

India in Africa

India's Foreign Trade Policy to Strengthen its 'Africa' Nexus

The Indian Government, on first day of fiscal year 2015-16, released the Foreign Trade Policy (FTP), which will be followed till March 31, 2020. Overall, the regime has been revamped and the policy calls for the 'enhancement of the entire trade ecosystem'. The FTP will help boost India's export sector and more importantly enhance competitiveness with respect to peers, over the coming five years. The success of the policy will depend on strengthening linkages between the FTP and other (complementary) programmes of the Government that have been launched recently, viz. like *Make in India*, *Digital India* and *Skills India*.

The Government has set ambitious goals, part of which is to increase exports, over the next five years – to US\$900bn from the 2013-14 levels of US\$465.9bn. This is part of a larger plan, which is to increase India's share in world exports from 2 percent to 3.5 percent. Achieving export competitiveness is aimed at assuming a position of leadership in the international trade discourse. The new FTP distinctly focusses on a market strategy and a product strategy for trade. The market strategy includes improving India's present engagement with key economies of the world and strengthening its trading pattern, over the next five years, including Indo-African trade.

Many observers point towards the need to further boost Indo-African trade relations, which does not seem to have achieved full potential yet. Home to several fast-growing economies, such as Nigeria, South Africa and Kenya, Africa remains a large and lucrative market for Indian goods and services. It is expected to become a more attractive trade destination, as India's manufacturing sector grows, under the '*Make in India*' programme. Trade between India and Africa has increased considerably, over the previous decade or so and is expected to cross the US\$100bn mark in the current year. Impressive as this might be, it is necessary to compare India's trade performance in Africa (US\$70bn in 2013) with that of its competitors (China: US\$200bn, 2013 and US: US\$90bn, 2013).

Of late, African leaders are looking to diversify their economic partnerships, especially with the emerging powers. India must use this opportunity to re-cast its Africa story, and use the FTP as a tool to do so. The Third India-Africa Forum Summit to be held in India in October, 2015 should serve as a platform for India to announce



this, and revive its Africa connection. It is also time for India to have a multi-year 'Strategy for Africa', which should not only encapsulate its trade and economic ambitions, but also align India's development cooperation with Africa. Such a strategy could integrate the following elements:

- A well-defined strategic policy framework that defines what informs the relationship and proposes how future engagements will be shaped and
- A narrative that extends beyond historical platitudes and rhetoric, and is underlined by the pragmatism of successes and challenges that characterise relations.

In the overall analysis of the India-Africa engagement there are two issues that have to be dealt decisively by the current Indian Government and the African partners. The first is for India to demonstrate and reassure that Africa's place in India's foreign policy remains on top of its new hierarchy of international engagements. The second issue is for African leaders to define what they want out of their India engagement (that other partners could not provide) and not fall into the trap of becoming junior partners in this association. It remains to be seen what strategy India adopts to strengthen its economic and development cooperation with Africa as a means of re-casting the 'Africa story' and giving 'Africa' the place it deserves in the country's foreign policy regime.

Excerpts from articles titled:

a) *New Foreign Trade Policy and India's competitiveness* (www.smetimes.in, 07.04.15)

b) *Can India reinvent its Africa engagement? Time to define the relationship* (www.igd.org.za, 01.04.15)

c) *India's African Connect* (www.dailypioneer.com, 25.04.15)

Urban Metro Project Funds

Tanzania is seeking funding from India to build a metro rail network in its commercial capital, Dar es Salaam, the Tanzanian President Jakaya Kikwete's office stated.

The President indicated that India's Infrastructure Leasing and Financial Services Ltd (IL&FS) has expressed interest to invest in the metro rail.

Moreover, Tanzania plans to spend around US\$2bn to build new roads and a bus rapid transit system to unclog traffic in Dar es Salaam. The plan would include the construction of fly-overs and bridges, using budgetary allocations from the Government's 2015-16 fiscal year starting in July 2015.

