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India's Africa Engagement: Prospects for the 2011 India–Africa Forum

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SUMMARY POINTS

- The second India-Africa Forum Summit takes place in 2011, three years after the inaugural event in New Delhi. Sub-Saharan Africa's exports to India have almost trebled over the past five years and Indian-African business links – particularly in energy resources, precious metals and uranium – have boomed.

- India is also emerging as a non-Development Assistance Committee (DAC) donor and Africa has benefited. The Indian navy also plays an increasingly important role with anti-piracy missions in the Indian Ocean.

- India's relations with Africa receive far less attention in the West than China. Although India sees China as a competitor in Africa it has to date lacked the resources and infrastructure to compete directly but India says its 'soft power' engagement in Africa is different from that of the Chinese.

- India's footprint in Africa has been private-sector-led and its diplomatic presence is limited, although is picking up. India must strike a balance between the South–South coordination promoted by its policy-makers and the economic self-interest of its businesspeople.

Introduction

The second India–Africa Forum, to be held in 2011 in Africa, provides an important opportunity to reflect on how India's relations with Africa have expanded since the first summit in New Delhi in April 2008. This paper maps these developments and assesses how they may mature over the coming three years.

India's history in Africa is already a long one. Glass beads made in India became so popular along the East African coast that in the sixteenth century Portuguese colonists had trouble trading with beads that had been made in Europe. Over the ensuing centuries the trade links between India and Africa became more extensive, and brought not only goods but people from the subcontinent to Africa, which today is home to two million persons of Indian origin.

For much of the twentieth century India's relationship with Africa was mostly of a political kind, and based upon solidarity with the African anti-colonial and liberation movements. Jawaharlal Nehru, India's prime minister until 1964, referred to Africa as a 'sister continent'.[1] Today, India's interaction with Africa centres on trade, science and technology. Bilateral trade has grown rapidly, from \$967 million per year in the mid-1960s to \$40 billion in 2008–09, and India now intends to increase it to \$70 billion by 2015. Africa's share of India's global trade increased from 5.8% in 2002–03 to 8% in 2006–07.[2]

Energy diversification

Energy is currently at the forefront of India's strategy in Africa. Despite the ongoing effects of the global financial crisis, the IMF has predicted that India's economy will grow by 9.7% in 2010, a much bigger increase than was expected.[3] At present just over 30% of the country's energy needs are met by oil, and 53% by domestic coal reserves.[4] The International Energy Agency predicts that by 2025, the Indian growth trajectory will make it necessary for

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[1] A. Sharma, 'India and Africa: Partnership in the 21st Century', *South African Journal of International Affairs*, Vol. 14, No. 2, 2007 p. 20.
[2] See S. Naidu, 'India's Growing African Strategy,' *Review of African Political Economy*, Vol. 115, No. 35, 2008, and *Africa Quarterly*, Vol. 50, No. 1, February–April 2010.
[3] International Monetary Fund, *World Economic Outlook 2010: Rebalancing Growth*, October 2010.
[4] R. Beri, 'India and Africa Partnership: Opportunities and Challenges', *IDSA Strategic Comment*, 8 April 2008, and US Government Energy Information Administration, August 2010. Figures are for 2007, the most recent available year.

the country to import 90% of its petroleum supply. India has increasingly looked to Africa in order to diversify its energy sources, and in this way to reduce its dependency on the Middle East, which accounts for two-thirds of its oil imports.[5]

China's inroads into Africa are well known. India's approach has been much quieter, and has received much less publicity. This is not to say that India is not making progress in Africa. The India–Africa Forum, which held its first meeting in April 2008 in New Delhi, offered fresh insights into the modern scramble for Africa. The next summit meeting of the Forum will take place in 2011 in an African country.

Bilateral relations with Sudan, Zimbabwe, Angola and Nigeria

India has enjoyed less Western scrutiny over its Africa policy than China. Like China, India has entered into deals with *Sudan*, and has avoided criticizing the Khartoum government on the situation in Darfur; in November 2006, India voted against a resolution proposed in the UN Human Rights Council that would have made Khartoum responsible for ending the violence in the Darfur region. India's flagship oil and gas company, ONGC Videsh, produces Sudanese oil, having invested $750 million in acquiring a 25% partnership in the Greater Nile Petroleum Operating Company (GNPOC) in Sudan in 2003.[6] Today, India gets 3.24 million tonnes of 'equity oil' from GNPOC annually. In 2008, India completed an oil pipeline linking Khartoum to Port Sudan on the Red Sea, at a cost of $200 million.[7] Lual Deng, Minister for Oil in the Southern Sudanese government, has sought to reassure India that its oil investments will be preserved in the event of Southern Sudan's secession.[8]

