

# India and Africa: The way forward for two potential economic giants

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## **By Ambassador Anil Trigunayat**

After seven decades, the fifty-five African states are trying to sincerely decide on their own future course through greater and definitive integration. Several regional organisations were conceived of whom some function more actively and comprehensively than the others especially in the domain of economy and trade. Several regional groups have overlapping entities and overarching approaches which tended to confuse the effort with the expected outcomes. Africans have made sincere efforts to unite and evolve multilateral institutions like the African Union (AU) or the African Development Bank (AfDB) and several effective regional organisations be they related to financial, banking, customs or developmental priorities. Despite the slow and occasionally wavering processes they have been working hard to create a pan-African economic space which could provide them the requisite levers for international

negotiability and protection. They established an Agenda 2063 at the AU Summit in 2015 which seeks to achieve a more prosperous Africa through an inclusive growth and sustainable development embracing Pan-Africanism. Since they identified the basic problems afflicting the continent a Call for Action Plan sought to eradicate poverty, provide affordable housing, education and skill development, equitable industrialisation, modernising agriculture, creating infrastructure across the spectrum, mobilisation of domestic resources for development, and conflict prevention across Africa. These are the key issues that face any developing country. Trade and not Aid surely not the conditional aid has been the driving force for achieving these objectives. One of the key recommendations has been to establish a Continental Free Trade Area since the Agenda 2063 had set the target of enhancing intra-regional trade to 50 percent by 2050 from the current 18 percent. It estimated an eventual growth and share of 12 percent for Africa in the global trade from two percent to 12 percent in the same time frame. Despite road blocs and divergences the project is moving smoothly as it seeks to establish 'a prosperous Africa, a peaceful Africa and a just Africa'. Earlier in 2008 an African Free Trade Zone had been created with the participation of sub regional groups like EAC, SADC and COMESA.

However, in March 2018 at the Kigali Summit 44 countries signed up to the African Continental Free Trade Area (AfCFTA) encompassing 1.2 billion people with a combined GDP of \$2.3 billion. This happens to be the largest trade agreement since WTO and seeks to establish " a single continental market for goods and services with free movement of business persons and investments'. It would end up reducing the average export tariffs of 6.1 percent on over 90 % of the items. A closer integration continues even though the biggest economies like Nigeria are yet to come on board and scotch their apprehensions while South Africa did finally join in. President Buhari, in order to protect their industries and manufacturing does not want Nigeria to become a "dumping ground'. However only last month with the ratification by Gambia as the 22nd country adequate legal requirement is completed and the AfCFTA could kick start. For India it will be an immense opportunity if we sign an Comprehensive Economic Cooperation Agreement with them as on our own we already provide significant market access to dozens of LDC countries. But undoubtedly Africa is slated to be the next big thing in the later half of the 21st century as it would provide consumer market with 1.7 billion people of over \$ 6.7 trillion consumer and

business spending by 2030 and investment opportunity of over \$100 billion a year after discounting for the domestically generated funds for the infrastructural needs across 55 countries. According to the AfDB economic outlook report 2018, Africa now collects \$500 billion in tax revenues; \$ 50 billion in foreign aid and \$60 billion in remittances and almost the same in FDI. Yet the inherent sub-regional, administrative, bureaucratic logistical, connectivity as well as security challenges remain, that have stunted the integration and growth so far, and will have to be addressed in a more concerted manner.

At the same time several African countries are on a high growth trajectory. Out of the 10 fastest growing economies at least five are in Africa which will have a multiplier effect on the regional requirements and output. Growth has been present throughout the continent, with over one-third of Sub-Saharan Africa countries posting 6% or higher growth rates, and another 40% growing between 4% to 6% per year. Several international business observers have also named Africa as the future economic growth engine of the world. Hence the global attention is normal.

China has already taken a significant lead through decades of concerted engagement with the African countries, chequebook diplomacy and by fast delivery of projects. The western countries especially the US are trying to catch up by containing China and possibly Russia through a 'containment of influence' strategy. The results of this reactive policy are doubtful. Since December 2018, US underlined their National Security Strategy, Defence and Africa Strategy being China centric and not necessarily pro-Africa in their execution. No wonder John Bolton said that activities of China and Russia "stunt economic growth in Africa; threaten the financial independence of African nations; inhibit opportunities for US investments; interfere with US military operations; and pose a significant threat to US national security interests."

Hence apart from direct engagement especially in sub-Saharan Africa they are looking to work closely with countries like India which have benign cooperation and benevolent relationship with the Continent for historic reasons. Japan, the biggest ODA provider, is also keen to expand and work with India both in private and public sector projects under the aegis of Asia Africa Growth Corridor (AAGC). Likewise, Gulf countries like UAE and Saudi Arabia are looking to collaborate in a trilateral format to ensure their food security.

