



NSDS HUB
NATO STRATEGIC DIRECTION SOUTH

**POLICY CENTER
FOR THE NEW SOUTH**
THINK • STIMULATE • BRIDGE

October 2019

The Rationale behind India's Shift to Africa



NSD-S Hub, Via Madonna del Pantano, Lago Patria - Italy 80014

www.TheSouthernHub.org

The NSDS HUB has been established at Allied Joint Force Command Naples in order to improve NATO's awareness and understanding of the opportunities and challenges from the South, while contributing to the overall coordination of NATO's activities and efforts. The NSDS HUB products are developed with open-source information from governmental organizations, non-governmental organizations, international organizations, academic institutions, media sources and military organizations. By design, the NSDS HUB products or links to open sourced and independently produced articles do not necessarily represent the opinions, views or official positions of any other organization.

This document was produced in collaboration with Mrs Ihssane Guennoun, International Relations Specialist, Policy Center for the New South.



Ihssane Guennoun is an International Relations Specialist at the Policy Center for the New South. She contributes to the Geopolitics and International Relations research program by focusing on West Africa. Her research also covers security in the Sahel region as well as recent developments of Asian players in Africa. Prior to joining the Policy Center in 2015, she spent six months at the German Marshall Fund of the United States within the Wider Atlantic program. Ihssane has a double degree in International Relations from the School of Governance and Economics of Rabat (Morocco) and the Institute of Political Studies of Aix-en-Provence (France).

SUMMARY

Africa, as a continent of economic opportunities, is attracting foreign players. In this context, India is emerging as an important partner, especially for Eastern and Southern Africa. The complexity of its geopolitical environment combined with internal specificities motivated the revival of interest for the continent.

This paper draws on historical developments between India and African countries to provide the state of play of recent linkages. Those trends are better perceived through the three prisms of trade and investments, finance and defence. From the current situation, the paper builds on possible outlooks.

CONTENTS

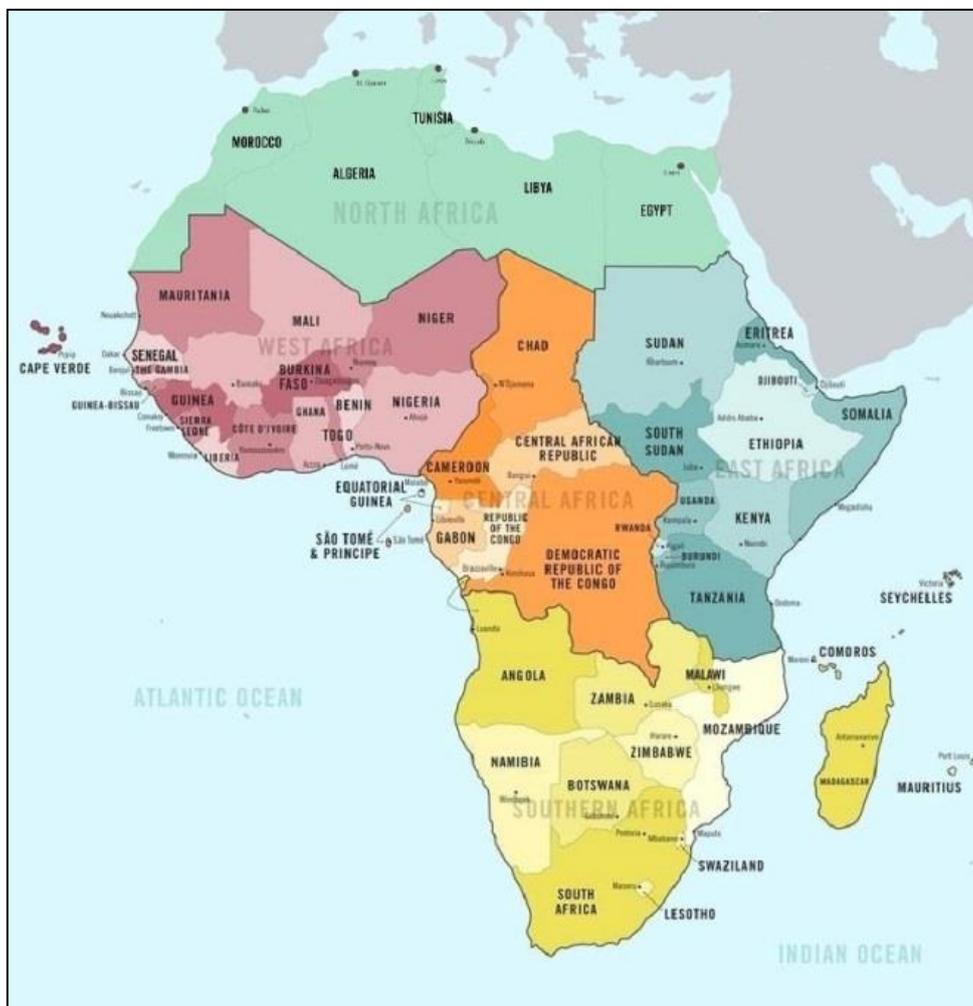
SUMMARY	3
CONTENTS	3
India in Africa: Why? and Why now?	4
India-Africa Historical Ties	5
Diplomacy as a tool for India-Africa relations	5
Perception and Contribution of the Indian diaspora.....	6
Shifting Indian narrative: From Singh to Modi	7
Current trends of India-Africa Engagement	8
Investments and Trade Patterns.....	8
Indian LOCs and Duty Free Trade on the continent	9
Indian Defence and Security Engagement in Africa.....	10
India in Africa: Outlooks	12

