

# I ndo-Pacific Cooperation from Indian Perspectives

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## Introduction

The Indo-Pacific region has assumed importance as a source of global stability and peace. The prevailing contestations in the waters of this region have given rise to security and strategic formulations. However, in last few years the Japan-India partnership has given the region an important perspective on international development. Further, India and Japan has been vocal in promoting a free and open Indo-Pacific (FOIP) for peace and prosperity in the region. FOIP is a joint initiative by India and Japan for cooperation in Africa in various development projects (Brendon J. Cannon, “Grand Strategies in Contested Zones: Japan’s Indo-Pacific, China’s BRI and Eastern Africa”, *Rising Powers Quarterly*, 2018, Vol. 3, Issue 2). Other countries that are likely candidates for FOIP are Bangladesh, Sri Lanka, Myanmar and Indonesia. FOIP sets a vision for the common future of the people in the Indo-Pacific region.

Further, the region covering two oceans — the Indian Ocean and the Pacific — is not only home to a diverse set of countries but is endowed with precious natural, mineral and human resources. From India, Bangladesh, the Maldives and Sri Lanka in South Asia to Myanmar, Indonesia and Thailand in Southeast Asia, to Japan and Australia in the Pacific and to Kenya, Tanzania, and Madagascar in Eastern Africa, the Indo-Pacific region has witnessed several variants of development experiences. For instance, while Southeast Asian economies experienced faster industrialization and high GDP growth through export-led growth strategies and development state models, India and other South Asian countries experimented with a mixed economy in their post-independence periods and subsequently cautious liberalization and privatization. At the other extreme, Japan is a developed country in Asia characterized by a prolonged period of growth stagnation and an aging population.

These different development models in these Indo-Pacific sub-regions have produced divergent outcomes manifested in the coexistence of high economic growth and abject poverty and income disparity. Although a host of factors may explain this mixed development outcome despite similarities in resource endowments, there exist some serious gaps in resource allocation and enabling policy environments in these countries.

In terms of crude development indicators, countries in South Asia and Sub-Saharan Africa are dramatically different from the level of development in East Asia and Southeast Asia. It therefore presents a case for a virtuous model of international development cooperation

among the countries in the Indo-Pacific region. India and Japan may initiate this process of engagement in the form of investment in physical and social infrastructure, technology transfer, skill development, local industrialization, capacity building and people-to-people interactions. By following the principles of development partnership, other countries in Asia and Africa can jointly envision a common roadmap for attaining inclusive growth and development in the Indo-Pacific region. This may be explored in the framework of growth theories that facilitated development in the successful developing countries.

## Growth Poles — Catalyst for Balanced Regional Development

Several paradigms dominated development thinking in developing countries in the postwar period. While Roy F. Harrod and Evsey D. Domar, Albert O. Hirschman, Ragnar Nurkse, Joseph Schumpeter and others provided alternative approaches towards development in the 1950s through the 1970s, several institutional innovations were conceptualized to realize the outcome of these development models. “Growth poles” is one such mechanism, originally coined by Francois Perroux in 1955, that propagates a growth trajectory with the prior knowledge of unequal industrialization and development in different regions even within the geographic boundaries of a country.

By “growth pole” he meant a center in abstract economic space from which centrifugal forces emanate and to which centripetal forces are attracted. This connects some urban centers (or dominant firms) where economic activity is concentrated. Thus “growth poles” can act as growth engines for the hinterland (remote or backward areas) which would ultimately lead to higher job creation, raise per capita income and mitigate income inequality. Perroux tried to build on the theory Schumpeter proposed on innovation and the role of large firms, which itself was dependent on discontinuous spurts in a dynamic world. Perroux tried to break away from the limiting geographical dimensions adopted in central place theories.

A similar concept — “economic corridor” — captures the mechanics of achieving the predictions of the growth pole theory. An economic corridor, which borrows the spatial perspectives, envisages a gradual path of evolution of a growth corridor — starting from a transport corridor to a logistics corridor, to an economic corridor, and then to a growth corridor.

