

Thinking Africa: India, Japan, and the Asia-Africa Growth Corridor

Outlining India and Japan's approaches to Africa, separately and bilaterally.

By **Titli Basu**

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Prime Ministers Narendra Modi and Shinzo Abe have looked to the Indo-Pacific theater to further expand the scope of India-Japan cooperation. The 2016 India-Japan joint statement underscored the importance of coordinating bilaterally and with other countries for developing better regional economic linkages, connectivity, and facilitating industrial networks employing collective capabilities. Besides exploring prospects for cooperation in Southeast Asia, South Asia, and adjoining regions like Iran and Afghanistan, Indian and Japanese leaders have marked Africa as a priority in this regard.

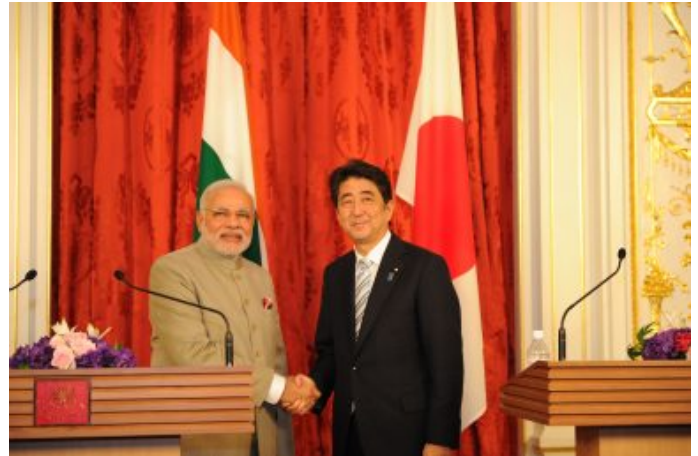


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While the continent has been included in Tokyo and New Delhi's bilateral discussions since the institution of India-Japan Dialogue on Africa in 2010, the leadership infused further momentum with the conceptualization of the Asia-Africa Growth Corridor (AAGC) in November 2016. The AAGC is an important component of the India-Japan Vision 2025 for Indo-Pacific Region. It further converges with Japan's Free and Open Indo-Pacific Strategy and Expanded Partnership for Quality Infrastructure (EPQI) and India's development cooperation with Africa and Act East Policy.

Following up, India hosted a special session on India-Japan cooperation for the development of Africa at the 52nd Annual Meeting of the African Development Bank (AfDB) in May 2017. Reiterating the bilateral commitment toward African development, Modi **argued that** India, in cooperation with Japan and African stakeholders, is committed to pursue developmental cooperation that is "responsive to the needs of African countries." The AAGC Vision Document, jointly crafted by India's Research and Information System for Developing Countries (RIS), Indonesia's Economic Research Institute for ASEAN and East Asia (ERIA), and Japan's Institute of Developing Economies (IDE-JETRO), underscores that this growth corridor is focused on four priority areas, including development projects, quality infrastructure and institutional connectivity, skill development and capacity building, and people-to-people cooperation. The objective is to pursue joint initiatives in various sectors such as health, infrastructure, manufacturing, and connectivity, in keeping with the development priorities of Africa and the Sustainable Development Goals.

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Japan is pushing for collaboration with India to decrease market risks in Africa. Combining India's experience and understanding of the African market with Japan's technological know-how and funding capabilities will lead to a "**win-win scenario**" in realizing Africa's growth opportunities. At the special session of the AfDB, stakeholders deliberated on the prospects of promoting African business through private-public partnerships. Aligning with the African Union (AU)-designed Agenda 2063 founded on inclusive growth,

AAGC aims to advance sustainable development and interconnectedness between and within the two growth poles of Asia and Africa to encourage a free and open Indo-Pacific.

While India instituted the India-Africa Forum Summit (IAFS) to further its engagement with Africa, Japan's Africa outreach is done primarily through the Tokyo International Conference on African Development (TICAD). Tokyo is concentrating on three important areas, in keeping with the focus of Japanese private sectors, including the Northern corridor, Nacala corridor, and the growth area in West Africa; resources and energy development; and urban development. Japanese investment will be effected partially by using the Enhanced Private Sector Assistance for Africa (EPSA), conceived in partnership with the AfDB. In addition, Japan under the Abe Initiative 2.0 aims to nurture "manufacturing and maintenance service personnel" and capacity building of technical personnel in the field of natural resource development. Besides the economic rationale, Japan also aims to garner African nations' support for its ambitions at the UN Security Council.

Japan's Africa policy is founded on **resource and economic diplomacy**, especially the export of infrastructure. The estimated infrastructure financing deficit of Africa stands at \$100 billion annually. Abe, committed to a "quality, resilient, and stable Africa," has **pledged \$30 billion** in investment by 2018, including \$10 billion in infrastructure development. Japan aims to promote high quality infrastructure partnerships and facilitate expansion to emerging markets. The June 2013 Japan Revitalization Strategy articulated the significance of creating new frontiers for growth by capturing the international infrastructure market. It argued for **tripling infrastructure sales** by 2020. The Strategy looks to Africa while discussing strategic initiatives for obtaining overseas markets. The Keidanren (Japan Business Federation) also identified African countries as priority region in its "**Toward Strategic Promotion of the Infrastructure Export**" policy proposal.

India, meanwhile, has invested in the continent **based on** a "model of cooperation... free of conditions," prioritizing the needs of the African stakeholders. The Delhi Declaration 2015, "Partners in Progress: Towards a Dynamic and Transformative Development Agenda" adopted at the IAFS is aligned with the objectives of Agenda 2063. India's Africa policy draws strength from India's support for democracy, anti-colonialism, anti-racism, and India's contribution by way of developmental aid and participation in the UN peacekeeping operations in Africa. At the 2015 IAFS, India extended \$10 billion aimed at development projects over five years and offered \$600 million in grant assistance, including an India-Africa development fund of \$100 million. Indian engagement has focused on education, capacity building, skill and human resources development, and the Pan-African e-network supporting tele-education, tele-medicine, and e-commerce.

Meanwhile, as Africa's economic growth gathers momentum, India's interests are shaped by expanding African markets. The Federation of Indian Chambers of Commerce and Industry (FICCI), in its report "The Rising Africa," argued that resources, a mounting consumer base, and generally positive economic projections influence interest in the continent as a business and investment target. With an objective of achieving \$100 billion in bilateral trade in the next two years, the focus is on power, pharmaceuticals, ICT, and services.

India's energy stakes are another important variable shaping New Delhi's approach toward Africa. Africa's hydrocarbon sector is of interest in order to fuel the Indian economic engine. 2014 crude import statistics reflect that India sourced 16 percent of its consumption (32 million metric tonnes, or MMT) from Africa: 3 MMT from North Africa and 29 MMT from West Africa, primarily from Nigeria and Angola.

Drawing from India and Japan's respective stakes in the continent, as well as their bilateral and regional ambitions in the Indo-Pacific, Tokyo and New Delhi have paved the way for greater coordination in Africa. Where there is an alignment of interests, India has invested in strengthening relations with likeminded countries. New Delhi is working with Washington and Tokyo to support African development.

Founded on a consultative and inclusive approach, the idea of AAGC is aimed at cultivating value chains, integrating and developing a competitive economic bloc, thereby accelerating Africa and Asia's development trajectory. However, translating the idea into deliverables will require India and Japan to conceive of joint

projects aiding capacity building, infrastructure, and connectivity; synergize their resources and capabilities; and most importantly ensure the efficient implementation of these projects to demonstrate bilateral commitment to African partners.

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