India in Africa: Why? and Why now?

With a current population of 1.3 Billion expected to surpass that of China by 2024¹, India is emerging as a populated country with growing needs in terms of food, energy and natural resources. Besides demographic pressure, India is facing several internal and external challenges. The country is struggling to tackle poverty which affects 1/5 of its population² fuelling social unrest.

From a broader picture, India is surrounded by border disputes with neighbouring countries; mainly Kashmir with Pakistan and Aksai Chin with China. Those territorial claims are further exacerbated by the growing influence of China and its Belt and Road Initiative (BRI) which is enclosing India. In the framework of the BRI, China is developing the China-Pakistan Economic Corridor (CPEC) that links south-west China to the Gwadar Port (located in Pakistan) through the disputed territory of Kashmir. With regards to the maritime layout of the BRI, the Chinese *String of Pearls*³ is contributing to India's isolation.

Figure 1: Regional Breakdown of Africa



¹ United Nations Data

² Multidimensional Poverty Index 2019, World Development Indicators, World Bank

³ The Chinese String of Pearls is an initiative whereby China is investing in various ports along the Indian Ocean such as Myanmar, Bangladesh, Sri Lanka, Maldives and Pakistan.

On the trade side, India and the ASEAN traditional partnership is gradually losing momentum. Indeed, the weak connectivity of the ASEAN economies combined with heterogeneous growth levels prevent India from deepening its engagement with this regional market.

As a consequence, the country is seeking new economic opportunities outside of Asia, gradually moving away from its *“Look East Policy”*⁴. In this context, India felt the need to turn towards new markets and take advantage of the African continent opportunities. As Africa is home to one of the fastest-growing economies endowed with large reserves of natural resources, it is becoming a ground of geopolitical and economic competition.

India-Africa Historical Ties

Diplomacy as a tool for India-Africa relations

The Indian diplomatic engagement with African countries was initiated soon after the waves of independence on the continent. India paved the way for African independence movements by using pacifism as a tool to fight colonialism. Within the Non-Aligned Movement, it supported several African countries up until the 1980s in their quest for freedom. Through this movement, India was giving a voice to recently independent countries. This collaboration was framed around a South-South approach providing mutual support at the international level. As an example, many African countries supported India in its quest for a permanent seat at the United Nations Security Council.