India is also involved in *Zimbabwe*. Trade between the two countries was worth $40 million in 2006. In January 2008, India's acting ambassador in Harare praised the 'good cordial relations' between Zimbabwe and India. The latter's Africa policy is driven by economic interests. Competition, particularly with China, is also a reason for New Delhi's wish to deepen India's footprint on the continent. It has already established important commercial relationships. A recent $1.2 billion deal between the Indian diamond consortium Surat Rough Diamond Sourcing India Ltd (SRDSIL) and the

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[5] D. Sharma and D. Mahajan, 'Energising Ties: The Politics of Oil', *South African Journal of International Affairs*, Vol. 14, No. 2, Winter/Spring 2007, pp. 37–53.
[6] R. Beri, 'Africa's Energy Potential: Prospects for India', *Strategic Analysis*, Vol. 29, No. 3, July–September 2005.
[7] A. Vines and E. Sidiropoulos, 'Quiet India Could Offer Lessons to Continent', *allAfrica.com*, 6 April 2008, http://allafrica.com/stories/printable/200804070001.html.
[8] 'Minister reassures India about its oil investments in Sudan', *Sudan Tribune*, 2 November 2010.

Zimbabwean Mines Ministry will see training in diamond cutting and polishing provided to young Zimbabweans in exchange for a steady supply of rough diamonds.[9]

Diamonds also figure in *Angola*'s relationship with India. Endiama, Angola's largest diamond producer, has agreed to do business directly with the Indian diamond industry, while India is expected to open an institute for jewellery manufacturing and a cutting and polishing centre in Luanda.[10] The huge increase in bilateral trade over the past five years – from a few million dollars to $4.24 billion in 2009–10 – has, however, mainly been due to oil imports.[11]

Nigeria is India's largest trading partner in Africa. Bilateral trade between the two reached a peak in 2008–09 when it was valued at nearly $10.2 billion. Between 8% and 12% of India's oil is imported from Africa's most populous country, and conversely Nigeria remains the largest consumer in Africa of Indian manufactured goods and pharmaceuticals.[12]

Despite this strong relationship with Nigeria, East Africa as a region has been the biggest consumer of Indian imports since the mid-1990s, followed by West and North Africa.[13]

In terms of prime ministerial visits, the official visit to Nigeria by Manmohan Singh in 2007 was the first by an Indian prime minister since 1962 and indicated the growing significance to India of the links between that country and Nigeria.[14] In contrast, Prime Minister Atal Behari Vajpayee spent barely a day in Nigeria when attending a Commonwealth Summit in 2003 and was not focused on bilateral relations. Rajiv Gandhi made India's last prime ministerial visit to Angola in 1986, but the importance of energy relations between the two was emphasized when Manmohan Singh and Angolan President José Eduardo Dos Santos met in July 2009 during the G8 Summit in L'Aquila, Italy. South Africa has received more regular official visits from India, because both countries belong to the IBSA (India, Brazil, South Africa) Forum.[15]

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[9] 'Zimbabwe Rights Groups Renew Calls for "Blood Diamond" Ban', *allAfrica.com*, 1 November 2010, http://allafrica.com/stories/201011020028.html.

[10] P. Thaker, 'India's Strategy in Africa', *Economist Intelligence Unit Sub-Saharan Africa Regional Overview*, June 2008, pp. 4–10.

[11] Indian Ministry of External Affairs, September 2010, http://www.mea.gov.in/meaxpsite/foreignrelation/11fr02.pdf.

[12] S.K. Singh, *India and West Africa: A Burgeoning Relationship*, Chatham House Briefing Paper, April 2007; 'India-Nigeria Relations', Indian High Commission in Abuja, October 2010, http://www.indianhcabuja.com/docs/Nigeria-Fact-Sheet.htm.

[13] S. Chaturvedi and S.K. Mohanty, 'Trade and Investment: Trends and Prospects', *South African Journal of International Affairs*, Vol. 14, No. 2, Winter/Spring 2007, pp. 87–111.

[14] See O. Eze and O. Agbu (eds), 'Nigeria–India Relations in the 21st Century', *Nigeria Journal of International Affairs*, Vol. 34, No. 1, June 2008.

[15] On IBSA, see R. Mokoena, 'South-South Co-operation: The Case of IBSA', *South African Journal of International Affairs*, Vol. 14, No. 2, Winter/Spring 2007, pp. 125–47: P. Sotero,

Trends in trade since 2004

Africa's exports to India have been increasing since 2004, but the trend of such exports has changed. Trade between India and South Africa has been growing at about 30% annually, and was bolstered by South African President Jacob Zuma's state visit to India in June 2010, during which he was accompanied by a delegation of 230 businesspeople. South Africa now accounts for more than two-thirds of Africa's exports to India, and bilateral trade has trebled from $2.5 billion in 2003–04 to $7.5 billion in 2008–09. Zuma's visit heralded an agreement to raise bilateral trade to $10 billion by 2012. South Africa is the fourth largest source of India's gold imports, and is an important exporter of diamonds to India.

