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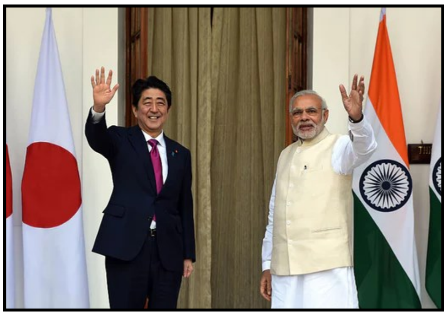
CCS COMMENTARY:

Making a play for Africa: China, India and Japan compete for the continent's favour

Africa's importance as a significant variable in the political and economic manoeuvrings of the world's great powers is often overlooked or underestimated. However, in recent years, actions by Asia's powerhouses – China, Japan and India – demonstrate the continent's value as a platform for carrying out strategic competitive connectivity initiatives.



The India-Japan double team

Over the last three years (2014-2016), India and Japan have increased efforts to improve their economic engagement with Africa. In part, these efforts have largely been interpreted as a response to China's One Belt One Road (OBOR) Initiative, a global economic development strategy introduced in 2013. With both India and Japan having unresolved territorial disputes and strategic tensions with their neighbour, they seem to remain suspicious of OBOR and view it as means to increase China's political and economic influence and, subsequently, its power in the Indo-Pacific region and beyond. In response, Delhi and Tokyo have tag-teamed to counter OBOR with the proposed Indo-Pacific Freedom Corridor. Birthed from a joint declaration between Indian Prime Minister, Narendra Modi, and Japan's President, Shinzo Abe, in November 2016, the "Freedom Corridor" reportedly aims to ensure regional stability and transparency in fostering cross-continental partnerships. An important component of this Indo-Japanese project is the Asia-Africa Growth Corridor (AAGC), officially announced in May 2017 at the African Development Bank meeting in Gujarat, India.

The AAGC is an attempt to create a "free and open Indo-Pacific region" through a combination of ancient maritime networks and new sea corridors that will integrate African and Asian economies. Ultimately, it aims to evolve into an efficient and sustainable cross-continental mechanism for linking economies, industries, institutions and people.

Like OBOR, the AAGC has an infrastructural and connectivity development aspect; however, due its inability to compete with China's massive financial infrastructural investments in Africa, the AAGC has taken a different route. With a more socio-economic, people-centred approach, it will facilitate the prioritisation of development projects covering health and pharmaceuticals, agriculture and agro-processing, disaster management, and skills enhancement. Unlike OBOR, the AAGC lacks a land corridor; this is due to the stakeholders' purported assessment on the viability of options. A sea-corridor was chosen as it was reasoned to be more cost effective as well as environmentally friendly with a lower carbon footprint. Furthermore, OBOR's initial geographic focus was Eurasia. It is only over the last two years that the Chinese government has made noticeable overtures to include a larger African presence. On the other hand, the AAGC is an Indo-Pacific oriented initiative that was not only produced in consultation with African leaders and policy makers, but it purportedly aims to prioritise connecting and integrating the economies of South Asia, Southeast Asia and East-Asia with Africa.

Is the AAGC a game changer?

Over the past 20 years, China has worked hard on strengthening its relations with Africa, especially in terms of developing economic ties. Through numerous aid, trade and investment deals it has established an expansive footprint on the continent. Despite China's economic slowdown, it still remains a major consumer of African commodities. The 2017 African Economic Outlook highlights China's economic footprint across Africa, with Beijing accounting for 27 per cent of Africa's total global exports, and investments worth US$ 38.4 billion. By framing OBOR as another strategy for economic cooperation between China and Africa, Beijing has promoted large infrastructure projects on the continent as a means to improve the facilitation of trade between China and Africa, as well as between Africa and the wider Asian region. African leaders have welcomed China's infrastructure plans. Several land and maritime transport infrastructural deals, worth billions of dollars, have been signed with various African states. Lacking China's fostered political and economic relations with African nations, as well as its deep pockets, India and Japan's ability to carve out a leading presence on the continent individually and match, if not surpass, China's dominance in the region is unlikely.

Yet, prior to the establishment of the AAGC, both India and Japan have demonstrated their commitment to expanding their influence on the continent by flexing their financial muscles. For example, in August 2016, Japan pledged to invest US$ 30 billion in Africa over the next three years. The investment prioritises infrastructure development, focusing on quality electrical power, urban transport systems, roads and ports. India has also shown that it is serious about improving its economic engagements with Africa. In 2015, it committed US$ 10 billion for development projects over five years and assigned US$ 600 million in grant assistance for African nations.