However, despite shared culture and history, the relationship between India and African countries remained well below their potential. India was preoccupied with its internal politics and had limited means to engage with African countries. Over the past decades, India has made steady efforts to take its relationship with African countries to the next level by increasing high-level engagement.

INDIA’S SOFT POWER IN AFRICA

The main Indian soft power tools are the diaspora and scholarships. In 2008, PM Singh announced up to 1600 scholarships for African students while in 2015, PM Modi announced 50 000 over the next five years. Since the first announcement, 900 scholarships are allocated yearly to students from all African countries. In addition to these soft power tools, cultural exchanges are deeply rooted in the India-Africa Relations. The best examples are the Bollywood industry and Cricket which are perceived as Indian soft power. However, they arrived in Africa through the Indian diaspora and became mainstream over time. Hence, they do not directly serve New Delhi’s economic agenda on the continent.

As early as 1947, Indian leaders visited African countries to set up relationships with the African continent. The then Prime Minister (PM) Jawaharlal Nehru went to Egypt, Nigeria and Sudan while Prime Minister Indira Gandhi made about twenty visits to Eastern, Southern and Northern African countries. The following Prime Ministers Rajiv Gandhi, Atal Bihari Vajpayee and Manmohan Singh slowed down the pace of diplomatic engagement, visiting less than ten African countries each.

Some of those visits were reciprocated by African leaders as their countries were gaining independence. For instance, President Farik Ibrahim Abboud from Sudan, Prime Minister Kwame Nkrumah of Ghana, and the President of Tanzania, Julius Nyerere went on State Visits to India between the 1960s and the 1970s.

⁴ The *“Look East Policy”* is PM Rao’s doctrine introduced in 1990 to foster India’s political and economic influence in South East Asia and take part in the ongoing regionalization process in the area.

The first attempt to institutionalize the relationship between India and Africa was the first India Africa Summit (IAS) hosted by New Delhi in 2008. The Summit provided a platform for dialogue for India and the represented African countries. Only fifteen African leaders were present to discuss issues of common interest for the continent. This low representation of African countries did not play in favour of further engagement with India at that time. In addition, India's historical preference for multilateral engagement was standing on the way of developing bilateral relations with African countries.

The second India Africa Summit took place in Addis Ababa in 2011 with still a limited number of African countries represented while the third one in 2015 gathered 41 out of 54 African leaders. The nature of the engagement changed over the three Summits. The first ones emphasized on development assistance for Africa through loans and scholarships, whereas the last IAS introduced a new component which is collaboration on security issues.

Perception and Contribution of the Indian diaspora

The migration flows between India and Africa date back to several centuries with trade being the main motive of those movements. However, the flow of Indians to Africa intensified after the abolition of slavery in the 19th Century. About two million Indians left their country for the African continent to work in the colonial empires in the mining and agriculture sectors. This trend was followed by a movement of Indian elites seeking news business opportunities in Southern and Eastern Africa as early as the 20th Century.

Following India's independence, many African countries joined efforts to fight against colonization. Indian migrants contributed to the decolonization efforts in their African host countries. Gradually, as countries in Africa were gaining independence, they focused more on their domestic issues. Some of them, such as Kenya, Uganda and Ethiopia, adopted measures directed against foreigners in the country.

Despite their contribution to movements of independence, Indian migrants were no longer welcome to stay in their host countries. In Uganda alone, about 80 000 Indians had to leave the country. During the decolonization, the Indian government did not provide assistance to its citizens abroad and did not take measures to welcome them back. Hence, Indians in Africa had to re-establish elsewhere, mainly in Great Britain.

