

India and Japan's AAGC vs China's OBOR

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India made its concerns on the China's One Belt One Road (OBOR) public by not taking part in the event related to it earlier this month in Beijing. Through the project China wants to build a new 21st-century silk route, which would lead to increasing connectivity with Asian and European countries and solidify its place in the world as a major trading partner.

While India skipped the event, where around 50 countries, including the US, Russia, Germany, among others were represented. In India, along with concerns over its sovereignty, it is also seen as a continuation of Chinese strategy of 'strings of pearls' which China uses to flex its muscle in India's neighbourhood. India also criticised the method used to put it into motion, which it has said was done without consultation with all countries involved.

And in what is being seen as a reply to the ambitious Chinese plans, India and Japan are now hoping to build a trade corridor of their own, linking India and other South-East Asian countries to the continent of Africa.

Prime Minister Narendra Modi used the recently held annual general meeting of the African Development Bank (AfDB), in Gujarat this year, to make a pitch for such a route called the Asia-Africa Growth Corridor (AAGC). And this was followed by the presentation of the 'vision document' for the project by the Indian and Japanese governments. While the prime focus seems to be to increase the investment and growth of Asian countries in Africa it can also be seen as an attempt to curtail the highly visible presence of Chinese companies and government's investment on the continent.

The initial proposal for the AAGC was mentioned in a joint declaration during a meeting in between Narendra Modi and Japanese Prime Minister Shinzo Abe in November last year. It had included the intention to work together with other countries to develop industrial corridors and networks in Asia and Africa.

What is the AAGC?

It is sea-route to be developed which would be similar to ancient maritime routes, while also creating new sea corridors which will link Africa with India and countries in South-Asia and South-East Asia. And according to stakeholders in the project the aim is to build 'low cost' and 'less carbon footprint' as compared to OBOR.

The AAGC plans to have links between the two continents through connecting ports such as those in Jamnagar (Gujarat) with Djibouti in the Gulf of Eden, ports of Mombasa and Zanzibar to those near Madurai, and Kolkata with Sittwe port in Myanmar. It is also hoped that the in addition to sea corridors, the AAGC will also help build robust institutional, industrial and transport infrastructure between countries of both the continents.

And Japan is expected to contribute with its state-of-the-art technology as well as in helping build infrastructure, while India is to help with its expertise of working on the continent. And the private sector of both the countries is expected to play a major part in the building infrastructure, power and other projects in the country.

The difference between AAGC and OBOR?

The major difference being that while OBOR is mainly a land corridor, the AAGC is planned to be a sea corridor. Another difference between the two projects is that OBOR is seen as model funded by one government, and the AAGC is borne out a consultative process between different parties and in which the private sector will play a major part. And reports have also pointed to the centrality of the African people in the AAGC as compared to the emphasis on trade and economic relations in OBOR.

The consultative nature of the sea corridor was also clearly on show as apart from the two countries, South Africa, Mozambique, Indonesia, Singapore, and Australia had also sent representatives to the consultative process. The response of African nations to the AAGC AAGC vision document has been welcomed by the African Development Bank. "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," AfDB President Akinwumi Adesina is reported to have said.

Why Africa?

The African continent is not only seen as a well of natural resources but also as a major and growing market for the commodities and products from countries all over the world. For example, in 2015, the five of the fastest growing economies in Africa were non-resource rich, with many having GDP growth rates of above 7 per cent. The likes of 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. And in 2016 Senegal had a growth rate of 7.5 per cent, while Ethiopia (8 per cent), Kenya (6.5 percent) and Tanzania (7 per cent).

China has a major presence in the continent as it has been a major consumer of African goods, accounting for around 27 per cent of Africa's total global exports. And China is also a leader in greenfield investment (investment in new operations) in Africa as in 2015-16, the country put in a 38.4 billion dollars in Africa, and India during the same year, invested just 2.2 billion dollars.

When are more details expected?

According to reports, more details on AAGC corridor might be presented either when 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. OneIndia News

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