

ISAS Brief

No. 494 – 21 June 2017

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The Asia-Africa Growth Corridor: Why are India and Japan Interested?

Japan and India plan to join hands in the creation of infrastructure and digital connectivity in Africa through the Asia-Africa Growth Corridor initiative. They have strong strategic and economic interest for doing so. However, they would need to overcome several challenges, ranging from the different levels of growth in Africa and the need for greater India-Japanese coordination on an Africa strategy to the China factor in Africa's development.

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“The Pacific and the Indian Oceans are now bringing about a dynamic coupling as seas of freedom and of prosperity. A ‘broader Asia’ that broke away geographical boundaries is now beginning to take on a distinct form.”² Japan’s Prime Minister Shinzo Abe made these comments in his address to the Indian Parliament during his first term as prime minister in August 2007. Since then, much water has flowed down the Ganges with Abe back in the saddle for a second time (since December 2012). Meanwhile, India’s Prime Minister Narendra Modi completed three years at the helm on 26 May 2017. After Modi took office in

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² Shinzo Abe, “Confluence of the Two Seas” available at <http://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>. Accessed on 10 June 2017.

May 2014, the first country he visited outside the Indian subcontinent was Japan. Since then, Tokyo and New Delhi have come a lot closer and are cooperating in a variety of areas.

It was during the annual summit meeting between the Indian and the Japanese prime ministers in November 2016 that the idea of the Asia-Africa Growth Corridor (AAGC) was first mooted. In the joint declaration, the two leaders “stressed that improving connectivity between Asia and Africa, through realising a free and open Indo-Pacific region, is vital to achieving prosperity of the entire region.”³ The AAGC aims to pool together Indian and Japanese technology and skills to build high-quality infrastructure in Africa, which is to be complemented by digital connectivity.⁴

Both India and Japan have since then increased their engagement with Africa and it was only fitting that, recently, the 2017 annual meetings of the Board of Governors of the African Development Bank (AfDB) was held in the capital city of India’s Gujarat state, Gandhinagar. Though it was not the first time that an AfDB annual meeting has been held outside Africa, it assumed significance in the light of the announcement of the AAGC initiative and the fact that India did not send any representative to the Belt and Road Forum (BRF) in Beijing on 14 and 15 May 2017. Both India and Japan are now increasingly looking at ways in which they could pool their resources on infrastructure development in Africa. New Delhi has also supported the establishment of a regional centre of the BRICS⁵ Bank or the New Development Bank in South Africa.

Why are India and Japan Interested?

First, there is a historical connection between India and Africa. As Modi noted in his address at the AfDB meeting, “many communities from western India, especially Gujarat, and the

³ India-Japan Joint Statement during the visit of the Indian Prime Minister to Japan, <http://mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan+Joint+Statement+during+the+visit+of+Prime+Minister+to+Japan>. Accessed on 27 May 2017.

⁴ India and Japan come up with AAGC to counter China’s OBOR, <http://economictimes.indiatimes.com/news/economy/policy/india-japan-come-up-with-aagc-to-counter-chinas-obor/articleshow/58846673.cms>. Accessed on 7 June 2017.

⁵ BRICS is a grouping acronym that refers to the association of Brazil, Russia, India, China and South Africa.

eastern coast of Africa have settled in each other's lands."⁶ New Delhi would like to build on this historical contact and goodwill. With Modi trying to reach out to the Indian Diaspora across the world, his outreach towards Africa is in keeping with the same. Besides, New Delhi wants to retain its diplomatic and economic footprint in the Indian Ocean region, where it has always been the dominant power, with the sole exception of the United States.

Second, of late, India has been reaching out to Africa in a big way. It is worth noting that the third India-Africa Summit held in 2015 had representatives from all 54 African countries with diplomatic relations with India, including heads of state/government from 41 African nations.⁷ New Delhi has extended 152 lines of credit to 44 African nations which are worth almost US\$8 billion (\$11 billion).⁸ Africa is also important for India's energy security. As the Indian economy continues to grow, it needs a steady supply of energy and India's state-owned ONGC Videsh Limited has been drilling for oil in many parts of Africa.

Third, Japan has also been trying to get a foothold in Africa as Japanese companies struggle to cope with falling demand in the domestic market and strong competition overseas. The Japan-backed Tokyo International Conference of African Development started in 1993 "to promote Africa's development, peace and security, through the strengthening of relations in multilateral cooperation and partnership."⁹ Over the years, Japan's interest in Africa has grown progressively. It maintains a base in Djibouti, which is Japan's first overseas base in the post-World War II era.¹⁰ As seen in the deployment of the JS Izumo, Japan's biggest warship in the post-World War II period, Abe-led Japan is once again trying to play a proactive role in the Indo-Pacific region and beyond.

Fourth, India and Japan have been not been enthused by China's Belt and Road Initiative and they have been trying to come up with their own models of infrastructure development.

