



Sigur Center for Asian Studies

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AAGC: India's Indo-Pacific Fulcrum?

What is the AAGC?

A counter-narrative to China's Belt and Road Initiative (BRI) has yet to arrive in the Indo-Pacific region. Set against China's rising influence under the BRI, many competing initiatives have been proposed by "like-minded" countries such as Japan, US, India and even the European Union (EU). These range from Japan's "Free and Open Indo-Pacific" (FOIP) and "Expanded Partnership for Quality Infrastructure" (EPQI), the United States' Indo-Pacific strategy, India's Security and Growth for All in the Region (SAGAR) and India-Japan co-envisioned "Asia-Africa Growth Corridor" (AAGC), to the EU's "Sustainable Connectivity" under the Asia-Europe Meeting (ASEM). Among these, the AAGC is the most significant because it is based on an inter-continental connectivity proposal factoring in Asia, the Indian Ocean and Africa. The AAGC emphasizes connectivity, corridors and infrastructure development with emphasis on the Indian Ocean, which is also a focus of Beijing's Maritime Silk Road (MSR), making it a competing framework to reckon with China's BRI in the Indo-Pacific.

New Delhi's approach towards the AAGC is key given the centrality of India in Indian Ocean. Formally announced by Prime Minister Narendra Modi at the opening ceremony of the African Development Bank (AfDB) Group Annual Meeting in Ahmedabad in his home state of Gujarat on [May 23, 2017](#), the AAGC emphasizes cooperation with Africa in an intercontinental growth and developmental

framework. It intends to focus on four aspects: development and cooperation, quality infrastructure and institutional connectivity, capacity building and enhancing skill development and improving people-to-people partnership between Asia and Africa. These proposed areas complement Japan's "Free and Open Indo-Pacific" foreign policy strategy and the "Expanded Partnership for Quality Infrastructure" initiative to promote investment in quality infrastructure announced by Prime Minister Shinzo Abe in 2016.

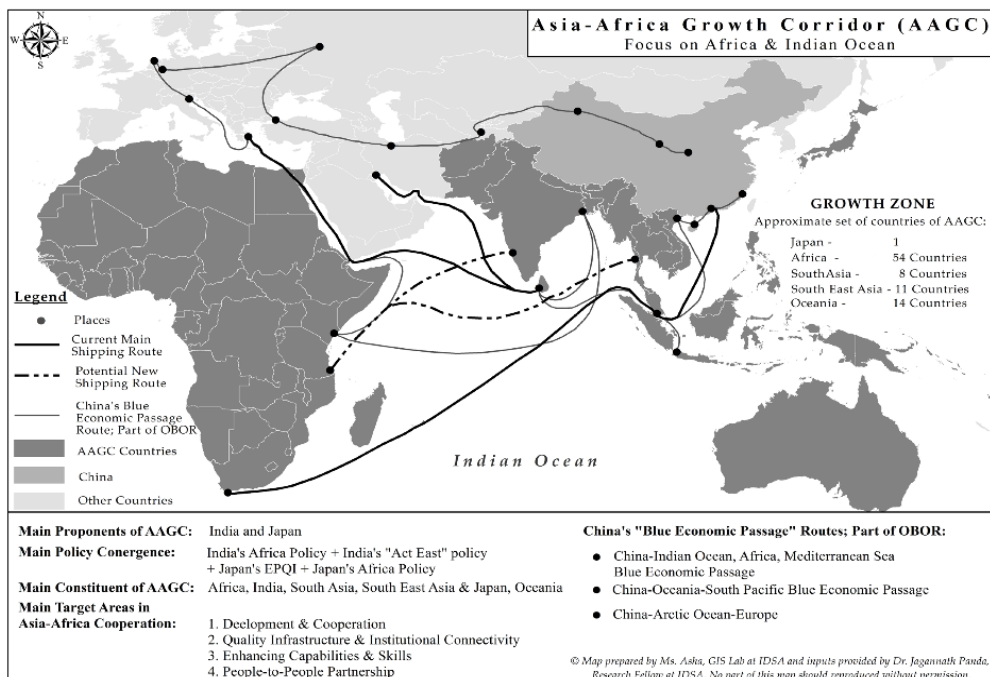
Remodeled after Japan's earlier "Partnership for Quality Infrastructure" (PQI), the EPQI seeks to encourage the export of high-quality infrastructure with partnering countries across the world within a mutual economic developmental framework. An approximate US\$200 billion was allocated by the Japanese government under the EPQI for quality infrastructure investment. "Conditional support" to China's BRI notwithstanding, Japan's aim is to have a better strategic space internationally by promoting its quality infrastructure. How does India, a global partner of Japan, visualize AAGC?

