

India-Africa: Trade, Investments and Humanitarian Projects

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Abstract

Active growth of trade volume between India and Africa which has increased in twenty times since the beginning of the twenty-first century or seventy times since 1991, certainly actualized a question of features of the modern Indo-African relations. In this regard the purpose of article is consideration of features of policy of India to the African countries. The author does the short historical review of the Indo-African relations, and considers key spheres of realization of modern regional strategy of India on the African continent – humanitarian projects, foreign trade and investments.

The main methods of research are the comparative-historical approach and the statistical analysis, being used for identification of positive or negative dynamics of development of the Indo-African cooperation.

Now the African region takes strategic significance for India. Rapid economic development of the African countries and increase in a standard of living of the population turn the continent into a perspective sales market of the Indian goods and services. Besides, India actively develops humanitarian projects and renders the financial help to many African countries. However, India faces set of problems and factors – geographical remoteness, the discrimination and racism, instability of political systems of many African countries and the African policy of China.

The active economic policy of China on the African continent has compelled India to develop cooperation with the countries of Africa more actively. In recent years India as well as China tries to make active and

modernize the economic and humanitarian policy in Africa. Struggle for commodity markets of the goods and services in Africa makes Africa by strategic region not only in the Indo-Chinese relations, but in foreign policy of India as a whole.

Key words: *India, Africa, China, Indo-African relations, trade, investment, humanitarian projects.*

Introduction

India's links with Africa go back a long way in history. Nurtured by people-to-people contact, these links are anchored in shared history and enduring friendship across the Indian Ocean. These relations over the decades have grown into one of the most productive and durable partnerships.

Historically India was not only the important trading partner for Africa, but also an example of the national liberation. Gandhi's philosophy (Satyagraha or non-violent resistance to tyranny), which he successfully put into practice to achieve India's independence in 1947, inspired a startling number of African leaders in their own national liberation campaigns.

If Mahatma Gandhi laid the moral foundations for Indo-African relations, Jawaharlal Nehru gave the relationship its political structure during his long tenure as India's first prime minister (1947—1964). Nehru declared that Africa "though separated by the Indian Ocean from us in a sense our next-door neighbor" and that "in historical perspective, Indian interests are likely to be bound up more and more with the growth of Africa". Nehru left an indelible imprint on India-Africa relations since India's early post-independence years and

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projected an image of non-alignment as a major thrust of India's interaction with the outside world. The corollary was to project the significance of South-South economic cooperation beyond the earlier projects in Africa.

Non-alignment, both as a policy principle and as a collective movement, has been a basic part of independent India's foreign policy. Together with China's Zhou Enlai, Egypt's Gamal Abdel Nasser, Ghana's Nkrumah, Indonesia's Sukarno, and Vietnam's Ho Chi Minh, Nehru played a leading role in convening the first Asian- African Conference in April 1955, which brought representatives of 29 African and Asian countries to the Indonesian city of Bandung and gave rise to the Non-Aligned Movement.

At that conference, Nehru made a moving speech about the African tragedy. He said, "We have passed resolutions about conditions in this or that country. But I think there is nothing more terrible than the infinite tragedy of Africans ever since the days when millions of Africans were carried away as galley slaves to America and elsewhere, half of them dying in the galleys... Even now the tragedy of Africa is greater than that of any other continent, whether it is racial or political. It is up to Asia to help Africa to the best of her ability because we are her sister continent".

However, early hopes of a more intensive Indo-African partnership were dashed when China and India came to blows over border disputes, and the Sino-Indian War of 1962 left China in possession of sections of the contested areas. The resulting scenario was a setback for India's standing among NAM nations. That led policy makers in New Delhi to adopt a less ambitious policy towards Africa, focusing instead on building their country's defence sector and securing its immediate neighborhood. Even so, India continued to generously support national liberation movements in Africa financially and politically.

Political relations have since been marked by mutual understanding and support. During Indira Gandhi and Rajiv Gandhi's Prime Minister-ship, India accorded formal diplomatic recognition to South Africa's African

National Congress in 1967 and Namibia's South West African People's Organization in 1985 [Dubey 2016].

After an establishment of political contacts to the majority of the countries of the African region, India began to make active trade and economic relations. In the Trade and economic cooperation agreement with Cameroon and in 1974 with Senegal was signed.

