

## Economic contours of India's partnership with Africa

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### Abstract

The US political leadership is faced with internal divisions, reneging on important global agreements like the trans-pacific partnership and the climate change agreement. Western world is distraught with xenophobic politics, talks of protectionism, anti-immigration and hysterical campaigners. Forging mutually beneficial partnerships with European nations is not sufficient since their internal politics, faced with numerous pressures, is turning unpredictable. West Asia has its own share of problems with the intensifying of Saudi-Iran rivalry drawing the region in chaos. At the same time, Russia, our traditional ally has been embracing China in pursuit of its economic and geostrategic interests. Within the neighbourhood, relations with China and Pakistan continue to be strained. This scenario calls for an intimate partnership with Africa. Built on historical legacy and trade and investment ties, this relationship is based on mutual interests and synergies. This article, mainly based on the book "Importance of South Africa for India's diplomatic strategy-Economic, Political and Security aspects", by Manavi Jain; discusses the economic aspects of India's relationship with Africa.

**Keywords:** partnership, historical legacy, trade and investment ties, synergies

### Introduction

Despite historical legacy and civilizational links, the foundation of contemporary India-South Africa relations were laid down by Mahatma Gandhi as he led the Indian freedom struggle upon his return from south Africa due to racial discrimination. In the process of resistance against colonial rule, both India and South Africa developed a common narrative underpinning constitutional democracy, sovereignty, territorial integrity and non-interventionist foreign policy.

Post-independence Indian leaders talked about Afro-Asian solidarity with African nations joining the NAM. The relationship became more pronounced during post-reform economic growth. Strategic mineral commodities, especially oil, became essential for India's growing and energy-hungry economy. This prompted India to actively forge relationships with resource- and oil-rich countries in the African subcontinent. Likewise, India's technology, suitable for tropical conditions and investment are required in Africa for developmental purposes. India would do well to focus its attention on economic cooperation with Africa in a renewed manner.

The confidence in Africa as the next frontier of growth stems from a number of socio-economic factors that include demographic trajectory which will result in increasing consumer base, rapid urbanization, emergence of the African middle class and lastly the growing digital economy which entails greater financial inclusion. Indian government's economic diplomacy towards Africa became particularly pronounced in March 2002 when the Focus Africa Programme, which engages with African countries, was launched. Institutionalisation of India's relations with Africa came about in 2008 with the first India Africa forum summit. So far 3 summits have been organized under the aegis of IAFS.

The 2008 IAFS summit launched various new training initiatives, committing India to the establishment of 19 new institutions for capacity building. This was extended to a total of 100 institutes after IAFS II. The second achievement of IAFS II was the establishment of the India-Africa Business Council in March 2012, which focused on technology transfers through joint ventures. Quoting external affairs minister Sushma Swaraj "There was a time when India and Africa were one landmass, united by geology. Today we are united by our common goal for progress, prosperity and peace around the world. Our modern partnership rests on the pillars of economic growth, development and empowerment and is a consolidation of our engagement at various levels-bilateral, regional and pan-African."

The development of Africa with respect to the growing middle class, reducing poverty and growing trend of globalization makes it an apt destination for India to engage in investments and trade with Africa. While crude oil accounts for some 67% of India's total imports from Africa, other imported items include gold, inorganic chemicals, metal ores, metal scrap and cashew nuts. In terms of exports, South Africa is the leading destination for India's exports to Africa. Our exports include medicines, refined petroleum products and others. Mutual efforts to increase trade include initiatives such as Focus Africa (covering 24 countries in Sub-Saharan, Southern and North Africa) and the Techno-Economic Approach for Africa-India Movement or Team 9 (facilitating concessional credit to eight West African countries). Significant investments have been made by India in the infrastructure, engineering, chemicals, services, banking and finance, health, information technology and telecommunication sectors in Africa.

This enables us to find an alternate promising market when our markets of the west are slowly diminishing due to various economic and political reasons. India would be better off

harnessing technology to create innovative products aimed at solving various developmental needs of citizens in third world countries. Given the inward looking politics under the new regime in the US, immigration bans, revival of protectionism talks across the western hemisphere, it is imperative that we forge new markets in developing countries to provide impetus to the revival of domestic industry. This enables the dream of 'Make in India' going strong.

India's primary energy consumption has seen 7.3% compounded annual growth rate in the last 15 years. As per the international energy agency's world outlook 2015, India will contribute around 25% of the growth in global energy demand. It is a widely recognized fact that 80% of India's oil needs are met through exports, of which Africa accounts for about one-third of the supplies. India is looking at raising crude oil imports from Africa as part of its efforts to diversify sourcing of energy.

There are several challenges arising from Chinese presence in Africa with China-Africa trade value being around \$200bn as compared to India-Africa trade of \$70bn. But it needs to be recognized that while China has been in Africa's infrastructure, mining, oil and natural gas sectors for many years, India has worked through training, education and capacity-building programmes. Moreover Chinese strategy of exporting Chinese labour as part of its push to create excess capacity abroad to counter unemployment in China is rattling the African population.

India has also embarked on a trilateral framework for development of Africa. The Asia Africa growth corridor (AAGC) is an important component of the India-Japan Vision 2025 for Indo-Pacific Region. Prime Minister Modi argued that India, in cooperation with Japan and African stakeholders, is committed to pursue developmental cooperation that is "responsive to the needs of African countries."

## Conclusion

The rapidly changing geopolitical environment has created conditions for the coming together of Africa and India. India's major strengths include the rich civilization that ties that bind the nations in a thread of harmony, as also the Indian diaspora in Africa, which needs to be leveraged for building social infrastructure. Similar socio economic challenges and historical linkages make us partners in creating impactful products and innovative ideas for ensuring human development of billions.

Hence it is in our interest to work proactively towards addressing various constraints in our partnership with Africa and strive to develop deep economic and security linkages with the subcontinent. As remarked by the premier Nelson Mandela " Your championing of our cause at the United Nations and other world fora further helped to galvanise the international community on to the side of the oppressed, exploited, voiceless and vote less South Africans. India thus was, in many respects, a pioneer in the international anti-apartheid struggle. May we take this opportunity to express our deep appreciation and thanks to the people, government and leaders of India for their contribution made to the cause of freedom and human dignity in South Africa. We are certain that the bonds of friendship and solidarity forged over the years will continue to grow. And may the golden thread

woven in the common struggles against injustice and oppression never be broken."

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