

To counter OBOR, India and Japan propose Asia-Africa sea corridor

The two governments hope that the project would be cheaper option and have a smaller carbon footprint when compared to China's One Belt, One Road (OBOR) initiative.

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Prime Minister Narendra Modi greets delegates during the inaugural function of 52nd African Development Bank annual meeting, in Gandhinagar, Gujarat. PTI file

Prime Minister Narendra Modi made the pitch for developing an Asia-Africa Growth Corridor (AAGC), with support from Japan, while addressing the annual general meeting of the African Development Bank (AfDB) in Gujarat's capital of Gandhinagar last Tuesday, May 23.

The next day, both the Indian and Japanese governments presented a “vision document” for the project that is largely meant to propel growth and investment in Africa, by curtailing the ever-increasing presence of the Chinese on the continent. More concrete details on this corridor are expected to emerge when Prime Minister Modi and his Japanese counterpart Shinzo Abe meet later this year.

What is Asia-Africa Growth Corridor (AAGC)? How will Japan and India contribute to the project?

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 AAGC, there is a plan to connect ports in Jamnagar (Gujarat) with Djibouti in the Gulf of Eden. Similarly, ports of Mombasa and Zanzibar will be connected to ports near Madurai; Kolkata will be linked to Sittwe port in Myanmar. India is developing ports under the Sagarmala programme specifically for this purpose. 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 big role by coming together to form joint-ventures and consortiums, to take up infrastructure, power or agribusiness projects in Africa.

Where did the idea of AAGC originate?

The proposal for an AAGC was first mentioned in the joint declaration issued by prime ministers Modi and Shinzo Abe in November 2016. The declaration included their intention to work jointly and cooperatively with other countries to promote development of industrial corridors and networks in Asia and Africa.

What is the AAGC vision document? Which institutions were behind its creation?

A 30-page booklet, the AAGC vision document was unveiled by the Indian and Japanese government officials at the African Development Bank (AfDB) annual general meeting held at Gandhinagar on May 24. It is just a broad framework for the creation of the project. In the

first phase, the corridor attempts to link Africa with India and countries in South-Asia including Bangladesh, Myanmar, Cambodia and Laos, say officials.

After the Modi-Abe meeting in November 2016, work on creating a vision document for AAGC was entrusted to the three think-tanks: the New Delhi-based Research and Information System for Developing Countries (RIS), linked to the Ministry of External Affairs; the Jakarta-based ERIA (Economic Research Institute for [ASEAN](#) and East Asia) and the Japanese research organisation IDE-JETRO (Institute of Developing Economies-Japan External Trade Organisation).

Apart from the trio, research institutions and individuals from Africa were also invited for detailed consultations at Jakarta on April 21, 2017, at the ERIA headquarters.



Which were the other countries consulted for the Asia Africa Growth Corridor? Was China part of the process?

Apart from India and Japan, South Africa, Mozambique, Indonesia, Singapore, and Australia sent representatives for the consultation process. Quizzed about China, Anita Prakash, Director General of ERIA, said her organisation represented the ASEAN region and six other countries including China. Moreover, she added, ERIA also has Chinese scholars working for it on this project.

Is AAGC a counter to OBOR?

Unlike OBOR which entails development of a land corridor, AAGC will essentially be a sea

corridor linking Africa with India and other countries of South-East Asia and Oceania. It is being presented as a “distinct initiative” borne out of a consultative process which would be profitable and bankable, unlike the “government-funded model” of OBOR (One Belt One Road) project. “Firstly, we are making this process more consultative, because this was one objection India came up with when OBOR was presented. Secondly, the centrality of people in Africa needs to be brought up front, rather than excessive emphasis on trade and economic relations alone. Thirdly, Japan’s ability to deliver quality infrastructure will play a major role in developing this corridor,” says Professor Sachin Chaturvedi, Director General of IRS.

Why is Africa lucrative? What kind of presence do the Chinese have across the continent?

In 2015, the five of the fastest growing economies in Africa were non-resource rich, with Ethiopia, Cote d’Ivoire and Rwanda leading the pack with GDP growth rates of 10.2 per cent, 8.8 per cent and 7.1 per cent, respectively. Similarly, in 2016, countries like Senegal clocked a growth rate of 7.5 per cent, while Ethiopia (8 per cent), Kenya (6.5 per cent) and Tanzania (7 per cent) all recorded impressive growth.

The Chinese influence on the African economy can be gauged from the 2017 African Economic Outlook, released at the AfDB summit, which showed that China was still the major consumer of African goods, accounting for 27 per cent of Africa’s total global exports. China is also a leader in greenfield investment in Africa; in 2015-16, the country invested a whopping USD 38.4 billion (24 per cent of total greenfield investment). In comparison, India during the same year, invested just USD 2.2 billion (1.3 per cent of total greenfield investments) across 64 greenfield projects. Japan investments at present are minuscule.

What has been the initial response of African nations to the AAGC vision document?

The African Development Bank has welcomed the AAGC vision document. “Trade corridors have always existed between Africa and Asia and when PM Modi mentioned this we at AfDB welcome it. It is important because infrastructure is costly and you cannot have infrastructure everywhere. There has to be particular zones where you have to build infrastructure. We are already working on growth corridors within Africa,” said AfDB president Akinwumi Adesina.

What is the way forward for AAGC?

More studies will be undertaken to list the current demands and challenges of economic, socio-cultural and political partnership pertaining to AAGC. It 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.-

Will AAGC feature in Indo-Japan talks anytime soon?

More details of how to proceed on building the AAGC corridor will be presented either when Prime Minister Narendra Modi meets Abe on the sidelines of the G20 meet at Hamburg (Germany) in July or when India hosts the Japanese Prime Minister in September, say officials.

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