Exports of jewellery from India, the world's largest jewellery producer, are now running at around $7 billion a year, and the country accounts for 90% of the world's exports of cut and polished diamonds by volume. Some 800,000 people are employed in India's diamond-cutting and polishing industry.[16]

In 2007 and much of 2008 there was a global shortage of quality gem diamonds, and most of the bigger, higher-value stones reached the subcontinent via the 'middlemen' of London and Antwerp. As a result, African diamond-producing states such as Angola, Botswana, the Democratic Republic of Congo (DRC) and South Africa are becoming increasingly important to India as alternative sources. In Angola and Namibia in particular, India has been active in seeking to lock in new direct supplies of gems. India is also assessing how to respond to growing African efforts in the beneficiation field, with firms such as the De Beers Diamond Trading Company promoting local cutting, sorting and polishing of gems in Namibia and Botswana, instead of transporting rough diamonds to facilities in London.

Apart from oil, ore and metals dominate India's imports from Africa. Uranium is gaining in importance as India pursues its ambitious civil nuclear power programme, and this is signalled by moves to establish tighter links with Namibia and Malawi.

Emerging Powers: India, Brazil and South Africa (IBSA) and the Future of South-South Cooperation, Special Report, Woodrow Wilson International Center for Scholars, August 2009.
[16] P. Alves, 'India and South Africa: Shifting Priorities?' *South African Journal of International Affairs*, Vol. 14, No. 2, Winter/Spring 2007, pp. 87–111.

Table 1: India's trade with Africa, 2004–10 (US$m)

	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
Total exports	83,536	103,091	126,414	163,132	185,295	178,751
Southern Africa	1,263	1,940	2,815	3,606	3,139	3,309
West Africa	1,650	1,899	2,447	3,462	3,357	3,137
Central Africa	157	165	204	258	385	350
East Africa	1,148	1,437	2,942	4,214	4,510	3,512
% of total exports	5.1	5.3	6.7	7.1	6.2	5.8
Total imports	111,517	149,166	185,735	251,654	303,696	288,373
Southern Africa	2,294	2,636	2,921	4,831	7,218	10,192
West Africa	825	1,162	8,178	9,726	11,179	9,864
Central Africa	17	19	29	49	153	270
East Africa	219	224	234	321	353	388
% of total imports	3.0	2.7	6.1	5.9	6.2	7.2

Source: Indian Department of Commerce, 2010.
Note: Figures rounded to nearest million.

Coal is also of strategic importance as it is India's main source of energy. As with oil, India is seeking to diversify its supplies and there are high-quality coal deposits in Mozambique. The five-day official visit to India of its president, Armando Guebuza, in September 2010 – his first trip to a foreign country outside Africa after his re-election in 2009 – followed Mozambique's award of two coal acreages in Moatize to Coal India Ltd in late 2009. India has also offered $500 million for energy and agricultural infrastructure projects including institutions to support capacity-building in the coal industry.[17]

Another area of growth is inorganic chemicals, for which Morocco, Senegal and South Africa are India's leading sources.

Investment

India's interest in Africa extends beyond oil and minerals, however, to include investment in manufacturing and services. The Tata group, India's leading investor in Africa, now has a presence in 11 of the continent's countries, particularly in South Africa, where, apart from Tata's investment in ferro-chrome, it is also the ninth largest vehicle producer.

Mauritius provides a tax-free conduit to foreign investors. Perhaps surprisingly, it is India's single largest offshore investor. Between April 2000

[17] 'Coal India secures two blocks in Mozambique', *The Times of India*, 26 December 2009, http://timesofindia.indiatimes.com/business/india-business/Coal-India-secures-two-blocks-in-Mozambique/articleshow/5378801.cms, and 'Mozambique, India to work for making Indian Ocean "safe" again', Indo-Asian News Service, 30 September 2010.

and December 2009, $49.1 billion of foreign direct investment flowed from Mauritius to India, accounting for 42% of India's total FDI over the period.[18]

Since 2003, India's economic (as distinct from its trading) links have no longer been restricted to its traditional Indian Ocean and Commonwealth partners. It has extended to African countries credit worth $2 billion, of which more than half has been taken up. For example, India's investment in Côte d'Ivoire is expected to grow by 2011 to $1 billion (10% of Indian foreign investments over the decade 2001–11).[19]

ONGC Videsh not only produces Sudanese oil, but has invested $2 billion in eight African countries, including Nigeria, Sudan, Côte d'Ivoire and Gabon. On the commercial level, India cannot compete, dollar for dollar, with China, which has huge capital reserves that now exceed the $2 trillion mark. For example, in 2004 ONGC's bid for an Angolan oil block failed at the last moment when its offer of $310 million for infrastructure development was capped by a massive $725 million bid from China. India hopes to do better in the future; in July 2008 its energy minister indicated that India was likely to consider entering a joint bid with Angola's national oil company, Sonangol. By January 2010 a Memorandum of Understanding (MoU) had been drawn up between Sonangol and ONGC, with promises to collaborate on future projects. This was followed on 2 November 2010 by the signing in New Delhi of a second MoU between India and Angola, aimed at increasing the supply of crude from Angola and allowing increased investment by Indian firms. A joint working group will be set up to implement the provisions of the agreement, and ONGC Videsh Limited has been offered exploration and production of hydrocarbon reserves in onshore and offshore blocks in Angola.