As India was gaining momentum at the international level, the country had to rethink its foreign policy. In the 1980s, the government's awareness of Indian citizens abroad became stronger. As such, the concept of "*Indian Diaspora*" was born to describe Indian citizens living overseas. According to the Ministry of External Affairs, 31M Indians are living outside of India as of December 2018 with about 2.8M Overseas Indians⁵ living in Eastern and Southern Africa. The Indian government has taken concrete actions to leverage on its diaspora as a tool for diplomatic, cultural and economic projection on the continent. The government created the High Level Committee on Indian Diaspora in 2000 which acts as a key institution supporting the Indian Overseas in their endeavours.

In addition to being channels of influence, the Indian Diaspora is the one that sends the most remittances back home in the world with an estimated \$69 Bn⁶. However, the figures from Eastern and Southern African countries are not so high. Indeed, according to estimates from the World Bank, \$568M are sent back to India from those countries which represent 0.82% of total remittances received by India. It is interesting to see, however, that there is some divergence when it comes to Indians living in the United Arab Emirates (3M), the United States of America (4,4M) and Saudi Arabia (2,8M). Indeed, they respectively transfer back \$14

⁵ Overseas Indians refer to Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs). Data from the Overseas Indian Affairs Division, Ministry of External Affairs.

⁶ World Bank Group Data

Bn, \$12 Bn and \$11 Bn to India. It seems that the revival of interest of New Delhi towards its diaspora in Africa is motivated by other interests than by financial ones.

Table 1: Remittances Sent and Received by India in 2010 and 2017 (In \$USD Million)

Remittance-sending Region	2010		2017	
	Remittances Received	Remittances Sent	Remittances Received	Remittances Sent
Southern Africa	26	0	196	0
Eastern Africa	164	3	372	9
Total Remittances from Southern and Eastern Africa	190	3	568	9

Source : Ministry of Overseas Indian Affairs

In reality, despite their limited numbers, their economic weight remains important in the host countries as they run key businesses. In Kenya and Uganda for instance, they are leading in the finance, industrial and real estate sectors. However, due to cultural differences, they do not engage significantly with local communities.

Although their involvement in local politics is almost inexistent, they are part of strong and powerful lobbying groups. The case of the Gupta family in South Africa illustrates their weight in the country's power circles.

Shifting Indian narrative: From Singh to Modi

Since the coming to power of Prime Minister Narendra Modi in May 2014, there was a progressive shift in India's foreign policy. PM Modi aimed at reviving the role of India both at regional and international level.

Since the 1980s, PM Modi was one of the few Indian leaders to express concrete interest for cooperating with the African continent. During his mandate, he used financial means and soft power to support his strategic stance towards Africa.

When we compare PM Singh's speech at the IAS 2008 with that of PM Modi at the IAS in 2015, the shift of narrative becomes evident. In 2008, the first IAS gathered a limited number of African representatives. The opening address of PM Singh showcased India as a partner for Africa thanks to India's progress on various sectors. It depicted India as a country that can provide aid and share its expertise with Africa. Although the speech highlighted mutual historical engagement, India was presented as a leader in its collaboration with Africa.

During the IAS 2015, PM Modi adopted a different approach for his opening speech. Besides references to historical and cultural ties, he praised African countries' progress. He gave examples of regional initiatives aiming at enhancing stability, prosperity and economic development. One key difference with PM Singh's speech is that PM Modi portrayed Africa as a continent that can contribute to India's development. As an example, PM Modi stressed the role that African energy plays in fueling Indian industries.

When it comes to areas of cooperation, PM Singh has remained broad in his speech. He emphasized the need for more collaboration and exchange of expertise based on "equality, mutual respect and benefit"⁷. However, PM Modi introduced a new comprehension of the India-Africa partnership. He admitted that

⁷ Prime Minister Manmohan Singh's Speech at the India Africa Summit in 2008

common challenges experienced by Africa and India are global ones. Hence, India is no longer a development partner for Africa but also a partner on global issues such as climate change, security, agriculture and countering violent extremism.