In period 1980 to 2003 commercial relations between India and Africa continued to develop dynamically. In this period India has signed agreements with seventeen countries of Africa — Ghana (1981), Uganda (1981), Zimbabwe (1981), Mozambique (1982), Nigeria (1983), Angola (1986), Zaire (1988), Rwanda (1990), Côte d'Ivoire (1993), South Africa (1994), Seychelles (1998), Liberia (1999), Tanzania (2000), Mauritius (2000), Botswana (2001), Swaziland (2002) and Zambia (2003).

Over the first decade of the twenty-first century, India-Africa economic cooperation has deepened, especially with India's emergence as a bigger player in the global economy and the relative weight of its economy on the global economic and geopolitical scene.

That cooperation was evident not only at the India-Africa Forum summits, at which India offered significant loans, grants and development assistance to intensify engagement with African countries, but also to increasing bilateral contacts.

Development Partnership

The First India-Africa Forum Summit, held in Delhi in April 2008, was a major milestone in India's engagement with Africa in the twenty-first century. The Delhi Declaration and the Africa-India Framework for Cooperation, adopted during the Summit, highlighted shared vision and world view of India and the African countries. Taken together, these provide a sound foundation for the intensification of multilateral cooperation in the years to come [Beri 2016]. During the India-Africa Forum Summit, India decided to extend additional lines of credit of \$5.4 billion over the next five years, including an allocation of \$300 million to be utilized by the African Union in support of the New

Partnership for Africa's Development (NEPAD) objectives. That line of credit is in addition to the \$200 million line of credit extended to NEPAD in 2002, most of which stands utilized. At the same time, India and Africa decided to work together on pressing global issues of shared interest and concern, including those involving the World Trade Organization, such as the issue of cotton subsidies. India has unilaterally announced duty-free and quota-free market access to goods from 34 least developed countries (LDCs) in Africa. This covers 94 % of India's total tariff lines and provides preferential market access on tariff lines comprising 92.5 % of the global exports of all LDCs.

At the Second India-Africa Forum Summit in 2011, India committed \$5 billion for the next three years in lines of credit to help African partners achieve their development goals. India committed an additional \$700 million to establish new institutions and training programs, in consultation with the African Union and its institutions. India also decided to support the development of a new Ethio-Djibouti railway line with an investment of \$300 million, in keeping with NEPAD's priority of infrastructure development. However, credits for development of the railways make only 2 % from all credit lines of India to Africa. The main sectors actively financed by India are power and engineering, sugar plant, roads and transports, agriculture and rural electrification (fig. 1).

After Modi's government coming to power in 2014, the politics of India towards the African countries has not changed essentially. In March 2015, Modi visited Seychelles and Mauritius, signaling India's intent to enhance ties with the African Indian Ocean Rim Countries. During the visit, he signed landmark agreements to build security ties with these island states. In Mauritius, he enunciated India's policy vision for the region thus: "We seek a future of Indian Ocean that lives up to the name of SAGAR — Security and Growth for All" [Beri Strengthening Ties, 2016].

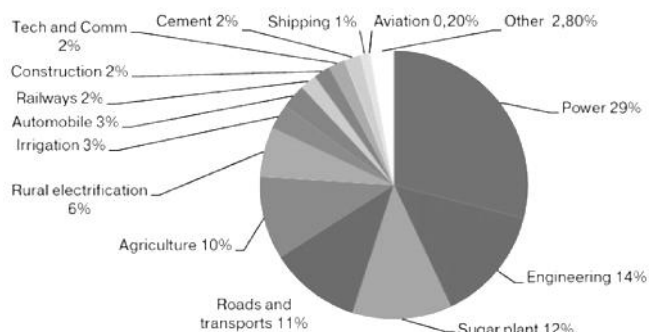


Fig. 1. India's credit lines to Africa by sectors (%)

India Africa Summit marked a milestone in the millennia old relationship, as it enabled consultation at the highest political level between the Indian government and the representatives of 54 African countries, including heads of state/government from 41 countries and the African Union [Singh Reenergising India-Africa... 2013]. On the closing day of the four-day Summit were adopted two important documents — Delhi Declaration 2015 and India-Africa Framework for Strategic Cooperation, which reflected on the political, security and socio-economic issues.