With the awareness that they cannot challenge China's position in Africa individually, it seems only logical that India and Japan have cooperated and collaborated to produce a strategy. Merging India's experience and understanding of the African market with Japan's renowned technological and funding capabilities, the two make a formidable team. Moreover, by ensuring that the AAGC is inclusive and implemented in consultation with African states, it is likely to produce a win-win situation for all parties in realising the continent's growth opportunities. However, the AAGC is in its nascent stages and still has much to do in order for it to be taken as a serious contender to OBOR and China's status as the dominant Asian player in Africa. Nevertheless, the Indo-Japanese initiative could show up China by seriously investing in priority issues, as well as delivering quality infrastructure through a consultative and inclusive process with African nations. This would be in contrast to China's government-directed method of investment and their "our money, our rules" approach.

Africa: a proxy platform for Asian competition

Competitive connectivity projects in, and via, Africa amongst China, India and Japan, places Asia's regional powers in even greater competition with each other. However, their contest for expansion and influence in Africa is nothing new. It is reminiscent of the Cold-War, when plays for the balance of power and realignment of Europe was driven through a global rivalry between the Union of Soviet Socialist Republics (USSR) and the United States (US). During the Cold-War era, African states on the verge of political independence were caught-up in the gravity of the ideological East-West divide. In some cases, interventions and alliances for, and against, the spread of communism in Africa resulted in bloody proxy battles between the "East" and the "West".

Now, in a seemingly analogous series of events, Africa is once more the playing field for the struggle over the balance of power between Asia's regional hegemons. Japan and India's challenge to contain and check an assertive China has gone beyond the Asia-Pacific. Since the early 2000s, China's expansion in Africa has largely proceeded uncontested by its primary regional rivals. However, in perceiving OBOR to be an expansionist scheme that will enrich China's political and economic power, it seems that India and Japan have begun to realise the importance of Africa in Beijing's geostrategic and geo-economic thinking. As such, through the AAGC both states aim to balance out the influence and economic investments of China in the region.

East Africa seems to be the primary region of competition for China, India and Japan. As a geo-strategic gateway for Africa-Asia trade and the fastest growing region in Africa, all parties seem to be aware of the region's significance to their connectivity projects. Already, OBOR has prioritised Kenya, Tanzania, Egypt and Djibouti, and has demonstrated intentions of including other African countries. On the other hand, the AAGC reportedly intends to cover the entire eastern Horn and coast of Africa from Somalia down to South Africa, eventually reaching the west coast, thereby including the likes of Ghana, Cote d'Ivoire and the Gambia.

Both the AAGC and OBOR will overlap in terms of the countries that they include. Yet, due to the initiatives' different priorities, the competition for development projects is likely to be limited. China's primary focus is trade-related infrastructure projects and the use of check-book diplomacy, whilst the AAGC has prioritised the development of Africa's human resources. This emphasis on investment in human capital will especially be driven by India. The biggest draw for competition will be transport infrastructure (both land and maritime). With the infrastructural component of the AAGC led by Japan, we are likely to see increased Sino-Japanese competition in this sector, especially as Japan aims to secure a larger share of the international infrastructure market, thereby tripling its infrastructure sales by 2020. In this regard, Africa provides an attractive market.

Africa's response

African states, regional organisations and development institutions have welcomed OBOR and the AAGC as these initiatives are viewed as an opportunity to accelerate the continent's economic development. With India and Japan increasing their engagement with the continent, African states are presented with more development options and partners to choose from. However, the main challenge for Africa is how best to engage with these Asian-driven network initiatives in order to ensure that these projects will benefit its people and contribute to its economic ambitions. In order to maximise the potential growth gains available, African states should exploit the competition between China and its rivals – India and Japan – and engage with their Asian neighbours from positions of leverage, rather than weakness. African states need to pay particular attention to Asian investment that can contribute to improving the competitiveness of domestic markets globally, as well as to fill Africa's dearth of infrastructural development. In doing so, not only will Africa become more competitive in terms of international trade, but the potential success of gargantuan investment projects will demonstrate that Africa is not just simply a resource market, but a destination for more robust and diversified investment.

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