Current trends of India-Africa Engagement

Investments and Trade Patterns

Since 2000, Africa became an attractive destination for foreign investments due to its high growth rate, the rising middle class and its resource abundance, particularly in the energy sector. In recent years, dependence on oil resources increased and remains a priority for Indian investments abroad. The growing pressure of Indian demography requires more energy imports. Energy holds a major share in India Africa trade flows. In 2017, oil and gas represented 60% of African exports to India.

Over the last twenty years, Indian investments on the continent experienced robust growth, allowing the country to become a strategic partner for African development. Due to India's awareness of challenges related to investments in Africa, the country coordinated efforts between the government, bank institutions and the private sector.

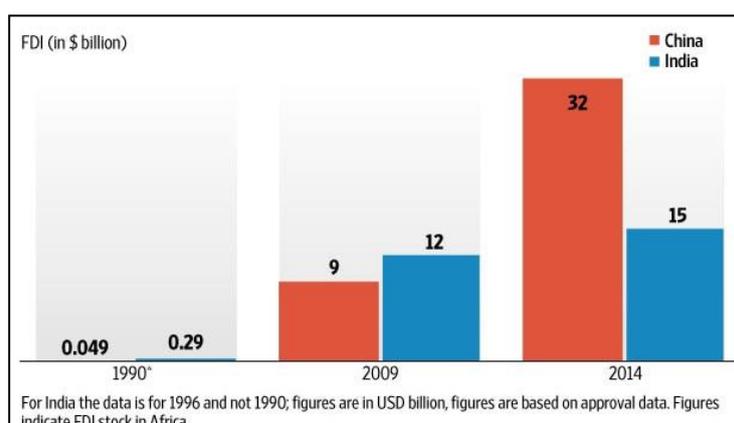
In terms of investments efforts, the main takeaways of the last India-Africa Forum summit in 2015 were:

- \$ 500 Million grants
- \$ 100 million development fund
- \$ 10 billion lines of credit.

Investments are not only financial, but education engagement is also traditionally strong between India and African countries and will be reinforced after the summit with the decision to allow 50 000 scholarships.

Indian Foreign Direct Investments (FDI) were originally focused on Mauritius due to the close social and cultural links. However, India expanded its investments to Nigeria, South Africa and to a lesser extent, to North African countries. The cumulative investments in Africa amounted in 2018 to \$ 54 billion, India becoming the fourth most important investor on the African continent. Indian investments steadily increase but remain slower than that of other powers like China (Graph 1).