The Summit focused on connecting the priorities being pursued by Government of India with the priorities and concerns of the African countries for mutual benefit and growth. The Documents as well as the speeches by Prime Minister Modi and the African leaders, give priority to issues such as the UN Security Council Reforms, climate change, defence and security, balanced trade relations, renewable energy, blue economy, technology and innovation, health and education. Modi also announced that India's cooperation will be in line with the objectives set by the agenda 2063 initiative of the African countries.

For the purpose of strengthening ongoing cooperation in infrastructure areas such road, railway construction and up gradation, water supply management, maritime connectivity, road and railway construction, Lines of Credit of \$10 billion over the next five years in addition to the ongoing credit programme of 7.4 billion and \$1.2 billion in grant since the first India-Africa Summit in 2008 has been announced [Beri 3rd India Africa... 2015].

Trade and Investment

Besides the credit help, India actively develops economic and investment cooperation with the countries of Africa. Indian companies have made large investments in Africa in the areas of industry, agriculture, services, human resource development and infrastructure. The Indian conglomerate Tata has emerged as the second largest investor in sub-Saharan Africa. New initiatives to establish an India-Africa food processing cluster, an India-Africa integrated textiles cluster, an India-Africa civil aviation academy, an India-Africa center for medium-range weather forecasting, and an India-Africa institute for agriculture and rural development are all on the anvil.

Growing investment by Indian companies in Africa is now estimated to be in the range of \$30 billion to \$35 billion. In the last decade, the Government of India has approved a total of almost \$9 billion in concessional credit for nearly 140 projects in more than 40 African countries, with special emphasis on LDCs, landlocked developing countries, and small island developing States partners in view of their special challenges and requirements. So far nearly 60 projects have been completed.

It is necessary to note that, since the turn of the millennium, India has become one of the world's leading investment destinations. Foreign direct investment (FDI) amounted to a paltry \$393 million in the 2002—2003 financial year. By 2017—2018, it had climbed to \$34.7 billion and by 2019—2020 to \$63 billion (fig. 2).

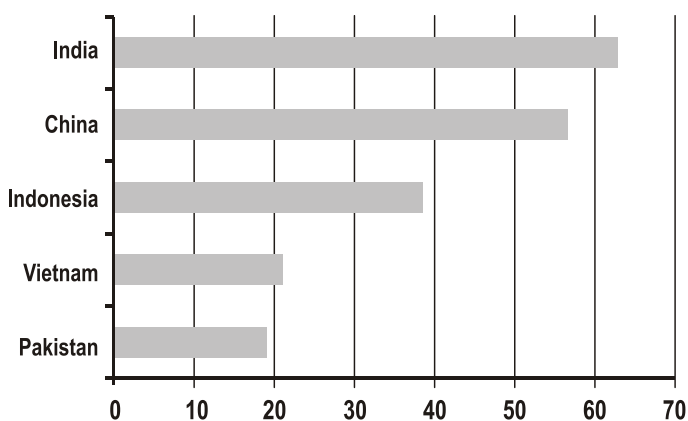


Fig. 2. Top FDI destinations in Asia-Pacific in 2020

As of 2020, Africa accounted for 16 % of India's foreign direct investment (FDI) stock for a total of \$13.6 billion. Surprisingly enough, Africa's FDI stock in India is five times higher, amounting to \$65.4 billion in the same year, which represents 26 % of the country's total inward FDI stock. One should mention, however, that a large part of this FDI is done through Mauritius. The double taxation avoidance agreement (DTAA) signed between India and Mauritius makes it very attractive for investors to funnel their investments through the island. Outward Indian FDI into Africa follows the same logic, as seen in the table below. Even though the actual investment is often taking place in a different country, it is always funneled through a head office that is registered in Mauritius (table 1).

India's trade with Africa also has been growing rapidly. There has been a spectacular increase in India-Africa trade over the past two decades. India-Africa trade has grown from a small \$967 million in 1991 to more than \$563 billion in 2020 (fig. 3). India launched its Duty-Free Tariff Preference Scheme for Least Developed Countries in 2018 and expanded it in 2019 to include 98 % of all tariff lines. The benefits of this unilateral scheme extend to all sub-Saharan African countries to increase their exports to India.

Top 5 African countries-recipient of Indian FDI in 2020

Country	Percentage of outward FDI	(in \$ mln)
Mauritius	99.2	95,909,73
South Africa	0.38	372,19
Morocco	0.14	138,00
Liberia	0.015	14,56
Nigeria	0.013	13,23

Source: Fact sheet on foreign direct investment (FDI).

