INDIA-AFRICA : SOUTH-SOUTH

Trade and Investment for Development

World Trade Organization

CII
Confederation of Indian Industry

INDIA-AFRICA: SOUTH-SOUTH

TRADE AND INVESTMENT FOR DEVELOPMENT

World Trade Organization

Confederation of Indian Industry

THE CONFEDERATION OF INDIAN INDUSTRY

The Confederation of Indian Industry (CII) is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded over 118 years ago, India's premier business association has over 7100 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 enterprises from around 257 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

With 63 offices, including 10 Centres of Excellence, in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 224 counterpart organizations in 90 countries, CII serves as a reference point for Indian industry and the international business community.

WORLD TRADE ORGANIZATION

The World Trade Organization (WTO) is the only global organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world’s trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business.

Its main functions are to:
- administer WTO trade agreements
- act as a forum for trade negotiations
- settle trade disputes
- monitor national trade policies
- provide technical assistance and training for developing countries
- cooperate with other international organizations.

The WTO currently has 159 Members that account for 97% of world trade. Members are mostly governments but can also be customs territories.

FOREWORD

The global economy is increasingly being driven by the growth and dynamism of the "South". The financial crisis and the subsequent recovery led by many countries in the 'South' has served to further underline the seismic shift reshaping the global economic order. The traditional North-South trade equation is being increasingly complemented by a dynamic trade and investment relationship between developing countries, and this is becoming a major source of economic growth and employment generation. India's and Africa's rapidly expanding trade and investment relationship is one example of this dynamic change.

Bilateral India-Africa trade has grown by nearly 32% annually between 2005 and 2011, including through the economic crisis. India-Africa trade is projected to reach US$ 90 billion by 2015. Even more importantly, Indian private investment in Africa has surged, with major investments having taken place in the telecommunications, IT, energy, and automobiles sectors.

Much of the vigour of the current India-Africa trade and investment relationship can be attributed to the steps taken by the Government of India, and the initiatives taken by the Indian private sector. This dynamism on the part of India is coupled with the increasing receptiveness on the part of African countries to strengthen the partnership with South-South partners. The annual India-Africa Conclave meetings are one clear example of this and have proven to be a particularly successful format. The increasing interest and participation in these meetings are reflective of this expanding relationship.

But more can be done to broaden the base of this fast expanding relationship. In order to identify the barriers to bilateral trade between the two blocs and to identify measures that would help integration into each other's value chains, as well as to examine how India–Africa business and investment ties could be further strengthened, the Confederation of Indian Industry (CII), in collaboration with the WTO, conducted a widespread and in-depth business survey.

For both our organisations the results of this survey have provided some important data and very interesting information on the existing bottlenecks to increased trade and investment between India and Africa. At the same time it offered some solutions for addressing these constraints. Access to trade finance and lack of knowledge about the Indian market emerged as concerns for African traders; whereas transport and logistical shortcomings, and an inefficient business environment were cited as areas of concerns by the Indian counterparts. Importantly, both sides of the business relationship felt that improved trade facilitation measures could significantly bring down trade costs and at-the-border delays and consequently lead to enhanced trade and investment.

This Report, which will be presented and discussed at the 4th Global Review on Aid for Trade, will highlight and showcase the opportunities and challenges identified by both Indian and African business, and it is our hope that it will help to further strengthen this trade and investment relationship.

Pascal Lamy
Director-General
WTO

Chandrajit Banerjee
Director-General
Confederation of Indian Industry

ACKNOWLEDGEMENT

The *India-Africa: South-South Trade and Investment for Development* was prepared by the International Division of the Confederation of Indian Industry (CII) in close collaboration with the Development Division of the World Trade Organization (WTO). Financial support by the Department for International Development (DFID), Government of the United Kingdom is gratefully acknowledged.

The CII and WTO Secretariat would like to gratefully acknowledge the participation of the private sector firms and associations from India and Africa in the joint trade survey and the case studies. Acknowledgement is also due to the Ministry of Commerce and Industry, Government of India, for their guidance during the project.

The Report has been prepared by a joint research team consisting of Pranav Kumar from the CII and Ankur Mahanta from the WTO. In addition, valuable inputs were made by T.S. Vishwanath, Principal Adviser, APJ-SLG Law Offices to shape the direction of the Report.

Kaushlendra Sinha, Saikat Dutta, Sejuti Jha and Preeti Vyas from the International Division of the CII provided valuable support during the survey process.

EXECUTIVE SUMMARY

India and Africa's partnership has entered a new era. Close political relationships are being invigorated by a flourishing trade and investment relationship. This new trade and investment relationship could be crucial in the struggle to lift millions out of poverty.

Africa-India trade has followed the upward trend in South-South trade and investments over the last decade. Bilateral trade has grown at a robust 31.8% annually between 2005 and 2011, through the economic crisis. There has been a surge in Indian private investment in Africa with 'big ticket' investments in the telecommunications, IT, energy, and automobiles sectors.