Graph 1: Indian and Chinese FDI in Africa



Source: UNCTAD

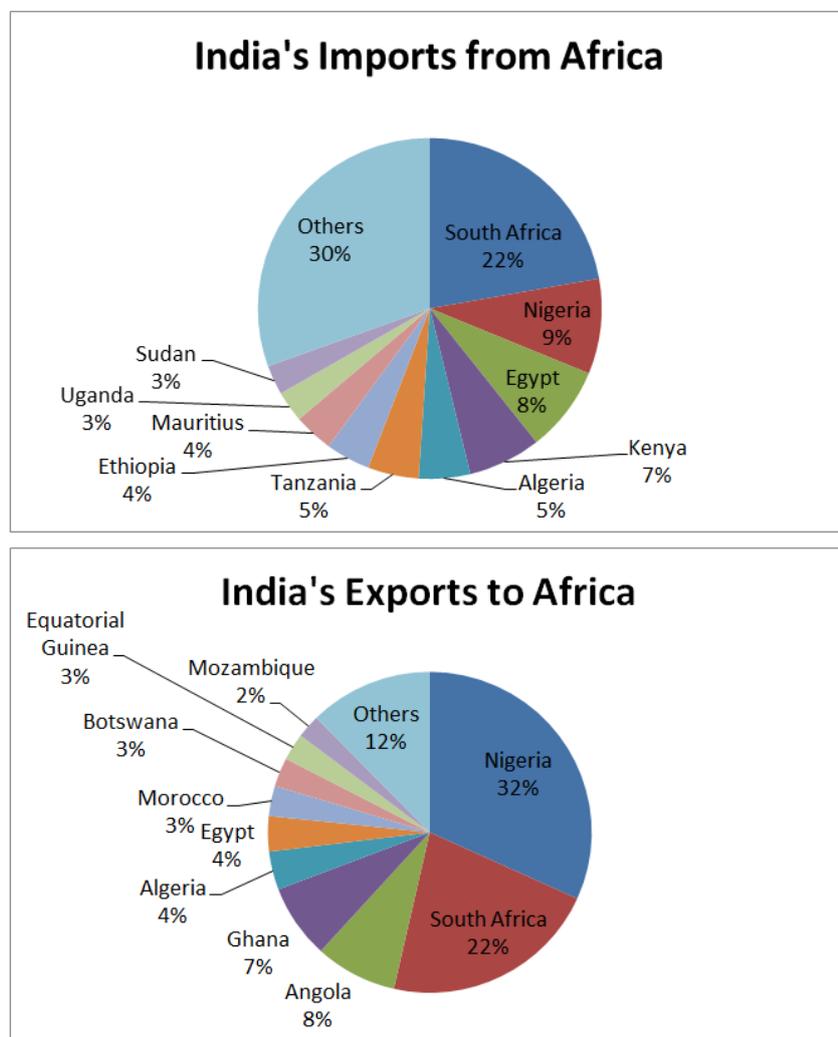
Trade relations between India and Africa are historically on the rise; looking back from 1995 to 2017, both imports and exports increased significantly in value and volume. In 1995, imports from Africa represented 6.2% and amounted to \$ 1.8 billion while the exports to Africa represented 5.8% for a value of \$ 1.7Bn. Due to the strengthened relations, in 2017, the imports and exports increased to respectively 9% (\$ 37 Bn) and

7.0% (\$ 23 Bn). The trade balance is slightly negative from the Indian side. As for African countries, the trade position is rather balanced, except for:

- In 2016, India became the first market for Mozambique exports at the expense of China. In 2018, exports to India represented 35% of the total exports and amounted to \$ 2.3 billion. Ninety percent of these exports are composed of coal and derivatives;
- India stands equal with China as an import partner for Somalia. Imports from India represent 21% of the country's imports and are composed of 65% of food products;
- India is the first export destination from Nigeria and receives 20% of the country's exports, mainly crude oil and mineral.

As Graph 2 shows, the main trading partners of India in Africa are Nigeria, South Africa, Kenya, Egypt and Tanzania. On the African market, South Africa and Nigeria receive more than 60% of Indian exports and represent 45% of India's imports from Africa.

Graph 2: Share of India's top ten partners - Imports and Exports to and from Africa in 2018



Indian LOCs and Duty Free Trade on the continent

As India has developed its Africa policy, its EXIM Bank played a key role in supporting its presence on the continent. The EXIM bank provided Indian companies with guarantees as well as with an administrative framework to help them develop their activities. In addition, it supported the Indian government in its

African endeavours, mainly through the various Lines of Credit (LOC) that were granted to its African partners.

The following table summarizes the Indian loans for the continent. We notice the absence of loans for North Africa in which the Indian presence is not developed enough on the considered date range.

It is interesting to note that during the past ten years, over 60% of the LOCs were granted to Eastern and Southern African countries. For historical and geographic reasons, Indian influence is most visible in those two regions.

Table 2: EXIM Bank Loans to Africa from 2010 to 2019

Region	Amount of Credit (in Million USD)	Share in Total
Central Africa	852,04	10%
Eastern Africa	3325,34	38%
Southern Africa	2294,42	26%
West Africa	1551,28	18%
Ecowa Bank for Investment and Development (EBID)	650	7%
Total	8673,08	100%

Source: Author's Calculation based on the EXIM Bank Data

Besides the LOCs, India has announced at the IAS 2008 the implementation of a Duty Free Tariff Preference (DFTP) to all Least Developed Countries (LDCs). This scheme offered a reduction of 85% on Indian tariff lines for imports from LDCs. Those tariff lines were further improved in 2014 when India revised the scheme to remove 98.2% of import duties. As of July 2016, twenty-two African countries were considered as beneficiaries of the DFTP and eleven of them are yet to join the list of beneficiaries. The DFTP is a way for India to showcase its commitment towards African development and provide preferential access to the Indian market. For example, Equatorial Guinea is still a beneficiary of the scheme despite graduating from the status of LDC in 2017. Yet, this initiative has also benefited India since some of its trading partners rank amongst LDCs. As India relies on some of them for its imports, it facilitates import duties from those countries.

