

Energy, Nuclear and Uranium Critical Frontiers in India-Africa Relations

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The 21st century has seen the African continent gain significant salience in Indian foreign policy. Elements of pragmatism have been mixed into the earlier idealistic policy and the factors such as energy, uranium, and other resources are driving India's interest in ties with Africa

Energy

The significance of ties between India and Africa has been gaining greater strategic prominence due to India's interest in the energy sector in the region. Energy security is a national imperative for India, and a strong partnership with Africa must be viewed as essential to securing India's energy needs. Indian public and private sector companies have made inroads into mainly francophone Africa in the petroleum and natural gas sector, with Nigeria being India's primary source of oil and gas in Africa. Algeria, Angola, and Sudan are also significant partners in the energy sector.

In 2010, Africa accounted for 20.6 percent of India's total crude oil imports. Oil and Natural Gas Corporation (ONGC) Videsh has been the most active public sector company in Africa. The company has in total five exploration projects in Africa, one in Libya, two in Nigeria, one in Egypt, and one in a Joint Development Zone, an area of overlapping maritime boundary claims between Nigeria and Sao Tome located in the Gulf of Guinea, but settled in 2001 by a treaty, and two producing projects in Sudan.

Indian Oil Corporation acquired an offshore block in Côte d'Ivoire, while in January 2010 ONGC signed a memorandum of understanding with Sonangol, Angola's state oil company, signifying a big step forward in India's efforts to enter the Angolan market, hitherto dominated by Western and Chinese companies.

The Indian private sector has also been looking to move into the oil and gas sector in Africa. Reliance Industries (RIL) bought a majority stake in Gulf Africa Petroleum Corporation in 2007. Another private sector company, Essar Energy Overseas Limited has a 50 percent stake in the Kenya Petroleum Refineries Limited since 2009. Both RIL and Essar have been bidding to acquire assets of British Petroleum in Zambia, Malawi, Botswana, Namibia, and Tanzania.

Nuclear and Uranium

Nuclear energy is expected to meet 25 percent of India's energy demand by 2050, and uranium imports are especially important to securing India's energy needs. India has signed a string of nuclear deals with African countries in the last few years. Under the agreement, Namibia will supply uranium oxide to India, besides with copper and diamonds.

Currently, Africa's civil nuclear industry is extremely underdeveloped and India's expertise has been welcomed by African nations. India's entry point into Africa has been through the 2009 Agreement on Civil Nuclear Cooperation with Namibia, allowing for trade and nuclear infrastructural development. Namibia, Malawi, South Africa, Niger, and Madagascar are the top five exporters of uranium to India, and among them only South Africa has the membership in Nuclear Suppliers Group. In the uranium sector, also, Indian private players have entered into the market.

China's economic hard power capabilities have successfully blocked Indian investment in Africa's primary sector, especially in critical countries such as Angola, Algeria, Zambia, Sudan etc. India's bilateral trade and investment with Africa also pale in comparison to those of China. And the nature of the Chinese economy being far greater than India's makes competing in Africa an extremely difficult task. Presence of high-profile Chinese ventures on the continent further challenges India's cultivation of strategic ties with Africa: a situation which could eventually impact on India's energy security, given its dependency on African resources.

However, India holds greater soft power potential owing to the ideological unity of emerging democracies. There is a more evenly-balanced power status in India's relations with Africa compared with China's hard power, and many African countries have doubts about China's real intentions in the continent. And in the long run, for India and China to prosper and expand their influence, coexistence and cooperation seem to be the most viable option; narrow, focused, and complementary target areas should be identified to facilitate this.



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Abridged from an article that appeared in the Foreign Policy Journal, on July 20, 2012

Indians Seeking African Ventures

India's billionaires are taking advantage of the lowest dollar borrowing costs in a year to expand in Africa's booming commodities and telephone markets. Venugopal Dhoot's Videocon Industries is seeking US\$1.4bn in loans to develop gas fields in Mozambique. Naveen Jindal's Jindal Steel & Power raised US\$150mn for coal mining in Mozambique and South Africa, while Sunil Mittal's Bharti Airtel raised a similar amount for phone networks in Kenya and Rwanda.