Diplomatic missions, security concerns and peacekeeping commitments

On the diplomatic level, New Delhi has reopened its embassy in Kinshasa, the capital of the DRC, and has plans to do the same in Lilongwe, Malawi. It currently has missions in 25 of the 47 sub-Saharan countries, and plans to add others soon in Niger and Gabon. Because of geographical proximity and the large Indian diaspora communities in countries there, it is in eastern Africa and the Western Indian Ocean that there is the most comprehensive Indian

[18] A. Vines and B. Oruitemeka, 'Engagement with the African Indian Ocean Rim States', *South African Journal of International Affairs*, Vol. 14, No. 2, Winter/Spring 2007, pp. 111–25, and 'India–Mauritius Relations', Indian Ministry of External Affairs, October 2010, http://www.mea.gov.in/meaxpsite/foreignrelation/Mauritius.pdf.

[19] Singh, *India and West Africa.*

diplomatic presence. Even here, however, India has only a thin net of representation,[20] and this is demonstrated most clearly in terms of security, as much of the African continent is covered by only four Indian defence attachés, based in Kenya, South Africa, Egypt and Nigeria. The attaché in Nairobi is responsible not only for Kenya but also for Tanzania, the Seychelles, Somalia and Eritrea.

India's concern over Chinese expansion is acute and ever-present. Its anxieties are not restricted to economic competition, but extend to security matters as well. This explains India's moves to protect its own interests, particularly in the African–Indian Ocean rim countries, by strengthening ties such as defence agreements with Mozambique, Madagascar and the Seychelles. New Delhi was particularly alarmed when the Chinese president, Hu Jintao, ended his tour of four African states in early 2009 by visiting Mauritius. India also indicated to Beijing its concern over the increasing amount of Chinese activity in the Seychelles when its Minister of External Affairs, Pranab Mukherjee, warned the Chinese that 'we have a strong stake in the security and stability of these waters, which is linked to energy security, since a large percentage of Asian oil and gas is shipped through the Indian Ocean'.[21]

New Delhi has rented land for $2.5 million from the Malagasy government in order to construct a radar surveillance station in Madagascar with high-tech digital communication systems to watch shipping movements.[22] This installation, which was opened in July 2007, symbolizes the importance of the Indian Ocean as New Delhi's backyard.

In another precautionary move, India has opened discussions with the Mauritian government on a long-term lease of the Agalega Islands. These would serve as a small yet important base on the southeast coast of Africa that can monitor the shipping lanes of the Mozambique Channel, which is an important route for goods travelling between Africa and India.[23] The majority of the latter's imports and exports travel by ship; so monitoring the waters off Africa's east coast protects the security of India's energy supplies from across the Indian Ocean.

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[20] See 'Two Years on from the Forum Summit: The Future of Africa–India Engagement', Chatham House Conference Report, April 2010, http://www.chathamhouse.org.uk/files/16546_0410conf_report.pdf.

[21] P. Alyar, 'India on guard in fallout from China's missile test', *South China Morning Post*, 11 February 2007.

[22] 'India activates first listening post on foreign soil: radars in Madagascar', *Indian Express*, 17 July 2007.

[23] S. Forsberg, 'India Stretches its Sea Legs', *United States Naval Institute: Proceedings 38*, Vol. 133, No. 3, March 2007.

The waters off Somalia are the most dangerous in the world, and in the first half of 2010 alone there were 196 attacks on vessels sailing off Somalia's eastern and northern coasts and the seas beyond.[24] The Indian navy sent the INS *Tabar* to the Gulf of Aden in October 2008 following complaints by Indian shipping companies about the attacks, and to date Indian naval ships have prevented fifteen piracy attempts on merchant vessels. India has been prepared to protect both Indian and foreign vessels as 85% of its foreign trade is carried in foreign-owned vessels. The Indian Ministry of Shipping estimates that $50 billion worth of Indian imports and $60 billion of exports pass through the Gulf of Aden.[25] Prime Minister Manmohan Singh emphasized this at a joint press conference with Mozambique President Armando Guebuza in New Delhi in September 2010, stating: 'It is our common mutual interest to ensure the safety and security of sea lanes of communication in the Indian Ocean.' This includes seeing if the India Ocean Rim Ocean for Regional Cooperation (IOR-ARC) can be 'revitalised',[26] and the Prime Minister's position is reflected in India's Maritime Doctrine, which was updated in August 2009. For the first time, the document incorporates new constabulary operations for the navy, including counter-terrorism operations and anti-piracy missions.

