Countering OBOR

Why in news?

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Prime Minister of India made the pitch for developing an Asia-Africa Growth Corridor (AAGC), with support from Japan, while addressing the annual general meeting of the African Development Bank (AfDB) in Gujarat's capital of Gandhinagar.

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What is the initiative about?

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- Both the Indian and Japanese governments presented a "vision document" for the project that is largely meant to propel growth and investment in Africa, by curtailing the ever-increasing presence of the Chinese on the continent.
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- Unlike OBOR which entails development of a land corridor, AAGC will essentially be a sea corridor linking Africa with India and other countries of South-East Asia and Oceania.
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- In the first phase, the corridor attempts to link Africa with India and countries in South-Asia including Bangladesh, Myanmar, Cambodia and Laos
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- The two governments hope that the project would be cheaper option and have a smaller carbon footprint when compared to China's One Belt, One Road (OBOR) initiative.
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- The AAGC is an attempt to create a "free and open Indo-Pacific region" by rediscovering ancient sea-routes and creating new sea corridors that will link the African continent with India and countries in South-Asia and South-East Asia.
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- Under the AAGC, there is a plan to connect ports in Jamnagar (Gujarat) with Djibouti in the Gulf of Eden.

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- Similarly, ports of Mombasa and Zanzibar will be connected to ports near Madurai; Kolkata will be linked to Sittwe port in Myanmar.
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- Apart from developing sea corridors, the AAGC also proposes to build robust institutional, industrial and transport infrastructure in growth poles among countries in Asia and Africa.
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- The idea is to enable economies in Asia and Africa to further integrate and collectively emerge as a globally competitive economic bloc.
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- Japan’s contribution to the project will be its state-of-the-art technology and ability to build quality infrastructure, while India will bring in its expertise of working in Africa.
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- The private sector of both countries are expected to play big role by coming together to form joint-ventures and consortiums, to take up infrastructure, power or agribusiness projects in Africa.
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Why the world presence felt more in Africa at present?

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- In 2015, the five of the fastest growing economies in Africa were non-resource rich, with 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.
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- Similarly, in 2016, countries like Senegal clocked a growth rate of 7.5 per cent, while Ethiopia (8 per cent), Kenya (6.5 percent) and Tanzania (7 per cent) all recorded impressive growth.
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- According to the 2017 African Economic Outlook, released at the AfDB summit, which showed that country was still the major consumer of African goods, accounting for 27 per cent of Africa’s total global exports.
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- China is also a leader in Greenfield investment in Africa; in 2015-16, the country invested a whopping 24 per cent of total Greenfield investment.
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- In comparison, India during the same year, invested just 1.3 percent of total Greenfield investments across 64 Greenfield projects.
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Source: Indian Express

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