



# Small Island Fragility and Resilience Amid Global Disorder

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*By Joel Ng and Paco Milhiet*

### SYNOPSIS

*The war on Iran shows that efforts to build small-island resilience face significant challenges and uncertainties as critical economic corridors are affected by the conflict. However, the diversification needs of all states in response to such problems may also create opportunities.*

### COMMENTARY

As geopolitical analysts, we are accustomed to studying grave and significant events around the world from a distance. However, nothing hits home like being personally entangled in those events.

We were returning to Singapore following a conference on the Blue Economy and regional security in [La Réunion](#), a small Indian Ocean island that is part of France. No sooner had we landed in Mauritius than our phones began buzzing. The United States and Israel had attacked Iran, and it was clear that there was little chance of continuing to Dubai, even as we awaited formal confirmation from our airline.

That moment of enforced stillness served as a vivid reminder that, despite all their dynamism and ambition, these two small island economies remain vulnerable to international disruptions.

### La Réunion and Mauritius: A Tale of Two Islands

Located some 2,000 kilometres off the east coast of Africa in the Western Indian Ocean, and barely 200 kilometres apart from one another, Mauritius and Réunion – often referred to as the “[Sister Islands](#)” – share many similarities.

Both islands, born of the same volcanic hotspot, are comparable in size and population, with societies shaped by centuries of cultural mixing involving African, Austronesian, European, Chinese, Indian, and Malagasy peoples.

While Mauritius gained independence from Britain in 1968, Réunion remains a part of France. Economically, both islands developed plantation systems during the colonial period, centred on crops such as sugarcane, vanilla, nutmeg, and cloves. Yet despite these shared characteristics, Mauritius and Réunion have followed markedly different development trajectories, resulting in two contrasting economic and political models in the Indian Ocean today.

Mauritius has sometimes taken policy cues from Singapore as it strives to transform its originally rural economy to a vibrant, highly open and integrated one.

With an economy that relies on tourism for [more than 20 per cent](#) of its GDP, Mauritius pursued a consistent and pragmatic approach to international relations, prioritising stability, economic diversification, multilateralism under the rule of law, and regional cooperation.

Port Louis, capital of Mauritius, maintains close ties with India and China, robust economic relations with the EU and the UK, and active engagement with neighbouring countries, including South Africa and Madagascar. The island state is continuously expanding into new markets, notably in the Middle East, facilitated by the newly launched Dubai-Mauritius air route operated by Emirates, which has brought an estimated [one million](#) additional tourists from the Gulf since 2022.

La Réunion, in comparison, occupies a [central position](#) in France's Indo-Pacific strategy for projecting influence across the Indian Ocean. The island is heavily dependent on transfers from mainland France, which account for nearly [30 per cent](#) of its GDP. It remains only marginally integrated into its African regional neighbourhood (just [2 per cent](#) of Réunion's trade), while 60 per cent of its imports come from mainland France. This disconnection from its immediate regional surroundings raises questions about long-term sustainability and regional integration.

### **Opportunities, Challenges, and Unknowns of Change**

Although their development models differ, both islands are [heavily reliant](#) on imports for energy, food, manufactured goods, and industrial equipment. They would be severely impacted by a surge in oil prices, with knock-on effects on transport costs, supply chain resilience, and, ultimately, consumer prices. The tourism sector would be especially vulnerable.

On the other hand, rerouting maritime traffic via the Cape of Good Hope could increase Mauritius' geopolitical importance as it is strategically located between Africa and Asia. It could also drive a rise in shipping volumes. The rise in traffic density may create economic opportunities, but it also entails risks, including

congestion, piracy, and illicit activities facilitated by the density of maritime movement.

While the Indian Ocean region has become an increasingly contested arena, [small island territories](#) have drawn the strategic attention of regional powers – most notably China and India. Other actors have emerged as significant stakeholders, including Gulf states that are [channelling](#) capital into finance, real estate, logistics, and tourism.

Seeking attractive tax rates, a strategic position in the Indian Ocean, and a role as a gateway to African and Asian markets, dynamic, market-integrated Mauritius has demonstrably outpaced subsidised French Réunion as a destination of choice – a trajectory underscored by the Dubai-Mauritius air route operated by Emirates. However, with the Gulf disrupted due to the war on Iran, all of this was thrown into jeopardy overnight. By contrast, as part of France, La Réunion benefits from a guarantee of financial support and supply security.

### **A New Geopolitical Hotspot?**

Regional instability has indeed sparked debates in Port Louis, with local media even [raising](#) the question of Mauritius' potential direct involvement in the conflict. Most of the US' operations against Iran are likely being conducted from Diego Garcia in the Chagos Archipelago. This remote Indian Ocean territory remained under British sovereignty at the time of Mauritius's independence in 1968 and has been claimed by the Mauritian government for decades.

In 2024, London and Port Louis [agreed](#) to retrocede the archipelago to Mauritius. This agreement, which awaits ratification by the British Parliament, has encountered significant challenges: US President Donald Trump described the British decisions as an "[act of great stupidity](#)", a pro-London Chagossian movement has [occupied](#) one of the islands, and the Maldives has raised concerns and objections regarding Mauritian sovereignty over the archipelago, resulting in a [suspension](#) of relations between Port Louis and Malé.

With the US/Israel-Iran conflict, the Chagos Archipelago has now become a flashpoint of international tensions. The delay in the restitution process, therefore, paradoxically spares Mauritius, a non-aligned country, from being placed in a difficult geopolitical position.

But if the Chagos retrocession agreement between the United Kingdom and Mauritius is finalised, it may encourage Port Louis to press its sovereignty claims on another island: [Tromelin](#), an uninhabited territory occupied by France and administered from La Réunion.

The two disputes are strikingly similar in nature: both involve small, strategically located islands whose sovereignty was retained by a European colonial power at the time of Mauritian independence, and which Mauritius now seeks to recover as part of its unfinished decolonisation agenda.

## Conclusion

In a globalised world, small islands are inherently fragile ecosystems – isolated, spatially limited, and reliant on external support. Adaptation models do exist, and Mauritius has been held up as a prime example of a resilient island society, having built a distinctive development model based on openness, neutrality, and innovation.

Réunion, by contrast, leverages its status as a French overseas territory to access better infrastructure and substantial public funding from both Paris and the European Union. The island is now positioning itself as a hub for the blue and green economy – an ecological transition showcase and pioneer for French scientific and industrial innovation, with ambitions to export that expertise beyond its shores.

Yet no island, no matter how resilient, remains unaffected by the ripple effects of global geopolitical developments. Like every island territory in the Indian Ocean, La Réunion and Mauritius can only hope the US/Israel-Iran conflict will be short-lived.

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