, who heads the Hawaii-based US Pacific Command, said he would like China to come aboard — as an observer and later as a participant — in the annual India-US Malabar naval war games that occasionally involve third countries.

The US, he said, would be comfortable with the Chinese Navy acquiring berthing facilities in Sri Lanka and the Maldives. Japan, Australia, and Singapore are likely to share India's concerns over such an attitude.

A logical response to the Chinese drive in the Indian Ocean would be for India to step up its own naval capacity, and intensify relations with the countries on the Indian Ocean rim. India would also need to work closely with countries that share its perceptions. Mauritius, in many ways a natural partner for India, is one such country.

Slowdown in cooperation

After a period of strong growth in India-Mauritius relations, the pace of cooperation has slowed down somewhat. The economic relationship can be deepened and widened through new projects and investments in areas such as knowledge-based services, renewable energy, agro industries, marine resources, and tourism development.

The double taxation avoidance treaty offers investors some tax benefits and stimulates capital flows, making Mauritius the biggest investor in India. However, attempts from the Indian side to modify the tax treaty would be counterproductive both in political and economic terms. Finalising the Comprehensive Economic Cooperation and Partnership Agreement and the Free Trade Agreement would give a stimulus. India's private sector needs to be encouraged to exploit the advantages of the good business environment that Mauritius offers.

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