As per this approach, improved connectivity would facilitate

efficient utilization of natural and human resources in the hinterland and enhance urbanization and industrialization in the growth centers. This approach appears to be the most feasible option to meet the development aspirations of the countries in the Indo-Pacific region (“Asia Africa Growth Corridor: Partnership for Sustainable and Innovative Development — A Vision Document”, *RIS*, May 2017). Following this model, high-saving economies can deploy their surplus financial resources in building infrastructure and logistics in low-saving economies in the region which, in turn, would result in growth pole effects by incentivizing local firms in the invested economies to expand and diversify industrial production and move up in the value chains. Parallel to investment in connectivity projects, skill gaps in local industrial sectors can be bridged through training, capacity building and customized on-the-job training. The net result would be higher economic activity in the local economy in the form of local industrialization, greater participation in regional value chains, remunerative employment of local labor and, possibly, higher standards of living.

To begin with, India and Japan can extend support to African countries to augment their capability to achieve higher economic growth and meet the United Nations’ Sustainable Development Goals (SDGs). India and Japan have their own development cooperation projects in African countries, but their joint initiative under the Indo-Pacific strategy would expand the scope of cooperation and be more effective. Since the Indo-Pacific region is a huge maritime area, the countries can leverage their marine resources for sustaining growth and alleviating poverty and unemployment. The blue economy includes several vibrant sectors which can be suitably brought under the purview of FOIP for effective coordination of the use and governance of marine resources in the Indo-Pacific region (Sachin Chaturvedi, “Asia Africa Growth Corridor (AAGC): Implication for Indian Ocean Regional Cooperation (IORA),” Presentation at Foreign Policy Analysis Forum at Bandung, Indonesia on Aug. 31, 2017).

### Free & Open Indo-Pacific

An Indo-Pacific strategy has been in vogue over the past two years. Both India and Japan have expressed strong interest in this initiative for a peaceful and prosperous Indo-Pacific. Indian Prime Minister Narendra Modi and Japanese Prime Minister Shinzo Abe had emphasized the rising importance of the Indo-Pacific region as a key driver for global prosperity during their meeting in November

2016 in Tokyo. They both recognized that India’s active engagement in the region under the “Act East” policy and Japan’s “Free and Open Indo-Pacific Strategy” have the potential for deeper bilateral cooperation and synergy. It was stressed that improved connectivity between Asia and Africa is vital for the prosperity of the entire Indo-Pacific region. In this regard, Japan and India have decided to explore synergy between India’s “Act East” policy and Japan’s “Expanded Partnership for Quality Infrastructure” for close coordination both bilaterally and with other partners, to strengthen regional integration through improved connectivity as well as industrial networks based on the principles of mutual consultation and trust.

During his recent visit to Japan in October 2018 for the annual India-Japan Summit, Modi reiterated the unparalleled potential for development of relations between the two countries. He also recognized that the India-Japan relationship has been transformed into a partnership with great substance and purpose and is a cornerstone of India’s “Act East” policy. In a similar tone, Abe underscored the basic importance of the India-Japan relationship for regional order and is determined to advance the “new era in India-Japan relations” so as to further cooperate for the peace, stability and prosperity of the Indo-Pacific region. Based on their shared vision, the two leaders reiterated their commitment to working together for FOIP. They also affirmed that ASEAN unity and centrality are at the heart of the Indo-Pacific concept, which is inclusive and open to all. They shared their willingness to expand concrete cooperation with the United States and other partners. The two leaders’ vision for the Indo-Pacific region is based on a rules-based order that respects the sovereignty and territorial integrity of nations, ensures freedom of navigation and overflight as well as unimpeded lawful commerce, and seeks peaceful resolutions of disputes with full respect for legal and diplomatic processes in accordance with the universally recognized principles of international law, including those reflected in the UN’s Convention on the Law of the Sea, without resorting to the threat or use of force.