Indian companies are boosting efforts to build businesses and buy natural-resource assets in Africa after registering only 50 percent of the US\$12.7bn of buyouts in the continent that Chinese investors announced in the past decade. Funding for overseas projects is supporting India's dollar debt market, after foreign-currency borrowing fell 61 percent in 2012 amid the worst economic slowdown at home in almost a decade.

(*www.timesofoman.com, 21.07.12*)

Entrepreneurs to Compete for Grant

Nine finalists from five countries (Nigeria, Kenya, Uganda, South Africa and India) will be presenting their business proposals to nine business experts from Africa and India, and a contest for US\$10,000 grant in the finals of the INDIAFRICA Business Venture Competition. INDIAFRICA is a youth outreach initiative, launched in August, 2011 at Lagos Business School (LBS).

LBS revealed that the competition aims to sensitise the industry in India and Africa about opportunities that exist for collaboration by identifying and promising young entrepreneurs belonging to the two geographies and offering them opportunities for growth and collaboration.

(*www.vanguardngr.com, 25.09.12*)

Africa Invites Indian Investment

South Africa has urged Indian companies to invest, set up operations and take huge advantage of opportunities available for a 'win-win' situation for both countries. Indian companies investing in South Africa

Apollo Enters African Market

Apollo Hospitals of India has signed an agreement with AfroIndia Medical Services to set up 30 tele-medicine units in Africa. This will pave way for availability of tertiary and quaternary healthcare to patients resulting in cost, effort and time benefit.

Prathap C Reddy, Chairman, Apollo Hospitals Group, inaugurated the first three units at Lagos, Port Harcourt and Abuja in Nigeria through video conferencing in the presence of Eytayo Lambo, Health Minister of Nigeria. The tele-medicine centres will facilitate doctors in several African countries to interact with specialists at Apollo. A feature of this service is the provision of electronic virtual house visits and remote domiciliary care.



(*BL, 13.09.12*)

include Mahindra, Tata, UB Group, a number of pharmaceutical companies such as Ranbaxy and CIPLA, IT companies and some investments in the mining sector.

South Africa has invited Indian business persons, particularly women; collaborate with their South African counterparts in sectors – furniture, mining, gems and jewellery, crafts and agro-processing.

It considers the success stories of women self-help groups and small, micro, medium enterprises development to be a great achievement by the Indian sub-continent and is sending a delegation to study India's success in small business development.

(*http://datum-recruitment.com, 23.08.12*)

Cairn Buys African Gas Block

In its first deal since being acquired by Vedanta Resources, Cairn India has acquired a 60 percent stake from PetroSA in an oil and gas exploration block on the west coast of South Africa. Cairn India would be the operator in the block, while PetroSA, owned by the government of that country, would hold the remaining interest.

Cairn India would hold the stake through a wholly-owned South African subsidiary. The company has made no payment for the deal. However, in the initial phase, it would carry PetroSA's share of investment towards the work programme.

(*BS, 17.08.12*)

Bank of India in Africa

Bank of India has opened its first South African branch, more than half a century after it established its first presence in the African continent. Alok Misra, Chairman and Managing Director of the 106-year-old bank said, "Africa has, for long, been our favoured continent and upgrading our representative office of the past five years to branch banking in South Africa is one more step in that direction."

Bank of India already has a presence in Kenya, Uganda, Tanzania, Zambia and South Africa and besides an office in Botswana in two months' time; there were plans to open offices in a few more African countries in West and East Africa in the near future.

(*BL, 13.09.12*)

India-Africa to Double Trade

In a move to strengthen trade ties with Africa, India will double its trade with West African countries to US\$40bn by 2015. Anand Sharma, Commerce, Industry and Textiles Minister said, "Currently, the trade between India and West Africa is US\$20bn. I would ask chambers and industry to work towards taking this number to US\$40bn by 2015."

Keeping in view the business interests of corporate India and huge untapped opportunity that Africa promises, India aims to enhance bilateral trade with the entire African continent to US\$90bn by 2015 from the current US\$50bn.

(*FE, 11.07.12*)

Sources: BL: The Hindu Business Line; BS: Business Standard; FE: Financial Express