In addition to the business considerations, India intends in this way to demonstrate its ability to project military force beyond its borders and into the Indian Ocean.[27]

Increasingly, it is China, rather than Pakistan – which is seen by India as a proxy for China – that is the greatest source of worry to New Delhi's policy-makers. India's trade with Africa exceeded that of China until as recently as 1999. Now India's annual figures are dwarfed by China's burgeoning trade volumes, and India's estimated $30 billion investment in Africa in 2007–08 was just over half of the $56 billion China had committed to the continent over the same period. India also tends to pursue its Africa trade policy in fits and starts, unlike China.

Another disadvantage suffered by India in its competition against China for trade with Africa is that India does not have the weight of a permanent seat on the UN Security Council, as China does, to provide a political spine to its Africa policy. It is arguable, however, that the Chinese (and Russian) veto of a UN Security Council resolution in July 2008 to impose sanctions on

[24] Figure from the International Maritime Bureau, Voice of America, http://www.voanews.com/english/news/africa/Report-says-Pirate-Attacks-Down-in-2010-98507529.html.
[25] 'Anti-Piracy Operations', Indian Navy, http://indiannavy.nic.in/AntiPiracy.htm.
[26] 'Mozambique, India to work for making Indian Ocean "safe" again'.
[27] 'India destroys pirate ship off Somalia', 19 November 2008, http://www.csmonitor.com/2008/1119/p99s01-duts.html.

Zimbabwe could well cost Beijing support among the electorate of some African countries. New Delhi is a strong supporter of Security Council reform, and its contributions to UN peacekeeping missions are intended to strengthen its case. There are at present some 7,000 Indian troops deployed in Africa on behalf of the UN.[28]

Table 2: India's contribution to UN Peacekeeping Operations in Africa (as of 2010)

Mission	Contribution		
	Troops	**Police**	**Military Observers**
MONUSCO (Democratic Republic of Congo)	4372	-	49
UNMIL (Liberia)	-	248	-
UNMIS (Darfur, Sudan)	2599	57	15
UNOCI (Côte d'Ivoire)	-	-	8

Sources: MONUSCO: http://monusco.unmissions.org/Default.aspx?tabid=949 *, UNMIL, 21st Progress Report of the Secretary General,* http://unmil.org/documents/sgreports/sg21pr.pdf *; UNMIS Progress Report; UNOCI:* http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Cote%20d%27Ivoire%20S2010%2015.pdf

The India–Brazil–South Africa (IBSA) Forum aims to seek a permanent seat on the UN Security Council. In general, however, this grouping represents a club of middle-income countries whose interests are most closely concerned with changes to the agenda of the WTO's Doha round, and especially with issues related to the G20 and NAMA-11 groupings.[29] Despite its claims to be a forum for South–South dialogue, IBSA takes up positions on behalf of its member countries that are in conflict with those of many low-income African states.

The India–Africa Forum Summit

The Forum Summit held in India in April 2008 was a modest effort, most unlike Beijing's Africa jamboree in November 2006. New Delhi did not want the two events compared, so its invitation list was symbolic rather than all-inclusive, comprising 14 African heads of state and the heads of all eight

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[28] S.K. Singh, 'Peacekeeping in Africa: A Global Strategy', *South African Journal of International Affairs*, Vol. 14, No. 2, Winter/Spring 2007, pp. 71– 87.

[29] 'Non-Agricultural Market Access', actually 10 countries comprising Argentina, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa, Tunisia and Venezuela.

regional groups. The summit was attended by the presidents of South Africa, Uganda, Tanzania, Ghana, Senegal and the DRC; the vice-presidents of Nigeria and Zambia; the prime ministers of Burkina Faso and Ethiopia; ministers and special representatives from Algeria, Egypt, Kenya and Libya; and the chairperson of the African Union (AU) Commission.