Foreign Policy Complementarity

New Delhi visualizes that both Asia and Africa need a demand-driven consultative shared growth process that is based on international norms and values. Given Japan's emphasis on quality infrastructure and transparency, India sees its partnership with Japan as substantial with convergent values. A strategic complementarity between India's "Act East" Policy (AEP) and Japan's FOIP makes this arrangement particularly convenient as both the AEP and FOIP emphasize connectivity which is the trademark of AAGC (see Map 1), something India aims to extend to Africa.

The framework of this proposed growth corridor is based on establishing a strategic and consultative partnership for growth and development between African and Asian countries. With its emphasis on the Indian Ocean, the role of countries of Southeast Asia and South Asia are crucial. A feasibility study to find ways to promote the AAGC is currently being carried out among a group of think-tanks in India, Japan and Indonesia which have been state-designated as partners. The operational module,

financing opportunities and administrative mechanisms to formally operationalize the AAGC still needs to be finalized. Prime Minister Modi's forthcoming visit to Japan later in 2018 might witness more progress on the issue.



(Note: This is not an official Map of the AAGC. This representative Map is prepared by Mr. Vivek Dhankar of the GIS Lab with the inputs from the author in order to understand the scope and volume of the AAGC. Source: GIS Lab, IDSA)

In any event, New Delhi's approach towards the AAGC is essentially a reflection of its growing foreign policy outreach and exposure in the Indo-Pacific. India never loomed large in the calculus of major powers nor was its maritime policy a key constituent of its foreign policy even though the Indian Ocean had an enormous impact on India's historical engagement with the outside world. The growing importance of the Indian Ocean as a key transportation zone for energy and trade encouraged India to factor it as an important component of its Indo-Pacific outlook.

New Delhi put forward the Indo-Pacific as a geopolitically inclusive construct to position its interest while factoring in the maritime security issues in the Indian Ocean region (IOR). This was aptly reflected in Prime Minister Modi's [speech at the Shangri La Dialogue on June 1, 2018](#), where he stated that the Indian Ocean holds the key to our

future: “India does not see the Indo-Pacific as a strategy or as a club of limited members”. The AAGC proposition so far complements this perspective.

Meeting the BRI Challenge

The AAGC would work well with India’s preference for a broadly consultative and collaborative approach in the greater Indian Ocean region with people-to-people cooperation as a priority while promoting connectivity. With an “infrastructure and connectivity first” approach, BRI aims to position China as an investor and facilitator in different sectors across Asia and the world. A competing and neighboring economy like India will clearly be affected by such a unilateral approach that Beijing follows. China’s foreign policy heavily concentrates on the Indo-Pacific region with its Maritime Silk Road (MSR), which is one of the key aspects of the BRI. In the Indian perception, BRI offers China strategic and political space to exert financial supremacy through loans. Moreover, India sees BRI as adversarial to India’s regional and global standing. BRI affects India’s sovereignty claims through the China-Pakistan Economic Corridor (CPEC) and overlooks generally accepted values and norms in signing the deals and agreements. These factors have encouraged India to initiate a grand inter-continental proposition like the AAGC with Japan.

Concrete, on-the-ground cooperation between India and Japan under the AAGC framework is yet to take-off. However, Japan’s rising investment in India across all states, especially in the strategically sensitive Northeast, showcases the AAGC spirit. Northeast India’s immediate geographical proximity to Southeast Asia remains an auxiliary factor that strengthens the AAGC. The Japan-India Coordination Forum on Development of North East is so far the best example of a partnership that places great importance on people-to-people exchange.

Through the AAGC, India also aims to shore up relations with other democratic states who share its views on freedom of navigation, rule of law and free trade in the IOR. The AAGC is strongly linked to the liberal construct in the Indo-Pacific thereby aligning it with the “Quad” framework which includes Australia, Japan, the United States and India. The Quad consultative consensus is supportive, especially in areas such as infrastructure

cooperation, maritime security and building capacities in the IOR.

