

India-Japan "Mutual Naval Logistic Pact": Directed against China's Expansion in Africa

By Uriel Araujo

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This Thursday (10) India and Japan held a summit dialogue (over the telephone) and announced their new Mutual Logistic Pact (for their navies). This agreement will further facilitate cooperation between Japanese and Indian Armed Forces, allowing, for example the Indian Navy to access the Japanese base in Djibouti (northeast Africa), a tremendously strategic port and military location – China itself holds it first foreign military base there in close proximity. This has to do with both India and Japan further pushing the notion of the Indo-Pacific Region to counter China. And it also has to do with Indo-Japanese plans for Africa. Here some context is needed.

The African continent has been called "the new China" in terms of it being the next frontier in global expansion. If African countries sustain some of their structural reforms, the continent could actually emulate the Chinese rapid growth of the last 5 decades. McKinsey, for instance, predicts \$5.6 trillion in African business opportunities (by 2025). This is a bit of a paradox: we are talking about an unstable, war-torn continent, right? Moreover, of the 28 poorest countries globally, 27 are in sub-Saharan Africa, their poverty rate being, in all cases, above 30% (the global poverty rate is of only 10%).

However, this is changing. In fact, the overall proportion of African people living in poverty has been clearly declining since the nineties, as a result of an infrastructure expansion in rural areas, and an increased productivity in agriculture. And, it turns out, the African economy is on the rise – even though deep inequalities persist. Ethiopia, for example, is one of the fastest growing economies in the world – and so is Ghana, Rwanda, South Sudan, and the Côte d'Ivoire, according to forecasts by the IMF. In other words, five of the fastest growing economies in the world this year are located in the poorest continent. Just to give an example, while worldwide growth was forecast at merely 3.5% in 2020, Ghana is forecast at 8.79%.

In terms of potential, Africa does have 60% of the world's (still uncultivated) arable land and it also possesses at least 40% of the world's gold, and 10% of its oil reserves. It is the fastest-urbanizing continent: Africa is projected to have 1.49 billion people living in cities by 2050 and, according to McKinsey, by 2025, there will be 100 African cities with over one million inhabitants (twice as many as in Latin America). This means, among other things, more consumption and more manufacturing output. All such data holds profound economic and geopolitical significance.

<u>China</u> is still the largest financier of African infrastructure, and both the <u>US</u> and <u>Israel</u> have made Africa one of their foreign policy priorities. Japan, in its turn, has been trying to present itself in Africa not so much as a creditor (burdening its partners with debt) but

rather as an economic partner with a focus on sustainable public transport infrastructure. In fact, both Japan and India, working in collaboration, have been placing great emphasis on the Asia-Africa Growth Corridor, emphasizing agriculture, health care and other areas in East Africa. Such projects are of course aimed at countering the Chinese Belt and Road Initiative (BRI). It must be seen also in the context of Japanese-Indian rising ties and also in the context of Japanese-Chinese and Indian-Chinese competition.

Moreover, the way India and Japan will each include Africa in their foreign policy also plays into their views for the Indo-Pacific region. Each major power in that region has been formulating its own version of the Indo-Pacific. Well, Africa might play a key role for the Indo-Pacific prosperity, providing maritime security for India and South-South cooperation in global issues. Geographically, of course, the Indo-Pacific region comprises both the Indian and the Pacific Oceans – between the American west coast and the African east coast. The Indian diaspora plays a key role in Indian-African ties in East African countries like Uganda, and Kenya, for instance.

However, there are of course many obstacles to competing with China in Africa. India still lacks enough diplomatic presence in the African continent – it currently has embassies in only 29 out of 54 African nations. To step up trade relations (in a context of competition), Japan and India will need to also promote their image and push their narratives. India does have historical ties with Africa – for example, the Afro-Asian solidarity of the 1955 Bandung Conference. For Japan, in its turn, competing with China, Russia, and even the US in that regard might prove to be a bit hard. This is why a Japan-India alliance is so important.

India so far has modest economic relations with Africa if compared to China, but it has the advantage of proximity and a soft power appeal – for example, Bollywood is very popular in Africa. Japanese direct investment in Africa, in its turn, is still but a fraction of that provided by China, which has more than doubled it in the last five years. The same goes for trade. However, Japan might provide an increasingly credible alternative, capitalizing on its commitment to high quality infrastructure development.

The time of Africa might have come, if one is to be optimistic, from an African perspective. This also means that Africa may become the very next arena for geopolitical and resource dispute among the world powers.

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Uriel Araujo is a researcher with a focus on international and ethnic conflicts.

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