The deliberations that took place during the summit resulted in the Delhi Declaration and the Africa–India Framework for Co-operation. Both provide for collaboration, especially in human resources, science and technology, industrial growth, including in small and medium-sized enterprises (SMEs) and minerals; the health sector; information and communication technology; security; and judicial reform. The Framework also recognizes the need to promote SME businesses in India and Africa, and pledges to help improve food security in Africa and to boost African exports to world markets.[30]

At the summit India undertook to grant preferential market access to exports from all Least Developed Countries, 34 of which are in Africa. India will also increase its lines of credit to Africa to $5.4 billion, and increase the aid it offers to $500 million by 2012. In late August 2008 the eighth India–Africa conclave on project partnership and trade was held in Dar es Salaam. This event, which was designed to follow up on another Confederation of Indian Industry (CII) Conclave held in New Delhi in March 2008, attracted business delegates from India and 13 African countries. To date there have been 13 CII Conclave Meetings on the India–Africa Project Partnership. The most recent one, in July 2010, saw 150 delegates representing 34 African countries.[31]

India's business investments in Africa

According to a World Bank report authored by economic advisor Harry Broadman, Indian firms employ a larger number of Africans than Chinese companies, which have a tradition of importing large numbers of their own workers to carry out major capital projects. Broadman discussed this difference in approach in an article in *Foreign Affairs*. He cited his World Bank study of 450 business owners in Africa published in 2006, which found that almost 50% of the respondents who were ethnic Indians had taken African nationality, as against only 4% of those who were ethnic Chinese. This may be true, but Indian business has had a mixed record in Africa.[32] In Nigeria, for

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[30] 'Delhi Declaration', India-Africa Forum Summit 2008, 9 April 2008, http://www.ibef.org/download/India_Africa.pdf.
[31] CII News, http://www.cii.in/NewsRoom.aspx?enc=SO0wa+TYDvk3FXKFO1bn1Q==.
[32] H. Broadman, 'China and India Go to Africa: New Deals in the Developing World', *Foreign Affairs*, Vol. 87, No. 2, March/April 2008, pp. 95–109.

instance, union members abducted 11 Indian labourers in the steel industry in 2007 during a pay dispute. There are also examples of corrupt practice in Indian business dealings, such as the scandal in the DRC, where Pakistani peacekeepers were found to have sold guns belonging to MONUC (the UN Mission in the DRC) to rebels in exchange for gold, which was then smuggled abroad to Asia, Europe and South Africa by East African-based Indian traders.[33]

Western countries have attempted to collaborate with India in order to make use of its ties with Africa. The former British prime minister Gordon Brown and the German chancellor Angela Merkel have indicated a desire to work with India in Africa but New Delhi has indicated its preference for partners from the South who are not tainted by colonial pasts.

Even though this seems to be the official government position, Indian business is open to partnership with the West and has raised significant loans from European banks for projects in Africa, although US banks have been more risk-averse. The Federation of Indian Chambers of Commerce and Industry (FICCI), for example, supported a meeting on 'US and Indian Perspectives on Africa's Development' at the Carnegie Endowment in Washington DC in June 2010.[34] An example of how such joint ventures might look can be found in the pragmatic commercialism of the Nigeria-based partnership between ONGC and Mittal Investments – part of the business empire of Indian-born billionaire Lakshmi Mittal.

In a 2005 licensing round, ONGC's overseas arm unexpectedly lost a bid for a stake in Nigeria's two best deep offshore blocks to KNOC of South Korea, when India's Cabinet Committee on Economic Affairs had intervened at the last moment to prevent ONGC Videsh, on due-diligence grounds, from entering into the $2 billion deal. Subsequently, an ONGC–Mittal Investment consortium (known as OMEL) was created to compete against just such Chinese and South Korean bids. In May 2006, the consortium gained Nigerian oil exploration rights through a deal which included strengthening India's bid as an infrastructure provider. OMEL was pre-assigned three blocks in return for its commitment to invest some $6 billion towards the construction of a refinery and a power plant, and to undertake a feasibility study for a new

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[33] M. Plaut, 'Trading Guns for Gold: Pakistani Peacekeepers in Congo', *Review of African Political Economy*, Vol. 34, No. 113, November 2007, pp. 580–88.
[34] 'Partnering with Africa: U.S. and India's Perspectives', Carnegie Endowment and Federation of Indian Chambers of Commerce and Industry, Washington DC, 16 June 2010, http://carnegieeurope.eu/events/?fa=2935.

east–west railway. The infrastructure projects proposed by OMEL have not yet started, however.[35]

The OMEL consortium's role has become controversial in Nigeria, where the government of former President Yar'Adua reviewed concessions awarded by the previous administration under Obasanjo. Two small and relatively unknown Indian companies were under investigation. Sterling Global Oil Resources Ltd won a discretionary award in late 2006 and Essar E&P Ltd was granted a block in 2007. Both companies had oil blocks revoked in July 2008 and Sterling Global Oil has continued to attract controversy in the Nigerian media in 2010 over broken promises in exchange for developing oil assets in the Niger Delta.[36]

The Yar'Adua government also cancelled the sale of the Ajaokuta Steel Complex to Global Steel, which is controlled by the Mittal family. The government accused the company of asset- stripping and of borrowing almost $200 million from local banks by pledging the plant's assets. Global Steel has challenged this ruling and taken the matter to court.[37]