The two prime ministers reviewed with satisfaction the cooperation on development of connectivity via quality infrastructure, and other projects including capacity building for shared prosperity, carried out bilaterally and with other partners, in an open, transparent and non-exclusive manner and based on international standards, responsible debt financing practices, and in alignment with local economic and development strategies and

priorities. This synergy is embodied in collaborative projects between India and Japan in the Indo-Pacific region, including in Sri Lanka, Myanmar and Bangladesh as well as in Africa. In this regard, Modi and Abe welcomed the discussions for establishing the “Platform for Japan-India Business Cooperation in the Asia-Africa Region” to further enhance exchanges between Japanese and Indian businesses toward developing industrial corridors in the region.

The FOIP vision can be fulfilled through the following pillars:

*Quality Infrastructure and Connectivity:* FOIP would encourage building of robust institutional, industrial and transport infrastructure in growth poles among countries through quality infrastructure. Physical connectivity will improve trade facilitation and promote inter-industry linkages, and offer opportunities to countries to choose new product lines and shifts in production lines. Quality infrastructure may include power projects such as smart grids, renewable energy projects like the International Solar Alliance (ISA), telecom infrastructure, and so on.

*Focus Sector Development Cooperation:* Agriculture, health and pharmaceuticals and disaster management could be the focus sectors of development cooperation among the countries. Agriculture and agro-processing is an important field of cooperation among countries in the Indo-Pacific region. The specific development cooperation projects may include establishment of a supply chain for crop seeds and agricultural machinery, joint establishment of regional manufacturing for machinery and implements to boost farm mechanization, marketing networks for agricultural machinery, arranging finance and credit systems, and measures to reduce post-harvest losses of farm commodities such as pulses, cereals, oilseeds, eggs, meat, milk, and dairy products. The two important pillars of cooperation in health are advancing health research collaboration and medical education as well as industrial cooperation in the pharma and healthcare sector. Some prospective areas include health systems research, strengthening the creation of a surveillance network including for precise real-time epidemic tracking, pandemic preparedness for emerging and re-emerging infections, drug resistance surveillance for diseases like TB, HIV, development of point of care diagnostics, anti-microbial resistance, etc. In the field of disaster management, India’s experience with management of natural calamities such as floods, tropical storms, drought conditions, etc. can be shared with other countries in the region.

*Skill Development and Capacity Building:* Education and skill development are important areas of capacity building. Countries in the Indo-Pacific region can share their experiences with other countries to meet skill gaps. For instance, India has an advantage in the healthcare sector, medical training and other capacities. Similarly, India and Japan can collaborate in Africa in mining and mineral exploration sectors. It would also be essential to synchronize capacity building and skill development to industrial demand at the ground level. Entrepreneurship Development Institutes can be established for creating cadres of future entrepreneurs in the region.

*People-to-People Partnership:* People-to-people exchange is important for sharing of experiences at the grassroots level as well as for improving human potential through capacity building and training. Public understanding enhances the durability of any project or institution, but most people engage only when their personal interests are addressed. The gains from economic interdependence are more secure when they are widely understood. Tourism and education are the major mechanisms of people-to-people interactions. Universities can play a key role in strengthening greater interaction among the people of the region for fulfilling the dream of FOIP.

Southeast Asia has extremely rich experience in this regard. The saga of economic growth in the ASEAN region has several fascinating stories of economic corridors and growth poles eventually leading to regional integration. The economies of ASEAN countries could evolve a balance in hard and soft elements that optimize a corridor’s competitiveness. In this effort inter-sectoral multilevel approaches could provide growth impetus for small and medium enterprises.