(www.timesofindia.indiatimes.com, 20.06.15)

Legumes Import Paybacks

Kenyan farmers are expected to benefit from Sh400bn the Indian Government has set aside in its annual budget to import grain legumes from Africa in the current year. India's Deputy High Commissioner to Kenya Sushil Singhal has confirmed that India is looking to import the legumes from Kenya among other African countries.

Singhal mentioned that his Government was willing to partner with would-be exporters to set up processing zones where such pulses would be processed to enhance quality and comply with export requirements ahead of shipment to India.

Furthermore, the Eastern African Grain Council (EAGC) Chairman Otim Bernard has promised that the Council would mobilise and facilitate smallholder farmers for boosting this line of trade.

(www.standardmedia.co.ke, 27.04.15)

Exporters Eye DFQF Scheme

Rwandan exporters wish to take advantage of the Duty Free Quota Free (DFQF) scheme of the Government of India for boosting trade between Rwanda and India. According to Robert Opirah, Director

India Contributes to African Development Bank

Dinesh Sharma, Temporary Governor for India at the African Development Bank and Charles Boamah, African Development Bank's (AfDB) Vice-President in charge of Finance, on May 25, 2015 in Abidjan, inked a protocol accord, related to the replenishment of the country's technical cooperation agreement with AfDB. The agreement comes in the margins of the AfDB's Annual Meetings, and on the heels of a



generous contribution to the African Development Fund by India. India has increased its support by over 57 percent as compared to the earlier contribution, with a current replenishment of about US\$16,250,000 (₹1.03bn).

Under AfDB-India joint cooperation, the Trust Fund is delivering significant results in enhancing Public Private Partnerships (PPP) in a number of sectors in Regional Member Countries. The Trust Fund is also supporting the Bank in addressing its trade finance initiatives, as well as promoting infrastructure and regional integration – particularly through the railways enhancement project in East Africa.

(www.afdb.org, 25.05.15)

General for Trade and Investment at the Ministry of Trade and Industry, exporters would be benefitted from this Duty Free Tariff Preference (DFTP) facility, and could lead to access to over 90 percent of Indian market by Rwanda, at zero duty.

Local exporters do not seem to have considered India as a preferred destination for their products, due to their lack of awareness of the scheme mentioned, there is something that the Ministry of Investment and Trade is set to change presently.

(www.allafrica.com, 30.06.15)

Investing US\$6bn in Oil

Indian Government-owned oil exploration and marketing companies would invest another US\$6bn (₹38,000 crore) in Mozambique, said Minister of Petroleum and Natural Gas, Government of India; Dharmendra Pradhan. He stated at a workshop organised by International Energy Agency (IEA), in association with NITI Aayog and The Energy and Resources Institute (TERI).

ONGC Videsh, foreign arm of Oil and Natural Gas Corporation, Oil India Ltd and a unit of Bharat Petroleum Corporation together hold a 30 percent interest in Rovuma Area-

1, which is estimated to hold recoverable gas reserves of up to 75tn cubic feet. The Minister said that the first shipment of Liquefied Natural Gas (LNG) from Rovuma Area-1 was targeted for 2018-2019.

(www.business-standard.com, 14.04.15)

India-The Gambia Cooperate

The Gambian Ministry of Trade, Industry, Regional Integration and Employment (MOTIE) signed a Memorandum of Understanding (MoU) with the Government of India (GoI) in May, 2015 for the establishment of a Vocational Training and Incubation Centre.

These would be developed under the auspices and partnership of GoI and the Commission of Africa Union (AU) based on their commitment made at first Indian-African Forum Summit held in New Delhi in April 2008.

According to Abdoulie Jobe, the Minister of MOTIE, the scope of the project involves setting up Vocational Training and Incubation Centres in The Gambia to provide initial training to batches of local trainers to create a pool of qualified local trainers for subsequent trainings.

(www.allafrica.com, 28.05.15)