Other parts of the business empire owned by the Mittal dynasty have attracted controversy in West Africa. Mittal Steel (which in 2006 merged with Arcelor to create ArcelorMittal, the world's largest steel company), signed a $900 million deal with Liberia's Transitional Government in late 2005. The terms agreed allowed Mittal to mine iron ore but (according to the claims of various NGOs) exempted the company from any obligations regarding human rights and environmental conservation. When President Ellen Johnson-Sirleaf took the reins of government in 2006, her administration reviewed the agreement. After the Liberian Senate had scrutinized the original terms of the settlement, it called for a renegotiation. A new deal was signed with Mittal in 2007.[38]

Time and again, the state-owned oil firms ONGC, IOC or Oil India have come close to pulling off major business coups, only to lose out – while Indian tycoons such as the Mittals and Ambani brothers seem able to act more quickly. But this too can cause problems. The Ajaokuta Steel saga in Nigeria, for instance, has resulted in a family dispute within the Mittal family. Also, the effort by the Ambani-owned Reliance Telecom, one of India's largest mobile

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[35] Singh, *India and West Africa*.

[36] 'Niger Delta: Focus on Imo Oil Producing Communities', *Nigeria World*, 17 June 2010, http://nigeriaworld.com/articles/2010/jun/172.html; 'Essar, Sterling Lose 3 Oil Blocks in Nigeria', *Daily News & Analysis*, 8 July 2008.

[37] Singh, *India and West Africa*.

[38] Ibid. See also 'Update on the renegotiation of the mineral development agreement between Mittal Steel and the Government of Liberia', *Global Witness*, August 2007.

phone companies, to take over South Africa's MTN would have been one of India's largest acquisitions in Africa had the deal succeeded in July 2008. But it unravelled after another family dispute, in which Mukesh Ambani, the estranged elder brother of Anil Ambani, effectively vetoed the deal.[39]

The global credit crunch and downturn in the price of commodities had a serious impact in the short term on the fortunes of some Indian tycoons, with ArcelorMittal and other companies mothballing a number of mining operations in 2008–09.

India does not regard Africa simply as a supplier of natural resources. It is at pains to stress its difference from China on that score. After living in South Africa, Mahatma Gandhi observed, 'The commerce between India and Africa will be of ideas and services, not of manufactured goods against raw materials after the fashion of Western exploiters.' However, there is a need for India to coordinate its efforts in Africa. The dates of the India–Africa Forum clashed with those of the tenth meeting of the African Partnership Forum (APF) in Tokyo. The APF was created in 2003 to broaden dialogue between G8 countries and the New Partnership for Africa's Development (NEPAD) states, and those attending included Africa's major bilateral and multilateral donors. India is not part of the Forum, but its attempts to become an increasingly important player in Africa would be much strengthened by coordinating its efforts with those of the APF's partners.

India's strategy in Africa: adding value

The Indian Minister of State for Commerce, Jairam Ramesh, noted at the India–Africa Forum Summit: 'The first principle of India's involvement in Africa is unlike that of China. China says go out and exploit the natural resources, our strategy is to add value.'

That is certainly the best approach for India – although Golden Jubilee House, the new presidential complex in Accra, Ghana completed in late 2008, is probably not the way forward. The complex, costing up to $50 million, was built by Indian contractors Shapoorji Pallonji and funded by a concessionary loan from the government of India – with a 50% grant element and an interest rate of 1.75%, repayable over 25 years with a five-year grace period. The high cost of the complex has provoked much criticism in Ghana, where many live below the poverty line and the initial $30m spent on the complex was one-half of a $60m loan from the Indian Exim facility, with the other half going

[39] 'Business in India – a lost connection', *The Economist*, 26 July 2008.

for rural electrification. The current President of Ghana, who was elected in late 2008, has not made use of the building.[40]

India's funding of the Pan-African e-Network Project in partnership with the AU sounds more promising. This aims at 'removing the digital divide, ensuring connectivity of all Africans and providing much-needed telemedicine and tele-education to the masses in African countries'. The network will also support e-governance, e-commerce, 'infotainment', resource mapping and meteorological services. The proposal to establish the Pan-African e-Network Project was made by the then president of India at the Pan-African Parliament in 2004. Progress was slow before 2008 but has since gathered pace. The first phase covering 12 countries was inaugurated in February 2010. This initiative will provide free tele-medicine and tele-education services to all 54 African countries.[41] More than 15,000 African students are also currently registered to study in Indian universities on scholarships, and the number of training places for Africans has been increased from 1,100 to about 1,600 in 2010. Indian teachers are also assisting in schools and universities in several countries, including Ethiopia, Botswana, Tanzania and Ghana.[42]

Lessons for Africa

India is home to roughly one-third of all the poor people in the world. According to the World Bank, 75.6% of India's 828 million people live on less than $2 per day. This proportion is even higher than in sub-Saharan Africa, often thought of as the world's poorest region, where 72.2% of the population (551 million people) fall below the poverty line.[43] However, India has maintained steady progress in fighting poverty since the 1980s, and sees the poverty rate declining by a little under one percentage point per year. (Clearly, this should provide an important model for Africa.) According to Goldman Sachs, by 2020 India will have the third largest GDP in the world after China and the US, and its middle class will have expanded substantially.[44] India's postcolonial democracy may well provide political lessons for Africa too.