India has recently implemented several development schemes which can be replicated in other countries for desired impact on the socio-economic conditions of the people. In recent years, India has stressed paradigm shifts in policy approaches to initiate and expedite economic transformations promoting inclusion, well-being and sustainability. The comprehensive approach to policy making is meant to link nodes, spread policies and fill the voids in policy interventions to make transformations effective and credible. This largely overlaps with the integrated approach of the SDGs. The most noticeable change in approach has been initiated to make economic and social inclusion a robust, time-bound and self-sustaining process. The approach has been to move beyond entitlement to

empowerment and to entrepreneurship. This is being achieved through measures beyond temporary income transfers. Modi's scheme for financial inclusion known as "Pradhan Mantri Jan Dhan Yojana", aimed at bank accounts for all with an assurance of social security benefits linked with such accounts, has been hailed as transformative. Likewise, schemes of financing for small entrepreneurs, such as MUDRA, and the same for the marginalized and women under the name of "Stand Up" India offer unprecedented opportunities for transformation. The social sector agenda has been set straight through exemplary focus on saving and educating the girl child, protecting and caring for maternity and comprehensive efforts to eradicate malnutrition.

Under-development in India has meant lowly living conditions, poor sanitation and open defecation among the underprivileged. The government's "Clean India" campaign is meant for time-bound results. India's focus on clean fuel and renewable energy is massive and magnificent at the same time, setting global standards. India has undertaken huge programs on supply of subsidized clean cooking gas reaching maximum households and benefitting women. India is on a steady path of energy conservation and efficiency with availability of the cheapest LED bulbs globally and has reached lower per unit costs for solar energy than thermal. Finally, in India high-speed broadband connectivity with the Digital India Programme shall be reaching all villages. India's policy efforts on localizing development and thereafter contextualizing SDGs are a valid model for emulation in the Indo-Pacific region. India is ready to share knowledge, expertise and institutional designs with other countries for a robust partnership on the SDGs. Moreover, India's maritime projects such as Sagarmala and Chabahar port are a reflection of its emphasis on developing economic corridors in the Indo-Pacific region.

## Future Roadmap

Complementarity between different countries in the Indo-Pacific region has to be studied and explored further for deeper understanding. Projects in different sectors can be identified based on local needs and development priorities. Since FOIP envisages partnership, the joint mechanisms of identification, financing and implementation of projects involving two or more countries may be encouraged. Physical connectivity is the precondition for strengthening economic and growth corridors.

The advantage with Japan is in its specialization with quality infrastructure, which in the forms of roads, railways, airports and seaports would reduce the cost of transport of goods and ensure greater mobility in the urban space with much lower carbon footprints. The challenge would be to motivate leading actors from Japan to bring Africa into their roadmap, although the Tokyo International Conference on African Development (TICAD) VI has suggested several ways for leveraging business partnerships in Africa. There are increasingly encouraging results one comes across. Japanese business presence in Africa has steadily increased in the past 10 years. Official figures estimate that in 2017, 795 Japanese corporations were operating in the continent, up 7.7% from 738 in 2016 (Chika Kondoh, "Strong Call for African and Japanese Businesses to Deepen Ties on Eve of 2018 TICAD Ministerial Meeting in Tokyo", Oct. 5, 2018 UNDP, Tokyo).

India, through the India-Africa Forum Summit (IAFS), has already formally structured its age-old relationship through new context partnerships with several countries. The last IAFS in Delhi had a record 41 of the 54 leaders of the African Union (AU) come together, compared with the previous participation of just 15 leaders or less in 2008 and 2011. This shows the impact that the government of India has evolved over the years with its partners.

In the sectors identified above, including agriculture and agro-processing, health and disaster management, the specific modalities of implementation of cooperation projects may be formulated. FOIP should devise proper governance structures for optimum and legal use of marine resources for economic growth and well-being. Native coastal communities dependent on fisheries, shipping, coastal tourism and other sectors may be given inducements to invest, take ownership and advance knowledge in the blue economy. Under the FOIP strategy countries can think of creating special funds for expediting certain cooperation projects on a priority basis. **JS**

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