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ASIA-AFRICA GROWTH CORRIDOR: CHALLENGES AND OPPORTUNITIES FOR INDIA

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On 25th May 2017, a vision document titled as “Asia Africa Growth Corridor (AAGC) Partnership for Sustainable and Innovative Development” was launched at the African Development Bank (AfDB) meeting held in Gandhinagar, Gujarat. The proposal of AAGC emerged in the joint declaration issued by Indian PM Narendra Modi and his Japanese counterpart Shinzo Abe in November 2016 when PM Modi visited Japan. Three think tanks namely, Research and Information Systems for Developing Countries (RIS) from New Delhi, Institute of Developing Economic-Japan External Trade Organisation (IDE-JETRO) from Tokyo and Economic Research Institute for ASEAN and East Asia (ERIA) from Jakarta developed a vision document in consultation with other think tanks from Asia and Africa. Through this initiative, India and Japan could potentially develop health, manufacturing and connectivity, infrastructure,

and skills and improve growth and interconnectedness between Asia and Africa.¹

About AAGC

The vision document listed four main components of AAGC such as quality infrastructure and institutional connectivity, development and cooperation projects, people-to-people partnership, and capacity and skill enhancement. Other than these elements AAGC will also include greenfield projects, developing capacities to sustain infrastructure, human resource training, power grids, setting up pan-Africa E-network, agriculture and agro-processing, investment opportunities, disaster management, and joint venture projects and private sector financing.

AAGC’s major part would be sea corridors that link ports in India and other Asian countries with ports in Africa. Though the study or vision document is still not in public domain, however,

according to Sachin Chaturvedi of RIS, initially this project may take into account seven Indian Ocean littoral States on the east coast- Ethiopia, Kenya, Tanzania, Somalia, Mozambique, and South Africa. Then later focus would be on the three countries from the western coast of Africa- Ghana, Gambia, and Cote D'Ivoire. Other western Indian Ocean countries such as Seychelles, Mauritius, Madagascar and the Comoros will also be the priority in India-Japan cooperation.²

The focus of AAGC is the centrality of the needs of African people rather than a sole emphasis on trade and economic relations. Japan's ability to deliver quality infrastructure and India's wealth of experience and expertise of working with African nations together can create a "free and open Indo-Pacific region" by creating new sea routes that will link the African continent. One of the main focus is to develop "low-cost" and "less carbon footprint" sea corridors. The plan to connect ports of Mombasa and Zanzibar with ports near Madurai, Djibouti in the Gulf of Eden with Jamnagar, Kolkata with Sittwe port in Myanmar. Other than sea corridors, AAGC also proposes to build robust institutional, industrial and transport infrastructure in Asia and Africa.³

The vision study used geographical simulation model (GSM)⁴ for the development of Africa through its integration with India, Southeast Asia, South Asia, East Asia, and Oceania. Shailesh Pathak (CEO of CityInfra

Capital and B20 Infrastructure member), who attended the annual meeting of AfDB pointed out that Japan's financial resources and technology along with India's wealth of experience and networks in Africa would chart a new chapter in the proposed corridor. Japan committed about \$200 billion in the proposed corridor and had already invested about \$32 billion in the infrastructure projects in Africa. However, India is still working on its investment plans and will decide in the next few months.⁵

Opportunities for India and Japan in Africa

Africa is emerging as a very significant continent due to its robust growth. The African continent's collective GDP is expected to reach \$3.6 trillion by 2020 up from \$2.1 trillion in 2011.⁶ Africa provides enormous economic and strategic opportunities to India. In 2014-15 India-Africa trade stood at approximately \$72 billion and it is expected to reach \$100 billion by 2018. The Indian government is taking 15,000-20,000 African students for higher education which is going to be double in a decade.⁷ India is helping in providing adequate education facilities and affordable healthcare to African nations through Pan-African e-network Project which connect 48 African nations. However, Africa needs investment for creating infrastructures such as roads, ports, airports, and railways. AAGC will help in creating not only in infrastructure but also assist in skill development of African youth. India's export to Africa of automobiles iron and

steel, two-wheelers, plastics, and machinery and engineering processes are growing substantially. In return, Africa has huge natural resources reserves and commodities such as crude oil, leather, pulses and lentils, gas and gold and other.

On the strategic front, the African continent has much to offer. Eastern coast of Africa adjacent to the Indian Ocean- from South Africa to Somalia- fall under India's maritime strategic neighbourhood. Indian Ocean region is facing challenges of human, drugs, and arms trafficking and piracy in Somali waters threaten the security of the Sea Lanes of Communications (SLOCs). India is a key player in providing regional security in the Indian Ocean and ready to explore joint defence manufacturing with Indian Ocean littoral states. Africa is also paramount for India's ambition to become a permanent UN Security Council member.