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[40] See 'Ghana Monthly Report', *Economist Intelligence Unit*, December 2008, p. 9.
[41] 'India sets up telecom link to Africa', UPI Asia online, 22 August 2008, http://www.upiasia.com/Economics/2008/08/22/india_sets_up_telecom_links_to_africa/2043/
[42] Sharma, 'India and Africa'.
[43] 'One-third of world's poor in India: survey', *The Times of India*, 28 August 2008.
[44] 'Goldman Sachs predicts India incomes to become world-class by 2030', 10 July 2008, http://www.domain-b.com/economy/general/20080710_indian_incomes.html.

Yet India remains ill-equipped to capitalize on all it can offer to African countries. The first India–Africa Forum Summit in April 2008 attracted little press attention in India, compared with China's 2006 effort and Japan's TICAD IV conference in May 2008. Among Indian newspapers, only *The Hindu* maintains a bureau in Africa, and expert knowledge of the continent is thinly spread, even at India's universities and research institutions. The Indian foreign service is also small and the Indian diplomatic network thinly spread in Africa, with diplomats often lacking the language skills necessary to communicate effectively in non-English-speaking African countries. Rajan Bharti Mittal, the President of FICCI and Vice Chairman and Managing Director of Bharti Enterprises, emphasized that on Africa 'there has not been much action on a government-to-government basis. It is really the private sector which is going to start moving … The needle is going to only move when the private sector moves.'[45]

However, India does offer Africa the fruits of its experience in agricultural expansion, clean-water management and dealing with the growing threat of climate change. India is also increasingly recognized as one of a number of countries outside the OECD's Development Assistance Committee (DAC) which annually provides significant amounts of aid. African countries received US $24.6 million from India in 2010 in direct aid, but this is only one aspect of developmental cooperation. The Indian Technical and Economic Cooperation (ITEC) programme provides training to representatives from partner countries in sectors such as IT, finance, rural development and defence. ITEC is complemented by the Special Commonwealth Assistance for Africa Programme (SCAAP), which provides bilateral training and assistance for mutual benefit to a select number of African countries – many of them important trading partners for India, including Nigeria, South Africa, Namibia and Zimbabwe. The extension of lines of credit is also presented by India as a form of development assistance. There is an open acceptance that these help to promote Indian exports and improve political relations, and the extension of $500 million in lines of credit to Team-9, a group of countries including Burkina Faso, Chad and Côte d'Ivoire, demonstrated India's intention to move closer to francophone Africa.[46] Some Indian bureaucratic officials have openly acknowledged that the Indian government needs to find a comfortable space between the rhetoric of South–South coordination and articulating India's

[45] Carnegie and FICCI, 'Partnering with Africa'.
[46] G. Price, 'Diversity in Donorship: The Changing Landscape of Official Humanitarian Aid', Humanitarian Policy Group, Overseas Development Institute, 2005.

national interests.[47] The extension of lines of credit to sub-Saharan African countries could be a route to finding this.

India has also worked in close coordination with a number of African countries on the Doha round negotiations, especially those concerned with agriculture. The Delhi Declaration, which was issued from the India–Africa Forum, stresses the importance of a fair and equitable division among developing countries of the burden of coping with climate change.

Table 3: Indian Development Assistance to Africa 2005–10 (US$m)

	2005–06	**2006–07**	**2007–08**	**2008–09**	**2009–10**
ITEC	n.a.	n.a.	13.8	16.2	16.8
SCAAP	n.a.	n.a.	n.a.	1.5	1.8
Aid to African countries	13.9	4.5	11.5	23.7	24.6

Source: Indian Ministry of External Affairs, Union Budget & Economic Survey
Note: Currency converted from rupees to US dollars from the first day of each financial year

By the time the next India–Africa Forum takes place in 2011, African–Indian relations will likely have deepened further, but the challenge of keeping up the momentum is clear. India's trade with Africa has not progressed smoothly, and the presence of Indian diaspora communities in key African countries has not been utilized as a point of entry for business.[48] Business and governments need to strike deals that not only generate wealth but help eradicate poverty by investing in Africa's peoples.

[47] E. Mawdsley, 'The Non-DAC Donors and the Changing Landscape of Foreign Aid', *Journal of Eastern African Studies,* Vol. 4, No. 2, 2010, pp. 361–71.
[48] See G. McCann, section on 'Kenya and India', in Chatham House Conference Report 'Two Years on from the Forum Summit'.

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