

India in Africa

India's Economic Opportunities in Africa

As of 2015, Indo-Africa stands at US\$71.65 bn making up 10.6 percent of India's world trade. Indian Prime Minister Narendra Modi's four day trip was a bid to expand Indo-Africa ties in two key areas: trade and investment, and greater diplomatic cooperation. The continent hosted four out of the 10 fastest growing economies in 2015 and demand for investment and projects have ballooned by 300 percent since 2009. Africa's existing Diaspora on the continent along with historic ties shared by the continent and India provide ample opportunity for greater economic ties. India must keep in mind the Chinese influence in the continent, in particular on the investment front. This was Modi's second visit to Africa after his visit in 2015 to Seychelles and Mauritius.

The Indian community contributes substantially to the local economies comprising a large portion of the micro small and medium enterprises (MSME) sector of the economy. Most Indian-owned MSMEs in Africa operate in the manufacturing textiles, chemical, and food industry. Out of a total of two million, around 1.4 million Indians, many of Gujarati origin, live in the four countries that Prime Minister Modi visited.

The majority of Indian owned firms in Africa are engaged in the manufacturing sector of the African economy. These firms are able to take advantage of low labour costs in Africa. Africa also provides access to the Indian ocean easing the export process. The miscellaneous sector was made of trading firms and import export firms.

Within Africa, Nigeria, South Africa, Angola, Egypt, Algeria and Morocco account for 89 percent of total African exports to India. Their exports are dominated by oil and gas (66 percent), ores and gold (16 percent). Outside these six African exporters, India runs a trade surplus with 40 out of the 54 African countries.

The nature of trade between India and Africa is clearly inverted in terms of the breakup which is in favour of India. Raw materials are crucial to the fuel industry production while Africa also provides a sizeable market for the secondary (manufacturing and processing industries) sector of the Indian economy.

Indian investment in Africa, estimated at over US\$50bn, is larger than that of China's but over 90 percent of that goes to one country- Mauritius, a popular tax haven for Indians. All the countries selected



for Prime Minister Modi's trip countries (Kenya, South Africa, Mozambique and Tanzania) are the largest importers of processed oil products explaining one aspect of their importance to India.

India's technology and capital invests will stimulate local productivity. India's private sector has played a pivotal role in expansion of trade relations. The Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce and Industry (FCCI) have organised trade conclaves which provide a platform for the corporate sectors of India and Africa to interact and forge business ties.

The opportunities demanded by the African nations have shown steady growth in both number and value since 2010. Since 2009, the average project value has grown by three times with an average of 34 percent growth each year.

India's Technical and Economic Cooperation programme (ITEC) and its associated programme, Special Commonwealth African Assistance Programme (SCAAP), provide a platform for cooperation programmes conceived in regional and inter-regional context including training (civilian and defence) of select ITEC partners countries, projects, feasibility studies, and consultancy services. Lines of credit are also offered under ITEC and African Nations have been the major beneficiaries. India has involved 50 institutions conducting more than 275 training courses on subjects, which are of interest to working professionals in developing countries; Uganda, Rwanda and Burundi have availed most of the benefit from the programme. ITEC and SCAAP also manage the Lines of Credit (LOC) that India extends to other countries.

* This cover story has been adapted from an article published in Mainstream on August 06, 2016

Modi in SA for Boosting Trade

Indian Prime Minister Narendra Modi met South Africa's (SA's) President Jacob Zuma on July 02, 2016 to discuss boosting investment and trade, in a



continent where India is playing catch-up to its Asian rival China, South African trade statistics show that India's exports to South Africa increased by 86 percent to 54 billion rand (US\$4bn) in 2015 from 2011, while exports to India jumped 70 percent to 41 billion rand in the same period.

Zuma said as well as trade and tourism, the two countries would identify areas of cooperation "including the defence, deep mining, renewable energy and health sectors".

(Reuters, 08.07.16)

US\$5bn Investment in Nigeria

The Indian Vice President proposed a US\$5bn investment into the Nigerian economy. He said that India would increase its purchase of Nigeria's crude oil and natural gas, as the country is already a leading buyer of those commodities.

India investing over US\$10bn in Nigeria in recent years, in 2010, Bharti Airtel, India's largest telecom operator came into Nigeria through the acquisition of Kuwaiti telecom company, Zain's African assets for US\$10.7bn. The company who initially acquired 65.7 percent stake in the Nigerian entity expanded their equity stake to 79.06 percent in 2012.

Indian conglomerate, Tata Group has also established a strong presence in the Nigerian market with investments in the automobile, construction and pharmaceutical industries.

(Venturesafrica, 29.09.16)

India is Upping its Game

India and Africa appear closely aligned in terms of their predisposed socio-economic status, demands and growing populations. It is, therefore, only natural for these two developing regions to invest in intensified bilateral trade agreements. Following strong competition from China, India is exploring opportunities to take advantage of the private sector as well as financially secure countries in Africa.

With a strong focus in the minerals, chemicals, energy and automotive sectors India is seeking

out opportunities to either develop or improve upon existing foundations. India is already having a strong influence in countries like Kenya, Ethiopia, and Nigeria.

(ESI Africa, 30.09.16)

Expanding India and Mali Trade

Noting that economic and trade relations between India and Mali are expanding, with bilateral trade having trebled in the past five years, Vice President Mohammad Hamid Ansari said trade and investment levels are still below the immense potential that exists.

"We are confident that continued stability and peace would encourage Indian companies to look at Mali as an attractive investment destination for the mutual benefit of people of our two countries", said the Vice President.

Noting that the partnership between India and Mali can be a source of great strength for each other, both to reinforce and accelerate each other's economic development and to build a more just, inclusive, equitable and sustainable world, he said.

(Business Standard, 30.09.16)

Cocoa Processing Investment

Ivory Coast, the world's largest producer of cocoa, sought investment from India's private sector, particularly in processing the main ingredient in chocolates, to further strengthen trade ties with India. President of Ivory Coast, Alassane Ouattara expressed interest in Indian

private sector investment during his talks with Indian President Pranab Mukherjee, who was on a two-day trip to the West African country as part his three-nation Africa tour.

"Ivory Coast Government is very keen to get Indian private sector on board. Another sector he was proudly mentioning was that of chocolates. They produce cocoa. He said that Indian private sector could be useful as they export everything", Secretary, Economic Relations, Amar Sinha said.

(Indian Express, 15.06.16)

Sunflower-SEA Joint Deal

Dodoma Sunflower oil processors in the Central Zone corridor have entered into a business joint venture deal with the Indian-based Solvent Extractor's Association (SEA), thanks for the Indian Trade and Investment for Africa (SITA).

For the past four day, delegates from SEA, a premier association of vegetable oil industry and trade in India, were here for exploring possibilities of building commercial partnership in oilseed sector with focus on investment and joint venture.

The move was in line with the government's Five Years Plan to improve the sunflower oilseed sub-sector.

(All Africa, 01.08.16)

Bilateral Cooperation Deal

Indian Prime Minister kicked off a four-nation tour of Africa, as India scrambles to catch up with its Asian rival China, which has a strong presence across the continent.

His first stop was Mozambique where he vowed to be 'a trusted friend' after talks with President Filipe Nyusi in Maputo and announced a raft of cooperation agreements.

He will also take in South Africa, Tanzania and Kenya over his five-day trip. "Mozambique's strengths are also the areas of India's need. And what Mozambique requires is available in India", Modi said.

In Mozambique's march towards economic prosperity, India will walk every step of the way.

(Yahoo News, 07.07.16)