Challenges for India

There are many challenges that India faces in its partnership with Africa. China is India's biggest challenge or constraint in Africa. China is Africa's largest trading partner and also its biggest source of export. China's total trade in Africa in the year 2014-15 was \$220 billion compared to India's \$70 billion). China has focused on mining (more than \$100 billion investment in 2014), energy (oil fields in South Sudan), manufacturing (garment factories in Rwanda or Ethiopia), and infrastructure (\$13.8 billion in East Africa

railway projects). Africa is also the biggest recipient of China's foreign aid (\$30 billion between 2000 and 2013).⁸ The 2015 Pew Research Center survey found that Beijing also enjoys favorability rate of 70 percent in Africa (nine nations) compare to 41 percent in Europe (six nations) and North America (Canada and U.S).⁹ China relatively much more engaged in Africa as compared to India and Japan. AAGC can be seen as amplified effort of India and Japan to increase their involvement in the African continent.

Another test for India in Africa includes instability and governance issues. Africa has a high level of conflicts between various armed groups and factions that are fighting. In 2014, more than half of the world's conflict was in Africa (with only 16 percent of the total population).¹⁰ Somali civil war (continue for the last three decades), Burundi, South Sudan, Democratic Republic of Congo, Boko Haram in Nigeria are few example of a current volatile situation in Africa. This kind of conflicts is due to the weak governance. These issues can be proved to be a repellent for engagement with Africa.

Though growth rate in African continent slowdown to 3.3 percent between 2010 to 2015 from 5.4 percent between 2000 to 2010 due to various reason such as the collapse of global commodity prices and political shocks.¹¹ However, the African continent has enormous potential, and it needs the support of other

countries of the world to realise that. The shared history of colonialism is one of the main linkages between India and Africa. African continent amount around 12.37 percent (total 2,710,645 people) of the entire diaspora of India.¹² India's soft power such as democracy and Bollywood also works to India's advantage. Though only in its nascent stage, an initiative such as AAGC will not only benefit Africa to achieve sustainable growth but also provide India with an opportunity to cover the ground it lost to China in the last decade.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Notes

¹ Full speech of PM Narendra Modi available at https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech_delivered_by_Narendra_Modi_Prime_Minister_of_India_at_the_Official_Opening_Ceremony_of_the_African_Development_Bank_Group_Annual_Meetings_in_Ahmedabad_India_May_23_2017.pdf. Accessed May 29, 2017.

² "Asia-Africa Growth Corridor: This Indo-Japanese Project Aims To Push Development Projects In Africa." *Swarajya*. May 24, 2017, <https://swarajyamag.com/world/the-asia-africa-growth-corridor-an-indo-japanese-project-to-push-economic-development-projects>. Accessed May 25, 2017.

³ Nair, Avinash. "To counter OBOR, India and Japan propose Asia-Africa sea corridor." *The Indian Express*. May 31, 2017, <http://indianexpress.com/article/explained/to-counter-obor-india-and-japan-propose-asia-africa-sea-corridor-4681749/>. Accessed May 31, 2017.

⁴ Kumagai, S, T Gokan, I Isono, and S Keola. "The IDE Geographical Simulation Model: Predicting Long-Term Effects of Infrastructure Development Projects." *Research Gate*. January 2008, https://www.researchgate.net/publication/5141168_The_IDE_geographical_simulation_model_predicting_long-term_effects_of_infrastructure_development_projects.

term_effects_of_infrastructure_development_projects. Accessed May 29, 2017.

⁵ "India-Japan partnership to play key role in Asia-Africa corridor." *Livemint*. May 25, 2017, <http://www.livemint.com/Politics/gfSbaVJjfHuoUKPTMxrU8L/IndiaJapan-partnership-to-play-key-role-in-AsiaAfrica-corr.html?facet=print>. Accessed May 29, 2017.

⁶ Neotia, Harshavardhan. "Africa, a land of opportunity." *Business Line*. July 07, 2016, <http://www.thehindubusinessline.com/opinion/africa-a-land-of-opportunity/article8820088.ece>. Accessed June 05, 2017

⁷ ""Shared opportunities and deepening partnership": AfDB President sees bright future for Africa and India". *African Development Bank Group*. May 21, 2017, <https://www.afdb.org/en/news-and-events/shared-opportunities-and-deepening-partnership-afdb-president-sees-bright-future-for-africa-and-india-17008/>. Accessed June 05, 2017.

⁸ Kumar, Sunaina, and Angela Stanzel. *India and China: A scramble for Africa?* July 29, 2016. http://www.ecfr.eu/article/commentary_india_and_china_a_scramble_for_africa_7086. Accessed June 09, 2017.

⁹ *Pew Research Center*. June 22, 2015. <http://www.pewglobal.org/2015/06/23/global-publics-back-u-s-on-fighting-isis-but-are-critical-of-post-911-torture/bop-report-14/>. Accessed June 09, 2017.

¹⁰ Dorrie, Peter. *The Wars Ravaging Africa in 2016*. January 22, 2016. <http://nationalinterest.org/blog/the-buzz/the-wars-ravaging-africa-2016-14993>. Accessed June 09, 2017.

¹¹ Leke, Acha and Barton, Dominic, *3 reasons things are looking up for African economies*, May 05, 2016, <https://www.weforum.org/agenda/2016/05/what-s-the-future-of-economic-growth-in-africa/>. Accessed on June 13, 2017.

¹² Gupta, Rajneesh Kumar, *Indian Diaspora in Africa: A Profile*, April, 2014, http://www.idsa.in/africatrends/indian-diaspora-in-africa-a-profile_rkgupta_0614. Accessed on June 13, 2017.