Trade growth is being led by a vertiginous expansion in natural resources trade. This expansion tends to mask a wider story of sustained growth in a cross-section of other products groups, some with "value added".

The Confederation of Indian Industry (CII) and the Export Import Bank of India (EXIM Bank) initiatives through the India-Africa Conclave and other Government of India initiatives are spurring on the burgeoning trade and investment relationship. In addition to more traditional development approaches, such as through Indian Technical and Economic Co-operation, the business-oriented 'development compact' pioneered by CII and the EXIM Bank seems to be positively impacting directly on bilateral trade.

To understand the dynamics of this vibrant relationship, CII surveyed some 60 key Indian and African companies and business associations - a survey undertaken in collaboration with the WTO. Results highlight a number of factors getting in the way of expanded business and investment ties. Access to Indian buyers and trade finance emerges as major concerns for African traders. Transport and logistics costs and poor business environments are cited as major difficulties by Indian traders - a factor also cited as holding back further investment.

Further expanding India's investment-led trade approach and addressing trade irritants on both sides could help sustain this dynamic trade growth - and help extend it both in terms of the number of partners involved and also the range of goods and services traded.

Joint CII-WTO report concludes with a series of recommendation on how development assistance and investments in tandem could help smooth out potential bottleneck towards a more sustainable investment-led trade growth relationship.

Table and Figures

Table and Figures

ACRONYMS

AARDO	Afro-Asian Rural Development Organization
AU	African Union
BIT	Bilateral Investment Treaty
CAGR	Compound Annual Growth Rate
CII	Confederation of Indian Industry
COMTRADE	United Nations Commodity Trade Statistics Database
CRS	Credit Reporting System
C-TAP	Cotton Technical Assistance Programme
DAC	Development Assistance Committee
DFTPI	Duty Free Tariff Preference Scheme of India
DIPP	Department of Industrial Policy and Promotion
EAC	East African Community
ECGC	Export Credit Guarantee Corporation of India
ECOWAS	Economic Community of West African States
EXIM Bank	Export Import Bank of India
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
HS	Harmonized System
ICT	Information, Communication and Technology
IDEAS	India Development and Economic Assistance Scheme
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
ITC	International Trade Centre
ITEC	Indian Technical and Economic Cooperation
LDC	Least-Developed Country
LOC	Line of Credit
MFN	Most Favoured Nation
MNE	Multinational Enterprise
NEPAD	New Partnership for Africa's Development
ODA	Overseas Development Assistance
OECD	Organization for Economic Co-operation and Development
PPP	Public-Private Partnership
PTA	Preferential Trade Agreement
REC	Regional Economic Community
SACU	Southern African Customs Union
SME	Small and Medium Enterprise
SPS	Sanitary and Phythosanitary
TBT	Technical Barriers to Trade
TEAM 9	Techno-Economic Approach for Africa-India Movement
TTE	Total Technology Exports
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

I. INTRODUCTION

1. India and Africa's burgeoning trade and investment growth is taking this relationship in new directions. The past decade has seen a burst of activity and initiatives - many of them private sector led - that have injected renewed vitality into India and Africa's historical bond. As this report argues, this new trade and investment connection holds immense promise in the struggle to lift millions out of poverty.

2. Indian private sector organizations, under the stewardship of the Confederation of Indian Industry (CII), have been active in Africa for the last several years. They have done so through mobilising government, institutional as well as private initiatives, forging stronger public-private partnerships (PPPs) and joint venture initiatives between African and Indian firms.[1] Particularly, the annual CII-EXIM Bank India-Africa Project Partnership Conclaves (hereinafter, the India-Africa Conclaves) have developed into a platform for businesses and government enterprises to find a credible access point for appropriate technologies and partners.

3. There have been nine India-Africa Conclaves since the first Conclave held in New Delhi in 2005, and the participants as well as project opportunities have grown considerably in size and scope. The EXIM Bank of India has played a key role in facilitating the entry of Indian companies in executing such projects in Africa. The Bank has advanced the Indian development agenda in Africa by offering Lines of Credit (LOCs) at concessional rates to African institutions to support project financing.[2]

4. At the 2nd India-Africa Forum Summit in 2011, India pledged to extend LOCs worth US$ 5.4 billion until 2014 to support the developmental requirements of its African partners. The triennial Summits, which began in 2008, are recognition of the growing importance of India-Africa ties where the highest leadership from India and African countries come together for a structured interaction on political and economic co-operation. The Summits have also become a platform where the Government of India identifies areas of co-operation, and where in existence, monitor and expand such co-operation. It did so through the "Framework of Co-operation" in the 2008 Summit and adopted a follow-up "Framework for Enhanced Co-operation" during the 2011 Summit that acts as a road-map for implementing agencies in India and Africa. It was at this forum in 2008 that India made an announcement of granting duty free tariff preference to Least Developed Countries (LDCs).

5. The Government of India, through its various agencies, has stepped up efforts to engage with its African counterparts on three main fronts – political, economic and development. This report highlights the efforts made at the governmental level to put the economic and development co-operation agenda at the forefront of India-Africa relations in the 21st century. India's particular form of 'development compact' has received much global attention, especially within the context of South-South co-operation, as recognised at the 2012 Busan Partnership for Effective Development Co-operation.

