Asia Africa Growth Corridor: An Indo-Japanese Initiative in Africa

By Neha Sinha

Introduction

The Asia-Africa Growth Corridor (AAGC) supported by India and Japan was introduced by the Prime Minister of India Narendra Modi, at the 52nd Annual Meeting of the African Development Bank (AfDB) held in Gujrat. This initiative is jointly crafted by three agencies named - Research and Information System for Developing Countries (RIS), the Economic Research Institute for the Association of Southeast Asian Nations and East Asia (ERIA) Jakarta and Institute of Developing Economies Japan External Trade Organization (IDE-JETRO), Tokyo. The AAGC is a roadmap of opportunities and aspirations in Asia and Africa, launched with a perceptive that it will give priorities to developmental projects in health and pharmaceuticals, agriculture and agro processing, disaster management and skill enhancement. The idea of AAGC had initially emerged in November 2016, in a joint declaration issued by the Prime Minister and his Japanese counterpart Shinzo Abe during Narendra Modi’s visit to Japan. The two Prime Minister’s laid great emphasis on improving the connectivity between Asia and Africa with a focus on free and open Indo-Pacific region which plays a vital role in achieving prosperity of the
region. They both further emphasised on the importance of India-Japan dialogue to promote cooperation and collaboration in Africa. The aim of both the leaders is to explore specific joint projects, which cover areas of training and capacity building, health, infrastructure and connectivity. Further, they also expressed their intention to work jointly and in cooperation with the international community to promote the development of industrial corridors and industrial network in Asia and Africa.

India - Japan Relations

Relation between India and Japan has a long history rooted in spiritual affinity and strong cultural and civilizational ties. India's earliest documented direct contact with Japan was with the Todaiji Temple in Nara, where the consecration or eye-opening of the towering statue of Lord Buddha year 1903. History reveals that contacts between India and Japan began some 1400 years ago and since then the two countries have never been adversaries. The Bilateral ties have been singularly free of any kind of dispute – ideological, cultural or territorial. The two countries have several institutional dialogue mechanisms, which are held regularly, at senior official and functional levels to exchange views on bilateral issues as well as regional and international cooperation. There is Foreign Office Consultation at the level of Foreign Secretary / Vice Foreign Minister as well as a two plus two dialogue at the level of Foreign and Defense Secretaries. Similarly, there are dialogue mechanisms in diverse fields such as economy, commercial, financial services, health, road transport, shipping, education etc. to name a few sectors.

Economic relations between India and Japan have vast potential for growth, given the complementarities that exist between the two Asian economies. Japan's interest in India is increasing due to a variety of reasons including India's large and growing market and its resources, especially the human resources. The India-Japan Comprehensive Economic Partnership Agreement (CEPA) that came into force in August 2011 is the most comprehensive of all such agreements concluded by India and covers not only trade in goods but also Services, Movement of Natural Persons, Investments, Intellectual Property Rights, Customs Procedures and other trade related issues. The CEPA envisages abolition of tariffs over 94% of items traded between India and Japan over a period of 10 years. Japan has been extending bilateral loan and grant assistance to India since 1958, and is the largest bilateral donor for India. Japanese Official Development Assistance (ODA) supports India’s efforts for accelerated economic development, particularly in priority areas like power, transportation, environmental projects and projects related to basic human needs. The Ahmedabad-Mumbai High Speed Rail, the Western Dedicated Freight Corridor (DFC), the Delhi-Mumbai Industrial Corridor with twelve new industrial townships, the Chennai-Bengaluru Industrial Corridor (CBIC) are all mega projects targeted to transform India. The Delhi Metro Project has also been realized with Japanese assistance.

Japan and India’s Contribution to the AAGC

Both the Prime Ministers of India and Japan appreciated the deep civilisational links between the people of the two countries, including the common heritage of Buddhist thought, and underscored their shared commitment to
democracy, openness, and the rule of law as key values to achieve peaceful co-existence. They welcomed the high degree of convergence in the political, and synergy between the said policy and strategy. They further stressed that improving connectivity between Asia and Africa, through realising a free and AAGC, there is a plan to connect ports in Jamnagar (Gujarat) with Djibouti in the Gulf of Eden. Similarly, ports of Mombasa (Kenya) and Zanzibar economic and strategic interests of the two countries that provides an enduring basis for a long-term partnership.

The two Prime Ministers underscored the rising importance of the Indo-Pacific region as the key driver for the prosperity of the world. They stressed the core values of democracy, peace, the rule of law, tolerance, and respect for the environment in realising pluralistic and inclusive growth of the region. In this context, Japanese Prime Minister Abe appreciated Prime Minister Modi’s active engagement in the region under the “Act East Policy,” and briefed Prime Minister Modi on the “Free and Open Indo-Pacific Strategy.” Prime Minister Modi appreciated Japan’s greater engagement in the region under this strategy. They recognised the potential for deeper bilateral cooperation open Indo-Pacific region, is vital to achieving prosperity of the entire region. They decided to seek synergy between India’s “Act East” Policy and Japan’s “Expanded Partnership for Quality Infrastructure,” by closely coordinating, bilaterally and with other partners, for better regional integration and improved connectivity as well as industrial networks based on the principles of mutual consultation and trust.