Indian Defence and Security Engagement in Africa

India has a long history of military engagement in UN peacekeeping operations (PKO). Over the last 70 years, India has deployed around 240 000 military troops and police officers in the framework of UN missions, becoming the largest troop contributor in UN history. Currently, India is the fourth largest contributor behind Ethiopia, Bangladesh and Rwanda, with 6 430 troops deployed in nine out of fourteen UN PKO. In Africa, India's main participation is within MONUSCO in the Democratic Republic of Congo and UNMISS in South Sudan mandates⁸.

⁸ MONUSCO: 2 777 (second contributor) – UNMISS: 2 401 (second contributor) – MINURSO: 3 – UNISFA: 1
Author's Calculation based on the United Nations Data

In addition to PKO, India is increasing its bilateral engagement with African countries on defence-related aspects. Two of the ten guiding principles for India-Africa engagement state⁹:

- “We will strengthen our cooperation and mutual capabilities in combatting terrorism and extremism; keeping our cyberspace safe and secure; and, supporting the UN in advancing and keeping peace;
- We will work with African nations to keep the oceans open and free for the benefit of all nations. The world needs cooperation and competition in the eastern shores of Africa and the eastern Indian Ocean.”

In implementing these principles, Indian and African efforts focus on counter-terrorism and counter-piracy cooperation. The agreements and Memorandums of Understanding (MoU) signed relate to capacity building, field and academic training, defence industry and maritime security. India’s main partners on defence and security matters are South Africa, Kenya, Nigeria and Rwanda. Other bilateral cooperation programs exist with African nations such as Madagascar, Mauritius, Mozambique, Seychelles, Tanzania and Zambia. Following the last IAS, India expanded the scope and the range of its cooperation with Africa. Defence collaboration became one of India’s priorities to strengthen its ties with the continent. Defence-oriented narratives are more present in official speeches and Joint Defence Cooperation Committees are multiplying at the bilateral level with a growing number of African counterparts.

Indian military engagement in Africa is not limited to United Nations PKO and bilateral engagements. In March 2019, the first edition of a joint field-training exercise was launched between African countries and India. Contingents from 17 African nations¹⁰ along with the Maratha Light Infantry (Jangi Paltan) participated in this exercise aiming at enhancing interoperability and compatibility in conducting United Nations mandated tasks.

Figure 2: Africa-India Field Training Exercise



Source: *Hindustantimes*-19 March 2019

⁹ Prime Minister Narendra Modi’s remarks at Parliament of Uganda during his state visit to Uganda and addressed to the African Nations (2018)

¹⁰ Benin, Botswana, Egypt, Ghana, Kenya, Mauritius, Mozambique, Namibia, Niger, Nigeria, Senegal, South Africa, Sudan, Tanzania, Uganda, Zambia and Zimbabwe

India in Africa: Outlooks

In 2010, the Indian Think Tank Institute for Defence Studies and Analysis (IDSA)¹¹ published an article on perspectives of India-Africa relationship. Almost ten years later, this study's conclusions remain relevant and present implementation opportunities for today's future.

The last IAS showed increased coherence and long-term engagement of India in Africa; however, it is still debatable whether India will be able to confirm its shift from a "request-based" approach to an "initiative-based" one. In this approach, Africa is treated as an equal partner and strategic ties can be built. In such a case, India will be able to develop more strategic partnerships throughout the African continent. Nevertheless, India is actively seeking to play a greater role in Africa and is working on its narrative to define its position amongst other foreign players on the continent.