Although, India remains a partner of choice for Africa, what has lacked and been lamented by the African leadership is the frequency of high-level visits from India to Africa. South Africa may

have been an exception where the ministerial preferences stopped. It was in fact Pt Jawaharlal Nehru who had visited many countries in Africa in 1960s and propagated for their independence and development. India also garnered tremendous goodwill as a result of its quest for their wellbeing.

The toil of the Indian origin diaspora became the bridge of continuity in the post-independence period. Somehow while we received and hosted a large number of African leaders either bilaterally or through the multilateral meetings like the NAM or India- Africa Forum Summits in India, the agenda for our top leadership for visit to African countries in a focussed manner was missing. It became a real concern over time as

many of the strong African leaders from big countries felt slighted. Fortunately, the trend has been reversed. We have seen a spate of interactions at different levels from both sides. Under PM Modi ,India developed an ambitious agenda of mutually beneficial cooperation from trade and economic collaboration to capacity building. During the last five years more than 30 outgoing visits by Indian President, Vice President and Prime Minister have taken place and dozens of incoming visits of Heads of State from Africa is a testament to the “Africa Focus” in the Indian foreign policy establishment. It is a fact that relations with the continent are at their best in over five decades with several

institutional mechanisms like India Africa Forum Summits and an unprecedented capacity building assistance in place. Our trade at \$ 62 bn witnessed 22% growth last year with over \$ 55 bn in crucial investments.

Prime Minister Modi, while speaking at the Parliament in Kampala in July 2018 outlined his Africa vision through the ten guiding principles which include: Africa is among top priorities for India and momentum of cooperation will be sustained through regular exchanges; development partnership as per African priorities; preferential access to Indian markets for African products; assist in harnessing digital revolution in Africa; improve Africa’s agriculture potential; fight climate change together; work together to keep oceans and maritime lanes free for all; Africa instead of becoming a theatre of competition should become nursery for its youth; and aspire and work together for a just, representative, democratic global order. These are ideal, achievable and collaborative policies that dictate a paradigm shift compared to other big powers who are trying to get into the ‘Gold

Rush' for exploitation by way of neo-colonialist approaches. India could collaborate with Africa to meet the challenges of technology gaps and incoherence of geopolitics. As such in the new paradigm of Indo-Pacific India considers western pacific to extend to eastern coast of Africa with Indian ocean at its centre which will dictate its strategic footprint.

What can be done differently in specific terms by us so that policy objectives could be secured for mutual benefit. Firstly, India has a reservoir of soft power and good will in Africa that needs to be further cultivated through enhanced people to people exchanges and respecting the sensitivities and cultural diversity at the grass root level. This can be further cemented by focussed capacity building and skill development programmes, Secondly We need to understand and provide what the African nations want and consider desirable. Thirdly ,we should bite what we can chew. The gap between announcements of assistance like Lines of Credit and project grants and timely execution needs to be curtailed through more transparent and expeditious and empowered monitoring mechanisms with the involvement of respective Heads of Mission in India and the concerned country. Perhaps the budget management of the financial commitments made at the highest level should rest with the Finance Ministry so that MEA does not have to run from pillar to post to get the budgetary allocations while the Development Partnership Division carries out the execution part of it.

Fourthly, we should not blindly compete with other partners of Africa but try to find a more efficient way where our expertise and execution is competitive and can yield better outcomes. In fact, it is better to examine in detail the kind of projects and funds required and how it will be executed before we officially announce it. Hence a SWOT analysis in each case is a must for which a dedicated team of generalists and experts be assigned so that we are absolved of the responsibility of putting the cart before the horse. It is avoidable to make announcements for creating short term media sound bites. Likewise, we should not find satisfaction in the fact that reportedly China or any other country's projects are cancelled due to the threats of "debt traps". No point grudging with what is probably neutral or complimentary. We need to work towards a balanced approach and if possible, collaborate where feasible and wanted by or acceptable to the respective African country.

We should not necessarily believe what they say but what they actually do on the ground with regard to our core concerns. Fifthly we should revive closer defence and security, maritime and counter terrorism cooperation like that in 1960s and 70s when India set up several defence academies and training institutions and trained large number of African officers several of whom rose to become Heads of State and occupied important positions. We have begun joint exercises on counter terrorism and anti -piracy which should be continued with greater vigour. Sixthly, over 2 million successful Indian diaspora in Africa could provide that much needed bridge to overcome the occasional hiatus in cultural and commercial diplomacy. Finally, senior and aspiring foreign service officers should be posted as Heads of Mission with sufficient means and responsibilities, targets and subsequent rewards. India has an edge in Africa and currently a focussed plan too. What probably remains is the efficient packaging and execution for a lasting legacy since we believe in “share and care” and want to grow together.

**(The author is a distinguished fellow, Vivekananda International Foundation. Views expressed are personal.)**

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