

US will find it hard to play both sides over Asia

Japanese leader and US counterpart scramble for ideas in face of China's strong position



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Japanese prime minister Shinzo Abe. Bullit Marquez/Reuters

During his high-profile visit to five East Asian countries the US president Donald Trump repeatedly referred to the region as the "Indo-Pacific" rather than "East Asian" region.

This was seen as a snub to Chinese ambitions to become a fulcrum power in the region.

But there was more than simply different phraseology involved. The US and Japan, along with India and Australia, are pursuing alternative routes to those being used by China, in an attempt to cement their joint economic and strategic ambitions in Asia. The term "Indo-Pacific" is a kind of code word to describe those plans.

In particular, Mr Trump has seized upon an idea first put forward by Japan's prime minister Shinzo Abe to create an Asia-Africa Growth Corridor or AAGC. It was proposed in a declaration issued by Mr Abe and the Indian prime minister Narendra Modi in November 2016. It is based on pillars of development and cooperation in infrastructure building and other forms of economic and social partnership. It is designed to integrate Africa with India, South Asia, South East Asia, East Asia and Oceania via the Middle East.

Few concrete details have been published as yet but the scheme is widely viewed as a response and competitor to the Chinese president Xi Jinping's "One Belt-One Road" or OBOR vision, which is also designed to connect all of these regions via a vast network of road, rail and maritime transport and energy linkages that extend also into Central Asia, Russia and Europe.

The idea of the AAGC or Indo-Pacific initiative appeals to Mr Trump not only as a means of countering China's OBOR scheme but also because of its proposed links with the Middle East, Japan's former deputy vice finance minister for international affairs Masahiro Kawai tells *The National*.

"America likes the Indo-Pacific idea, which was first mooted by Mr Abe," says Mr Kawai, who is also a senior official at the Asian Development Bank and who now lectures at the University of Tokyo. "It would have projects in the Middle East such as ports that could be of strategic value to the US." But first, concrete projects need to be put on the table to give life to the AAGC, Mr Kawai adds.

Meanwhile, China's "promise of an enormous infrastructure and investment programme [via the OBOR project] is understandably appealing for many Mena countries as their economies slow," according to a recent study by the Middle East Institute." Pledges related to OBOR may reach as high as US\$1 trillion dollars and will encompass more than 60 countries.

"China is also expanding its cultural and educational exchanges, promoting a people-to-people dialogue, as well as offering to train technical experts from

OBOR member countries. It's not surprising that many Mena countries are embracing China's vision," the study says.

"Egypt has coordinated its own domestic economic plan with China's OBOR priorities. Jordan, the UAE and Saudi Arabia are following suit. In Egypt, Chinese companies have already pledged close to \$20 billion in infrastructure financing, and have been awarded contracts for building major portions of the new capital to be established east of Cairo."

The UAE, the report notes, "has likewise stepped up bilateral ties, creating outposts in China to support Emirati companies and conducting several large trade missions. It will also serve as one of the main transport hubs for OBOR. In preparation, COSCO, China's largest shipping company, has partnered with Abu Dhabi Ports to build new terminals to support the expected increased flow of commodities along the OBOR routes. The UAE is also a founding partner - unlike the United States, which has yet to join - of the Asian Investment Infrastructure Bank, a multilateral development bank, initiated by China, which aims to support the building of infrastructure in the Asia-Pacific region."

In the view of the veteran Japan analyst Jesper Koll, the chief executive of the investment group Wisdom Tree, Japan, in Tokyo, the AAGC idea may have come too late, "You've got something very concrete already and that is OBOR," he tells *The National*.

"There is no question that Mr Abe and Trump are scrambling for ideas. The one thing that is conceptually laid out and beginning to get concrete institutional backing is the OBOR initiative. Everything else is just a response to it.

"In terms of strategic economic and trade policy we have seen the changing of the guard. China is now in the driving seat," Mr Koll adds.

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