As for the relations of the Indian diaspora in Africa to the motherland, unlike other Indian citizens in the world (UAE, US), Indians living in Africa cannot be seen as a sufficient resource opportunity for their native country. Despite the creation of the High Level Committee on Indian Diaspora, Indian communities in Africa do not feel enough support by their origin country and question the Indian political will to make more efforts. Any improvement of India's position in Africa requires a real acknowledgement of the role of Indian expats there.

Regarding the economic aspects of India-Africa perspectives, the Indian LOCs are reflecting the focus on infrastructure and energy sectors. Nevertheless, closing the gap between LOC commitment and actual implementation would certainly improve the overall impact of the Indian financial sector in Africa. As far as trade is concerned, India is increasingly dependent on imports of natural resources from Africa. However, the outlook of trade partnership is conditioned by the effective protection of investments in energy and agriculture sectors from unexpected changes in the political and regulatory domains.

Security issues are increasingly present in Indian political discourse about Africa. India is seeking to reinforce its influence on Africa's geopolitics through, inter alia, an increased commitment to conflict resolution.

OTHER POSSIBLE DEVELOPMENTS

What if India relation with Africa does not take off? Despite its efforts to strengthen its bonds with Africa, India's economic footprint is hindered by limited means (finance, technology, industrial production). If India is unable to reach the full potential of its engagement with the continent would it consider the Belt and Road Initiative (BRI) as an option? If so, Chinese conditions could, amongst other consequences, weaken India's position regarding its territorial disputes.

What future for the Asia-Africa Growth Corridor (AAGC)? The Asia-Africa Growth Corridor was first mentioned in a joint statement following a visit of Japan Prime Minister Shinzo Abe in India in 2016. This program aims at connecting Asian and African countries to multiply trade and economic opportunities. Although it is attractive on paper, in 2019, neither India, Japan on one side nor African partners spoke about the AAGC. For the time being, the first steps of the AAGC are yet to be implemented.

If the stakeholders can overcome the internal challenges of the program (such as the coordination between more than 80 countries or diverging national agendas), the AAGC could represent a good opportunity for African countries.

How empowerment can benefit African countries? Africa is, as mentioned earlier, attracting foreign interests thanks to its economic opportunities. In this situation, African countries could use Indian participation in this competition to their benefit by diversifying their partners and their economies, building more resilience.

¹¹ India-Africa Partnership: What the future holds? – 28 APR 2010.

In 2018, IDSA is ranked 28th in the Top Think Tank Worldwide (non-US) by the Think Tank and Civil Societies Program of University of Pennsylvania.

Bibliography

- Broadman, Harry G. "China and India Go to Africa: New Deals in the Developing World." *Foreign Affairs*, vol. 87, no. 2, 2008, pp. 95–109. *JSTOR*, www.jstor.org/stable/20032583
- Chhabra, Hari Sharan. "*Nehru and Resurgent Africa*." Africa Publications (New Delhi), 1989. Web.
- Hindustan Times, "*Afindex 2019: Indian Army Kicks Off Field Training Exercise with 17 African Nations in Pune*", 19 March 2019
- The Ministry of Overseas Indian Affairs
- The Observatory of Economic Complexity
- Prime Minister Narendra Modi's remarks at Parliament of Uganda during his state visit to Uganda and addressed to the African Nations (2018)
- United Nations
 - a. United Nations Conference on Trade and Development, Handbook on India's Duty-Free Tariff Preference Scheme for Least Developed Countries, 2017
 - b. United Nations Peacekeeping
- Wagner, Christian. "*India's Africa Policy*." SWP Berlin, July 2019.
- World Bank
- Beri, R. (2010). India - Africa Partnership: What the future holds? | Institute for Defence Studies and Analyses. https://idsa.in/event/IndiaAfricaPartnershipWhattheFutureHolds_2010