The AAGC is an attempt to create a “free and open Indo-Pacific region” by rediscovering ancient sea-routes and creating new sea corridors that will link the African continent with India and countries in South Asia and South-East Asia. The project stakeholders hope the sea corridors will be ‘low-cost’ and have ‘less carbon footprint’ when compared to a land corridor. For instance, under the (Tanzania) will be connected to ports near Madurai (Tamil Nadu) and Kolkata will be linked to Sittwe port (Myanmar). Apart from developing sea corridors, the AAGC also proposes to build robust institutional, industrial and transport infrastructure in growth poles among countries in Asia and Africa. The idea is to enable economies in Asia and Africa to further integrate and collectively emerge as a globally competitive economic bloc. Japan’s contribution to the project will be its state-of-the-art technology and ability to build quality infrastructure, while India will bring in its expertise of working in Africa. The private sector of both countries are expected to play a big role by coming together to form joint-ventures and consortiums; to take up infrastructure, power or agribusiness projects in Africa.
Apart from India and Japan, South Africa, Mozambique, Indonesia, Singapore, and Australia sent representatives for the consultation process (Nair Avinash, The Indian Express 2017).

India has a long history of development cooperation in Africa in capacity building and contributing towards development of social sector through several unique programmes like Pan Africa e-Network. Indian companies have sustainable presence in the African region. The EXIM Bank is the lead organisation for carrying out the development credit tasks. India has unique distinction in providing affordable, appropriate and adaptable technology. It is also working in project execution and in building technical capacities in many developing countries in the region. India also organises India-Africa Forum Summit (IAFS) to develop a structured engagement between India and Africa. IAFS is a vital platform to engage with Africa at regional, subregional and bilateral levels, and understand their concerns in a better manner. It has contributed to improve the quality of partnership between India and Africa. Being a developing innovative development-programmes and experiences of Africa, Japan and India may be pooled together for promoting cooperation within the AAGC. India's development partnerships in Africa are opposing the challenges of resource constraints. In this context Japan can play a significant role to overcome these challenges. It has strong development assistance programmes in many developing countries, including Africa. Japan has expertise in designing, planning and delivering hardware infrastructure as it enjoys a leading edge in analysis and expansion. It also has the capacity to transfer capabilities for managing and strengthening supply chains in manufacturing sector and infrastructure projects. Japan holds Tokyo International Conference on African Development (TICAD), which provides an open forum to generate innovative discussion among stakeholders participating in the African development programmes. TICAD since its inception in 1993 has contributed in improving social and economic conditions in Africa mainly through aid grants and technical assistance. Africa has tremendous scope for growth and requires development partners to achieve it. While its participation in regional and global value chains is important for its growth, the development priorities among countries, regions and subregions vary considerably. The development cooperation and infrastructure and connectivity development programme under AAGC would have to be aligned with these needs at national, regional and sub regional level. India and Japan bring a shared repertoire of development cooperation strengths for Africa. The strengths of India and Japan development programmes need to be fine-tuned with development needs of Africa, and also its development priorities. The particular policy and worldwide collaboration between India and Japan adjoins further value to this

**“Skills” To Connect Asia – Africa**

*The idea is that India and Japan, with other willing partners, would explore joint initiatives in skills, health infrastructure, manufacturing and connectivity. In our joint declaration, we mentioned an Asia Africa Growth Corridor and proposed further conversations with our brothers and sisters from Africa*. - Prime Minister Narendra Modi,

The document, produced jointly by Indian and Japanese research institutions, is a result of the discussions between Modi and his Japanese counterpart Shinzō Abe.

Modi visited Tokyo last year, during which the two leaders stressed the need for a partnership for sustainable and innovative development for Asia and Africa.
Recent Visit of Prime Minister Shinzo Abe to India

The Prime minister of Japan recently visited India where he expressed his commitment to work together with India in order to enhance connectivity in India and with different nations in the Indo-Pacific region. This includes the African continent too. The deepening of connectivity dialogue is welcomed by the Africans too which aim to achieve progress and development of the region. In this process the AAGC initiative is said to accelerate the proposed idea. Both the Prime Minister of India and Japan emphasised the importance of countries for their development and use of infrastructure connectivity in a transparent manner. The importance of quality infrastructure was also reaffirmed. Both welcomed the efforts to explore the development of the industrial corridors and networks for the development of Asia and Africa in order to benefit stakeholders in the Indo-Pacific region. A desire to promote collaboration and cooperation in the African continent in line with priority measures was identified through the India-Japan dialogue on Africa. The India Africa Forum Summit and the Tokyo International Conference on African Development plays a significant role too.

