India in Africa

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Enhancing Partnership: Shared Vision

The second Africa-India Summit was organised by the African Union in Addis Abba, Ethiopia during May 24-25, 2011. The Summit under theme of "Enhancing Partnership: Shared Vision" was aimed at continuing the dialogue set out in the first Summit in 2008 and to deepen the friendship and to enhance cooperation and trade.

"Africa possesses all the prerequisites to become a major growth pole of the world in the 21st century. We will work with Africa to enable it to realise this potential," Prime Minister Manmohan Singh told at the opening ceremony. The African economies have been resilient in the recent global economic crisis and many African countries have been progressing rapidly, opening up greater avenues for economic cooperation.

In recent years, there has been a substantial financial flows from India to Africa in terms of grants, foreign direct investment and concessional loans, these have continued to contribute to capacity building in the socioeconomic sectors, particularly in the human resource development, the development of the private sector, increasing support to infrastructure, agriculture and small and medium enterprises, leading to a substantial expansion of Indian investment in Africa and of trade between Africa and India. Since the first India-Africa summit in New Delhi in 2008, trade between the two partners has increased. In 2010, India's imports from Africa were worth US$20.7bn, compared with US$18.7bn in 2009, and its exports stood at US$10.3bn in 2009.

The Submit is a step to enhance South-South cooperation, to have a unified voice to address the concerns of a more equitable development in the geo-economics. The South-South cooperation should complement the North-South cooperation as the countries in Africa have a persistent, pervasive and complex development challenge. Addressing these challenges require innovative policies. The learning from development experience of other economies in the South would complement the mainstream policies to formulate out-of-the-box policies.

The 2008 India-Africa Summit saw India give preferential market access to exports from all the least developed countries, many of them in Africa, as well as increase credit lines to Africa. In the Second Summit Manmohan Singh said "We will offer US$5bn for the next three years under lines of credit to help achieve the development goals of Africa. We will offer an additional US$700mn to establish new institutions and training programmes in consultation with the African Union and its institutions".

According to him, "under the lines of credit that we offered at the first summit, we had specifically looked at promoting regional integration through infrastructure development and on the advice of the African Union, I am happy to announce that we would support the development of a new Ethio-Djibout Railway line to the tune of US$300mn for this important regional project".

He added that "following the success of the Pan-African E-Network Project, we propose to take the next step and establish an India-Africa Virtual University This we hope will help to meet some of the demand in Africa for higher studies in Indian institutions. We further propose that 10,000 new scholarships under this proposed University will be available for African students after its establishment."

(www.flamme.panos-ao.org/)

African Agri-business Profitable

Karuturi Global Limited is the largest producer and exporter of roses in the world, and he does this almost entirely out of Ethiopia and Kenya under greenhouse conditions. The company produces 500 million rose stems annually and exports them largely to Europe, US, Middle East and Japan.

The Chairman and Managing Director, Ram Karuturi's ambition does not stop here. He is targeting to acquire up to a million hectares of land in Ethiopia and other parts of Africa to build his dream. His business logic is very simple, the world faces a severe food crisis and there is a severe need to increase acreage under cultivation. Ram is negotiating with the African governments to progressively acquire up to a million hectares of land to grow maze, sugarcane, vegetable among many others. They envision the entire production of agri-products would be absorbed in Africa. *(FE, 23.05.11)*

India Pitches for UN Reforms

India made a strong pitch for reform of global political and economic institutions, including the UN Security Council, as it began a second summit with Africa here. "The current international economic and political system is far from favourable, especially for developing countries. The world faces new challenges in assuring food and energy security," Prime Minister Manmohan Singh told African leaders at the African Union headquarters in the Ethiopian capital. *(ET, 25.05.11)*

Tata-Gabon Deal Inspires Stakes

Tata Chemicals Limited's acquisition of a 25 percent stake in a proposed urea factory in Gabon may prompt other Indian fertiliser makers to buy assets overseas to secure the supply of inputs or add capacity, experts said. Gabon have a sheet cost advantage in production gas, it offers gas at one-sixth the cost of production *vis-à-vis* India. The high cost of feedstock in India and no investment policy in place has ensured that private companies are not willing to invest in India.

Tata Chemicals also holds a 33 perecnt stake in Indo Maroc Phosphore SA, a venture between Chambal Fertilisers and Chemicals Limited and Office Cherifien des Phosphates, Morocco, which is a large supplier of rock phosphate and its derivatives. Cheaper feedstock is driving state-owned firms such as Rashtriya Chemicals and Fertilisers Limited to look abroad as well. *(Mint, 10.05.11)*

Silk Sourcing from Africa

The Union Textile Ministry proposed to source silk from Africa to diversify its source base from domestic production and China. It has identified countries such as Mozambique, Gambia, Zambia, Uganda, Ethiopia, Kenya and Rwanda and initiated discussions with their embassy officials in India. Under the proposal, either a government entity or private firm in a joint venture or a partnership with the government could invest in these countries to improve production and skill levels in silk.

The Ministry has already undertaken a big programme in investment and skill development for cotton in Uganda, Malawi, Mali, Burkina Faso and Nigeria under overseas direct investment scheme. The collaboration in cotton and silk is crucial to develop competitiveness in these sectors at par with China, Vietnam, Bangladesh and Thailand. *(BS, 28.06.11)*

Stepping Up in Africa

In order to step up Indian presence in Africa, the Union government had convened a meeting with at least 40 ministries and departments. This was the first follow-up meeting post India-Africa Summit, where Manmohan Singh announced various schemes, terming the continent the new growth pole of the world.

The meeting was chaired by Gurjeet Singh, Additional Secretary (east and Africa) in the Ministry of External Affairs. Commerce and industry, railways, defence, textiles, food and agriculture were among the key ministries which were present. The government through this initiative wished to consolidate India's presence amidst stiff international competition in Africa, mainly through activities in these sectors. *(BS, 29.06.11)*

Kenya-India to Boost Trade

Kenya and India are set to establish a Joint Business Council as a forum to expand trade and investments between the two countries following an agreement between Kenya's President and India's Prime Minister.

The Council will be structured avenue for joint projects to be undertaken between the two countries and will also facilitate private investors, they said following their meeting on the sidelines of the second Africa-India Forum Summit 2011 held in Ethiopia.

Singh said India would support the implementation of projects identified by Kenya under its Vision 2030 development strategy while Kenyan President Kibaki highlighted that development of small and medium enterprises (SMEs) is critical towards employment creation in Kenya. *(PTI, 26.05.11)*

FE: The Financial Express; BD: Business Daily; PTI: Press Trust of India; BS: Business Standard

India in Africa: Published by CUTS Africa Resource Centre, Plot no 6078/A Northmead Area, Great East Road PO Box 37113, Lusaka, Zambia, Ph: +260.1.224992, Fx: +260.1.225220, E-mail: lusaka@cuts.org, and Nairobi Resource Centre, Yaya Court- 2nd Floor, No.5, Ring Road Kilimani off Argwings Kodhek Road, PO Box 8188, 00200, Nairobi, Kenya, Ph: +254.20.3862149, 3862150, 20.2329112, Fax: +254.20.3862149, Email: nairobi@cuts.org. **Head office:** D-217, Bhaskar Marg, Bani Park, Jaipur 302016, India, Ph: 91.141.2282821, Fx: 91.141.2282485, E-mail: cuts@cuts.org, Web Site: www.cuts-international.org