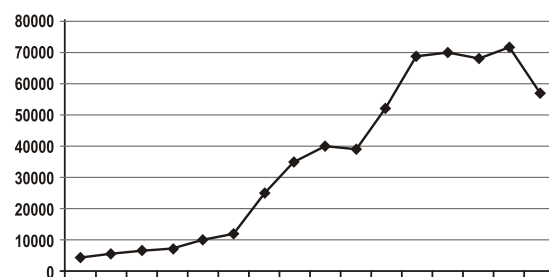


Fig. 3. Trade volume between India and Africa (55) in 2000—2015 (\$ million)

Source: Govt. of India. Ministry of Commerce & Industry. Department of Commerce.

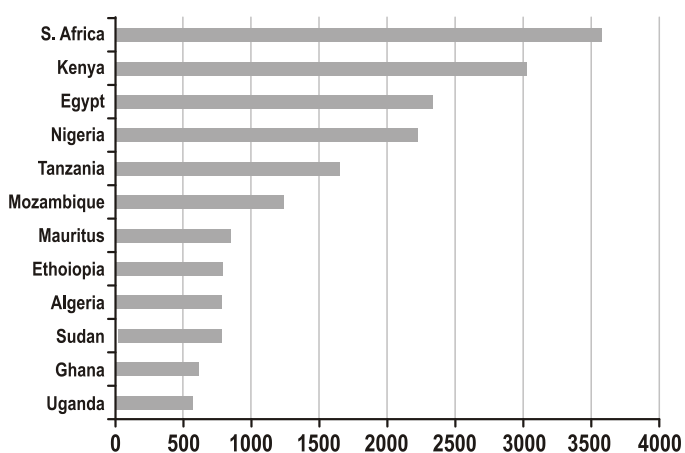


Fig. 4. Geographical structure of India's exports to Africa in 2020 (\$ mIn)

Source: Govt. of India. Ministry of Commerce & Industry. Department of Commerce.

South Africa remains the leading destination for India's exports to Africa and Mauritius (fig. 4). Important items of export include transport equipment, machinery and instruments, pharmaceuticals, non-basmati rice, cotton yarn fabrics, semi-finished iron and steel.

In the case of India's imports from Africa, around 51 % of them were sourced from Nigeria in 2019–2020. South Africa is the second largest source of import followed by Angola, Egypt, Ghana and Tanzania. While petroleum crude accounted for a significant 67 % of India's total imports from Africa during 2014–2015, other major items imported from Africa include gold, inorganic chemicals, metal ores and metal scrap and cashew nuts.

India's economic cooperation with Africa is undertaken through its contribution to NEPAD and through several bilateral and other projects and programs. Initiatives such as the Techno-Economic Approach for Africa-India Movement (TEAM-9) and cooperation with the African Union and the Southern African Development Community and others are in addition to the several bilateral cooperation efforts between India and Africa that cover, inter alia, infrastructure, including railways; food processing; information and communication technology; pharmaceuticals; and small and medium-sized enterprises. Indian companies, while contributing

to economic growth, are encouraged to use the mechanism of joint ventures and employ African managerial and labor talent [Malone 2009].

Since the inception of the Indian Technical and Economic Cooperation (ITEC) programme in 1964, capacity-building and human resource development in Africa have been areas of high priority for the Government of India. The ITEC program has benefited thousands of experts and students from Africa who have come for training courses in professional institutions in India. Those courses cover diverse fields such as agriculture and agro-processing, entrepreneurship development, tool design, small-business creation, the promotion of rural industries and information technology.

Since India Africa Forum Summit in 2011, a total of 25,000 scholarships have been utilized by Africans. Under several programmes operated by the Government of India such as the ITEC, ICCR, CV Raman Scientific Fellowships, Special Agricultural Scholarships, Short-term specialized Training programs, and distance learning through Pan Africa e-network are provided to Africans. These include more than 300 training programs conducted at over 60 institutions in addition to the higher education scholarships at various universities.

The Pan-African e-Network Project is a shining example of the India-Africa partnership. India has gifted a satellite dedicated to e-connectivity in sub-Saharan Africa to help bridge the digital divide. The Project is fully financed by the Government of India and was launched from Addis Ababa, with a satellite hub in Dakar. It links major universities in different regions of Africa with major Indian universities and centers of excellence in India, and also links major hospitals in Africa with super-specialty hospitals in India. Thirty countries have already joined the Project to provide quality tele-education and tele-medicine.