⁶ Modi's address at the inauguration of the Annual Meeting of the African Development Bank, http://www.pmindia.gov.in/en/news_updates/pms-address-at-the-inauguration-of-the-annual-meeting-of-the-african-development-bank/?comment=disable. Accessed on 3 June 2017.

⁷ Nivedita Ray, Third India-Africa Forum Summit: Priorities, Proposals and Prospects <http://icwa.in/pdfs/IB/2014/ThirdIndiaAfricforumsummitIB16112015.pdf>. Accessed on 31 May 2017.

⁸ Prime Minister's Speech at the inauguration of the Annual Meeting of the African Development Bank, Gandhinagar, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/28478/Prime+Ministers+Speech+at+the+inauguration+of+the+Annual+Meeting+of+the+African+Development+Bank+AfDB+Gandhinagar+May+23+2017>. Accessed on 28 May 2017.

⁹ Tokyo International Conference of African Development, <http://www.un.org/en/africa/osaa/partnerships/ticad.shtml>. Accessed on 28 May 2017.

¹⁰ First overseas military base since WWII to open in Djibouti, <http://www.japantimes.co.jp/news/2011/07/02/national/first-overseas-military-base-since-wwii-to-open-in-djibouti/#.WTEhuOuGOp0>. Accessed on 2 June 2017.

Though Japan had sent a delegation led by Toshihiro Nikai, Secretary-General of Japan's ruling Liberal Democratic Party, to the BRF,¹¹ it is in no hurry to join the same. However, as Japan does not have strategic depth in Africa, teaming up with India in order to reach out to this continent makes perfect sense.

Fifth, there are geopolitical considerations as well. Both India and Japan are trying to become permanent members of the United Nations Security Council and it would certainly help their case if the African countries vote in favour of their bid. In addition, South Africa, which is a member of the Nuclear Suppliers' Group (NSG), has assured India of its backing as New Delhi tries to gain admittance into the NSG. Many countries in Africa look up to India as a net-security provider. The Indian navy has played an important role in providing security to the sea lanes of communication in the region in the face of growing threats, especially along Africa's eastern seaboard.

Sixth, some of the African countries have had negative experiences in their economic relations with China and, hence, they would welcome alternate models of growth and development. Chinese companies have been accused of bringing Chinese labourers for projects in Africa and not creating enough jobs for the local communities. Besides, there is also a list of other allegations, ranging from "poor compliance with safety and environmental standards to unfair business practices and violation of local laws"¹² by some Chinese companies.

Challenges

Africa offers a huge potential for India and Japan. However, they would need to overcome several key challenges in the implementation of the AAGC initiative.

Firstly, the African countries are in different stages of development. Adding to this is the fact that Africa was colonised by different European powers in the past. This means that there are huge differences in governance structures, languages and societal norms within Africa. It would, therefore, not be possible for India and Japan to treat all of them with the same stroke

¹¹ Belt and Road Forum triggers China-Japan thaw, <http://www.thehindu.com/news/international/belt-and-road-forum-triggers-china-japan-thaw/article18474732.ece>. Accessed on 28 May 2017.

¹² China in Africa, <https://www.cfr.org/backgrounder/china-africa>. Accessed on 5 June 2017.

of the brush. New Delhi's and Tokyo's joint strategy would need to be sensitive to the local context in Africa.

Secondly, there are issues of infrastructure bottlenecks and coordination between New Delhi and Tokyo. Unlike in Japan, decision-making process in India is far more complex and, at times, painstakingly slow. Such bureaucratic passivity may cause frustrations on the part of the Japanese, especially when quick and decisive decisions relating to Africa are needed, particularly in the face of the China factor.

Thirdly, China already has an advantage when it comes to trade with Africa – it has been Africa's biggest trading partner since 2009.¹³ Although there is some unhappiness among African states on the manner in which China is reaching out to the continent, these states require funding and development support, which China is happy to provide. India and Japan will have to compete with China in the African market.

Lastly, there is civil strife in a number of the African countries. This could create hurdles for India and Japan in their infrastructure development plans in the continent. The two countries will need to tread carefully.

Conclusion

Modi noted in his address in the AfDB meeting in Gandhinagar that "India's partnership with Africa is based on a model of cooperation which is responsive to the needs of African countries. It is demand-driven and free of conditions."¹⁴ Both India and Japan now need to walk the talk. However, 'the proof of the pudding is in the eating'. India and Japan have just placed the pudding into the steamer. Both sides still have much work ahead to ensure that the final product turns out to be as sweet as they would like it to be.

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¹³ Ibid.

¹⁴ Africa has been made top priority for India's foreign and economic policy: PM Modi, <http://indianexpress.com/article/india/africa-has-been-made-top-priority-for-indias-foreign-and-economic-policy-pm-modi-4669438/>. Accessed on 6 June 2017.