India's Domestic Drivers

Most significantly, India also aims to strongly link India's economy with the IOR to take advantage of and revitalize the commercial linkages of [India's approximately 7500 km-long coastlines](#) by linking the three coasts of India – east, south and west –structurally and strategically with the IOR. India has (re)introduced several maritime programs like Cotton Routes, Spice Routes and SAGARMALA (“ocean necklace”) to re-establish the lost structural linkages between India's export-import supply-chain networks in the IOR and to rejuvenate its maritime strategy. For instance, more than 577 commercial coastal projects have been identified from 2015-2035 under the SAGARMALA initiative for port development, port connectivity enhancement, port modernization, port linked industrialization and coastal community development. If successful, these initiatives will rejuvenate India's coastal states (which contribute roughly 60 percent to India's GDP), ports (India has 12 major and 200 non-major ports) and harbors, establishing a strategic and structural network with the economies of the IOR states. Just as SAGARMALA is designed to promote India's maritime ambition, AAGC aims to facilitate India's port-led developmental initiatives, embedding it into a consultative and collective maritime trading environment between the IOR states.

Promoting Inter-Continental Cooperation

Additionally, the AAGC fosters a sustainable developmental culture for both Asian and African countries. Africa is increasingly being seen in a new light in India's foreign policy, with the objective to factor it as a continental partner. Collaboration in energy exploration, exploring market potential and establishing stronger maritime contacts through the Indian Ocean are three key aspects of India's Africa policy.

Prime Minister Modi stated at the launch of the AAGC

that [India is cooperating with the United States and Japan for developmental activities in Africa](#). With India's inclusion as a full member in the African Capacity Building Foundation (ACBF) and as observer in COMESA (Common Market for Eastern and Southern Africa), SADC (South African Development Community) and ECOWAS (Economic Community of West African States), the India-African partnership has become more development oriented over the last decade. [Launched in 2004, the Techno-Economic Approach for Africa-India Movement, known as TEAM-9](#), has been pivotal behind trade and economic contacts between India and some West African countries, which are in search of low-cost technology and investment from India and Japan. AAGC aims to work on these issues, complementing the United Nations 2030 Agenda for Sustainable Development and Agenda 2063 for the African Union.

Conclusion

India's ambition to promote the AAGC reflects its growing domestic economic demand, growing maritime ambitions, the need for inter-continental cooperation with Africa and the urge to balance China's maritime activities in the IOR. Given these multiple objectives, the AAGC is nothing less than a strategic fulcrum in the Indo-Pacific. To India's convenience, Japan brings capital, high technology and quality infrastructure as part of AAGC. However, the AAGC proposition is too ambitious and a concrete, time bound strategy is missing between India and Japan at present even though both countries have strategic ambitions to promote it. Balancing China's BRI outreach would require a serious and concrete long-term approach. The BRI is already at an advanced stage while the AAGC has yet to formally take-off. Addressing its funding requirement is also a challenge. Even though the AAGC seeks to have public-private partnership of funding from multilateral banks, there is still no concrete procedural mechanism. Above all, the fact remains that India and Japan share strong relations with China despite their differences with Beijing. It therefore remains to be seen how India and Japan will act together to promote the AAGC while balancing their respective relationships with China.

By Dr. Jagannath Panda, Research Fellow and Head of the East Asia Centre, Institute for Defence Studies and Analysis (IDSA), New Delhi. He is the Series Editor for [Routledge Studies on Think Asia](#) and is the author of [India-China Relations: Politics of Resources, Identity and Authority in a Multipolar World Order](#). The views expressed are the author's own.

About the Rising Powers Initiative and Sigur Center for Asian Studies

The Sigur Center's Rising Powers Initiative examines how domestic political debates and identity issues affect international relations in Asia. The Rising Powers Initiative acknowledges support from the MacArthur Foundation and Carnegie Corporation of New York.

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Sigur Center for Asian Studies
Elliott School of International Affairs
The George Washington University
1957 E St. NW, Suite 503
Washington, DC 20052

TEL 202.994.5886
EMAIL gsigur@gwu.edu
<http://sigur.elliott.gwu.edu>
<http://www.risingpowersinitiative.org>

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