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Anthony Rowley

Trump buys into 'Indo-Pacific' plan but it lacks BRI coherence

US leader hints at his backing for an India-Japan alternative to Xi's vision



Japanese Prime Minister Shinzo Abe, left, and his Indian counterpart Narendra Modi pose for a photo during the India-Japan Annual Summit, in Gandhinagar, India, in September. © Reuters

It was not geographical illiteracy that led U.S. President Donald Trump to refer repeatedly to the "Indo-Pacific" region when he journeyed recently through what is generally known as the Asia-Pacific area. Nor was it simply a desire to put an increasingly domineering and expansive China in its place.

The U.S. leader's use of the term "Indo-Pacific" signaled that he has signed on to the plan by Japanese Prime Minister Shinzo Abe and Indian Prime Minister Narendra Modi for an Asia-Africa Growth Corridor, or AAGC. Like Chinese President Xi Jinping's Belt and Road Initiative, the AAGC has geostrategic as well as economic significance -- and that appeals to Trump.

Similar to BRI's transcontinental nexus of superhighways across and beyond the Eurasian continent, the AAGC focuses on creating a network of maritime facilities

stretching from East Asia to the Middle East and Africa. "Soft" infrastructure is also envisaged under the plan.

Access to the Middle East and other ports is of special interest to the U.S. It is, likewise, important for China which is moving aggressively to access a string or "necklace" of key ports around the world under BRI. China has reportedly doubled port investment over the past year.

As one former Japanese government official observes, ports have military as well as economic value and the AAGC provides a cover for Washington to gain access to these facilities in the same way that BRI facilitates Chinese access to ports. The United Arab Emirates, for example, will be a transport hub for BRI and the UAE is a founding partner in the Asian Infrastructure Investment Bank founded by China partly to support BRI infrastructure.

Viable alternative

Neither the U.S. nor Japan is a member of the AIIB, and Washington has shown aversion to BRI while Japan also has been cool toward the idea. But by pursuing a plan for an Asia-Africa Growth Corridor (financed by Japan, the U.S. and others) both countries appear to believe they have a viable alternative to BRI -- and that partly explains Trump's enthusiasm for an Indo-Pacific strategy.

For Trump, who pulled the U.S. out of the Trans-Pacific Partnership trade pact and who has generally rejected multilateral cooperation in favor of bilateral approaches, coming up with a cooperative strategy to counter BRI could involve a loss of face. It could suggest that his rejection of former President Barack Obama's "pivot" toward East Asia was mistaken. But signing onto an Indo-Pacific development plan is a potential alternative.

In 2007, as recalled in a recent paper by the Niigata-based Economic Research Institute for Northeast Asia, Japan introduced the concept of an "Arc of Freedom and Prosperity" symbolizing a new direction in Japanese foreign policy and aimed at strengthening cooperation with countries that shared Japan's fundamental values.

This arc originally embraced an even grander vision than Xi's Silk Road vision that extended from Europe and Central Asia to East Asia, the Indian subcontinent and beyond but was later modified by Abe to an Indo-Pacific grouping of nations including the U.S. and Australia as well as East and South Asia.

The Asia-Africa corridor idea took more concrete form in a declaration by Abe and Modi in November 2016. It is based on four "pillars" of development and cooperation in infrastructure building and economic and social partnership. It is aimed at integrating Africa with India, South Asia, Southeast Asia, East Asia and Oceania via the Middle East.

In May this year, India's Research and Information System for Developing Countries along with the Economic Research Institute for ASEAN and East Asia and Japan's Institute of Developing Economies plus the Japan External Trade Organization released a "vision" document on the AAGC at the annual meeting of the African Development Bank in Gujarat, India.

Wide and detailed

The document said the AAGC would be "instrumental in creating new production channels, deepen existing value chains, ensure economic and technical cooperation, facilitate a flow of peoples" between Asia and Africa, and achieve sustainable long-term growth. All this will be achieved through "quality infrastructure complemented by digital and regulatory connectivity."

Anxious to avoid charges such as those levied against Beijing that BRI is more a Chinese grand design than a cooperative exercise and that it lacks institutional form, Japan and India agreed on the need for wide and detailed discussions on the shape of the AAGC. The AAGC "Vision Study" now underway will "make recommendations to the governments of India and Japan, and to governments in Africa, South Asia, Southeast Asia, East Asia and Oceania on the way forward for deepening Asia-Africa Partnership."

Officials have yet to produce details on how the AAGC will be financed and managed. But if Japan is going to play a major role then "designing and financing by institutions such as the Japan International Cooperation Agency and the Japan Bank for International Cooperation together with local authorities and involving also private sector funding, would be a natural option," in the view of experts like Kawai who once headed the regional integration office of the Asian Development Bank. Infrastructure assets will most likely be managed by local authorities or local governmental or semi-governmental agencies.

Japan will be a key player. At the same time, the U.S., Australia and India can also play designing and financing roles together with beneficiary member countries, some suggest. Joint projects between Japan and Australia or between Japan and

India, where the U.S. may also contribute, will be possible through the United States Agency for International Development. "Given that the AIIB is not claiming that it is directly financing [BRI] projects, it is wise for Japan to avoid using the ADB and the World Bank for building the AAGC," Kawai said. However, the ADB and the World Bank should be encouraged to finance projects that can potentially support the AAGC, he suggested.

"Without Japan leading concrete connectivity projects, it would be difficult to give substance to the AAGC," Kawai said. "Without several major projects, the AAGC will be nothing but pie in the sky." Meanwhile, in the view of the veteran Japan analyst Jesper Koll, chief executive of the investment group Wisdom Tree, Japan, the AAGC idea may have come too late. "You've got something very concrete already," he said, referring to the BRI.

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"America likes the Indo-Pacific idea, which was first mooted by Mr. Abe," said Masahiro Kawai, a former senior Japanese Finance Ministry and Asian Development Bank official who now lectures at the University of Tokyo. "It would have projects in the Middle East such as ports that could be of strategic value to the U.S."

This idea of an Indo-Pacific alliance is by no means new for Japan. But it has been given added impetus by the desire on the part of Tokyo and Washington especially but also on the part of New Delhi and Canberra, to find a way of counterbalancing if not actually "containing" a China that is rising rapidly in term of regional strategic capability and economic influence.

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