Pharmaceuticals And Health Security

The major sphere of the Indo-African relations is cooperation in manufacture and distribution of Indian pharmaceutical production in the African countries. The importance of this question taking into account AIDS

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pandemic in the African countries, distributions to them of a malaria and many other illnesses, different a high death rate, deep social and demographic consequences, cannot be underestimated.

Nigeria became the first African country which has begun wide import of the Indian preparations, developed by companies Cipla and Ranbaxy, then Zambia and Kenya have joined it. According to the available data the Indian company Cipla delivers anti-virus preparations from AIDS to every third sick of this illness in Africa.

Now a considerable quantity of joint enterprises on release of a wide spectrum of pharmacological production is created. The first agreements on creation of the such enterprises have been signed between India, Southern Africa and Kenya in 2000 and became result of the four-day India-Africa summit organised by the Indian authorities, devoted to questions of public health services, in which representatives of 16 African states and the largest Indian medical companies have taken part [Usov 2010; 2016].

In the AIDS and malaria crisis, India provided immediate financial assistance to three of the affected countries — Sierra Leone, Liberia and the Republic of Guinea — and offered \$500,000 to the WHO to scale up its efforts. Subsequently, India has followed this up with a contribution of \$10 million to the Secretary-General's Ebola Response Multi-Partner Trust Fund and an additional \$2 million for the purchase of protective gear to tackle Ebola [Beri 3rd India Africa... 2015].

Discussion

The main problem of trade and humanitarian cooperation of India with the African countries there is a weak development of relations with the countries of Northern and Western Africa. The given specificity is caused both geographical and historical features of relations of India and Africa. Other important problem is the discrimination and racism, especially in those countries where lives a considerable quantity of Indians. However, and in India there is a similar problem. There are at least 40,000 Africans in India. An issue many of them face from the local population is racism, due to

their darker complexion, with such slurs as kalu "blackie". In recent years, there have been questions on human rights of Africans in India due to the murders of young African nationals.

Negative influence on the Indo-African relations exerts also instability of political systems of many African countries, especially in Libya, Tunis, Somalia, Sudan and Angola.

After the outbreak of civil war in Somalia in 1991, the Indian Embassy in Mogadishu was closed. 4,600 Indian peacekeepers, led by Brigadier M.P. Bhagat, participated in UNOSOM II during 1993—1994. At present, over 8,000 Indian peacekeepers are deployed in Africa, including a 5,000-strong contingent in the Democratic Republic of the Congo. India's first full all-female formed police unit is currently deployed in Liberia.

Prior to the uprising in Libya the number of Indians engaged in Libya was estimated to be around 18,000. The Indian professionals were mainly engaged in hospitals and other teaching institutions whereas major part of manpower was engaged in the construction projects. During the course of revolution most of them were evacuated to India at Government of India cost in February/March 2011. Gradually more Indians returned to Libya, and in early 2014 there were about 6000 Indians.

Other important factor in the Indo-African relations is the policy of China. Rough economic growth of two Asian countries which do not have considerable stocks of liquid hydrocarbons, has led to their present race behind the African resources, first of all oil. The special attention of China and India have involved the African oil-producing countries, in particular Sudan and Angola rich with natural resources. Specificity of these states, in difference for example from Nigeria or Equatorial Guinea, in which Chinese and Indians operate not less actively, consists first of all — that in these states oil deposits are badly developed. Secondly, in these countries the large western oil companies which do not have possibilities are not presented almost, especially it concerns Sudan, to do in these countries business because of political restrictions and necessity to take into consideration public opinion.

By this time China gets about third of all oil extracted in Africa. Positions of Chinese in Sudan where they not only extract oil are especially strong, but also develop an infrastructure necessary for its extraction and transportation, invest in building of the railways, ports and terminals. One more feature of the Chinese policy in relations with Africa is granting of the economic help by China to the African states in the form of loans, credits on favorable terms, large-scale investments without political and economic conditions [Usov 2020].

Hereby, the African countries gain today all big importance for India. Rapid economic development of the African countries and increase in a standard of living of the population turn the continent into a perspective sales market of the Indian goods and services. Besides, India actively develops humanitarian projects and renders the financial help to many African countries. However, India faces set of problems and factors — geographical remoteness, the discrimination and racism, instability of political systems of many African countries and the African policy of China.

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