AAGC vs OBOR

AAGC is a consultative initiative which is essentially a sea corridor unlike OBOR, which entails development of a land. AAGC is said to link Africa with India and other countries of South-East Asia and Oceania. The initiative is considered to be a “distinct initiative” which would be profitable and bankable, borne out of a consultative process, unlike the ‘government - funded model’ of the OBOR project. The AAGC is built on the pivot rather than excessive emphasis on trade and economic relations. The centrality of people in Africa needs to be brought to the forefront. India denied joining China’s ambitious OBOR project. This venture has similar goals of inter-connectedness but focuses more on Eurasian countries and increased trade cooperation. Now, India has instead divulged its AAGC plan in collaboration with Japan. China is still hoping to get greater market access in Africa through OBOR. (Dave Devanshee, pg 1, 2017). However, India has great trade and network experience in Africa, and Japan has very advanced technology. Also, Japan’s ability to deliver quality infrastructure will play a major role in developing this corridor. This combination will give China tough competition for market share.

The initiative is said to envisage people-centric sustainable growth strategy details, which would be evolved through a process of detailed consultation across Asia and Africa. As per the vision document, the four key pillars of AAGC include: (a) Enhancing Capacity and Skills; (b) Quality Infrastructure and Institutional Connectivity; (c) Development and Cooperation projects; and lastly, (d) People-to-people partnership. The vision document lays out many fields of collaboration as well. The digital connectivity will support the growth of innovative technology and services between Asia and Africa. Under this initiative it is noted that there is immense scope for Asia to share its experiences of growth and development with Africa. The AAGC consists of five remarkable focal points: (a) effective mobilisation of financial resources; (b) their alignment with socio-economic development and development strategies of partner countries and regions; (c) application of high-quality standards in terms of compliance with international standards established to mitigate environmental and social impact; (d) provision of quality of infrastructure taking into account aspects of economic efficiency and durability, inclusiveness, safety and disaster-resilience, sustainability as well as convenience and amenities; and (e) contribution to the local society and economy.

The model of AAGC stresses on developing countries by investing in those countries' priority issues. Such an investment philosophy creates a win-win situation for all: it's about gaining advantages by aiding other countries. The AAGC will provide a great chance for India to improve its position in the
global market. Additionally, as the Chinese economy is facing a slowdown, India will hopefully be on the upswing with the AAGC vision. As of now, all the three regional research agencies are planning continual improvements to improve the AAGC project. Further insight to the plan will be discussed when the Japanese Prime Minister Shinzo Abe visits India this upcoming September. But sooner or later, this plan will surely set into motion a new phase for India of competition within the global economy.


The African Development Bank has welcomed the AAGC vision document as trade corridors have always existed between Africa and Asia.

Thus AAGC becomes more important because infrastructure is costly and there is a need to have infrastructure everywhere. There have to be particular zones where infrastructure has to be build. The AfDB President Akinwumi Adesina in the annual meeting at Gandhinagar also showed his interest and mentioned that they are already working on growth corridors within the African continent. Few of the officials have stated that more studies will be undertaken to list the current demands and challenges of economic, socio-cultural and political partnership pertaining to AAGC. This will bring out the existing challenges and barriers to this project. It will also spell out the cooperation aspects of sustainable growth and development exchange of best practices. Based on all these aspects, future AAGC studies will make recommendations to the governments of India and Japan and to governments in Africa, South Asia, Southeast Asia, East Asia and Oceania on the way forward for deepening this partnership (Nair Avinash. The Indian Express 2017).

Conclusion

At the India-Africa Forum Summit 2015, Prime Minister Modi announced a $10 billion line of credit that marked a new approach towards the engagement with African countries. This not only helped finance the projects in African countries but also contributed to capacity-building and education. India is the fifth-biggest investor in Africa, with investments over the past 20 years amounting to $54 billion, by extension, creating millions of jobs for African citizens. Prime Minister Modi while inaugurating the AfDB annual meeting also mentioned that India is working with the United States and Japan to support development in Africa. He vigorously emphasised that his government has made Africa a top priority for foreign and economic policy. Thus, with the AAGC Vision Study, a broad roadmap would be laid for development of the project, bringing in the geographical simulation model (GSM) for economic gains for Africa through its integration with India, South Asia, Southeast Asia, East Asia and Oceania. It would be prudent to note that the Indo-Japanese fulcrum for the development of both Africa and the South Asian region will bring the two continents closer to each other. It would be but natural for the intelligensia to look at AAGC as an Indo-Japanese counter-pivot to the OBOR, however, it would do injustice to the underlying ideal of a comprehensive and holistic socio-economic development for all involved which forms the crux of the AAGC.

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Endnotes

Pathak Maulik, 'India-Japan partnership to play key role in Asia-Africa corridor', Live mint 25th May 2017.
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