6. The report is organised into five sections. The first section provides an overview of the economic and trade trends between India and African countries, with a comparison of Africa's trade with two other emerging economies, namely, Brazil and China.

7. The second section provides an in-depth analysis of Africa's exports of goods and services to and investments in India, by region/country as well as at the product level. It presents an assessment of the value-addition potential in select sectors and the potential for greater market access for African LDC exports to India. The section also presents the results of the CII-WTO Survey of the private sector on factors that hinder greater African export and investment integration with India.

8. Section three then turns the spotlight on India's trade and investments with Africa. It also presents the factors that impede Indian exports and investments to Africa, emerging out of the CII-WTO Survey.

9. Section four looks at India's development assistance to Africa and where India could be of further assistance as a development partner.

10. The report concludes with key findings and recommendations that could further enhance the economic relationship between these growing South-South partners.

A. Methodology

11. The report benefits from a survey of the private sector in India and a pilot group of 7 African countries (Kenya, Nigeria, South Africa, Tanzania, Uganda and Zambia). The profile of respondents is outlined in the tables below.

Table 1: Survey respondents, by origin of response

	Response Count	Response Share (%)
African Business or Business Association	29	46.0
Indian Business or Business Association	34	54.0
Total	63	100

12. 34 respondents from India and 29 respondents from Africa participated in the CII-WTO Survey of 2012-13. Out of the African respondents, 9 were business associations mostly at the apex level. The Indian respondents were mostly from businesses with 2 sector associations participating in the survey.

13. The business respondents from India and Africa were representative across different scales of operations, starting from the small and medium enterprises (SMEs) sector to multinational enterprises (MNEs).

Table 2: Survey respondents, by size of firm

Firm/company's turnover in 2011	Response Count	Response Share (%)
Do not wish to disclose	11	21.2
US$ 0 - less than US$ 0.5 million	5	9.6
US$ 0.5 - less than US$ 2 million	6	11.5
US$ 2 - less than US$ 10 million	7	13.5
US$ 50 - less than US$ 250 million	7	13.5
US$ 250 - less than US$ 500 million	3	5.8
US$ 500 million - less than 1 billion	5	9.6
More than US$ 1 billion	8	15.4
Total	52	100

14. Respondents operating across a cross-section of different sectors replied with many firms having business interests in two or more sectors. In the primary sector respondents operated mainly in agricultural products (21); forestry products (6); and, ores and other minerals (6). In manufacturing, respondents operated mainly in textiles and clothing (20); food products (14); chemicals (10); automotive (9); and office and telecom equipments (6). In the services sector, respondents mainly operated in computer and information services (15); business and professional services (12); construction (10); and telecommunication services (8).

15. In addition, the study benefitted from case stories submitted by Indian companies with operations in Africa. These case stories attempt to highlight 'shared value', in terms of value addition, local job creation and 'green' initiatives that such operations undertake. Please see Annex II.

II. INDIA-AFRICA'S BURGEONING TRADE AND INVESTMENT RELATIONSHIP

A. Overview

16. World Bank estimates put the percentage of the population in India living on less than US$1.25 per day at 32.7% in 2011. In Africa this percentage is estimated at around 47.5%. Together, nearly 900 million people in India and Africa live in extreme poverty - almost 70% of the worldwide total.3

17. Almost 20% more populous, India occupies just over 10% of the same land area as the 54 sovereign nations of the African continent. 34 of the 49 LDCs are situated in Africa.4 Marked disparities exist both within and between Africa's nation states and India's federal states.

18. Fortunately, this picture is changing, and rapidly. Strong economic growth over the past decade has made significant inroads into poverty. In the past decade, India and Africa posted average GDP growth rates of 7.4% and 5.7%, respectively. Nearly 10% of Africa's population escaped absolute poverty.5 India recorded even faster poverty reduction, with nearly 17% its population exiting extreme poverty between 1995 and 2010.6

19. Sustained economic growth should make further inroads into poverty. Sub-Saharan Africa is projected to grow at 5.6% and India at 6.3% in the next five years.7The International Monetary Fund (IMF) forecasts that six of the ten highest growing economies between 2012 and 2017 will be African economies. Ensuring that economic growth is broad-based and inclusive will further help this process.

20. India and the African continent are also home to growing middle classes. Rapid urbanization, rising disposable income and connectivity are recasting economic systems. Trade growth has outstripped economic growth as both India and Africa leverage domestic growth from integration into the global economy – with South-South trade an ever more visible element of the growth equation. The World Bank has reported that per capita real income grew more than three times faster for developing countries that lowered trade barriers (5.0% per year) than other developing countries (1.4% per year) in the 1990s.8 India and many African countries have lowered trade barriers, unilaterally as well as multilaterally, throughout the last two decades with a positive impetus to economic growth.

Table 3: Basic indicators for Africa and India in 2011

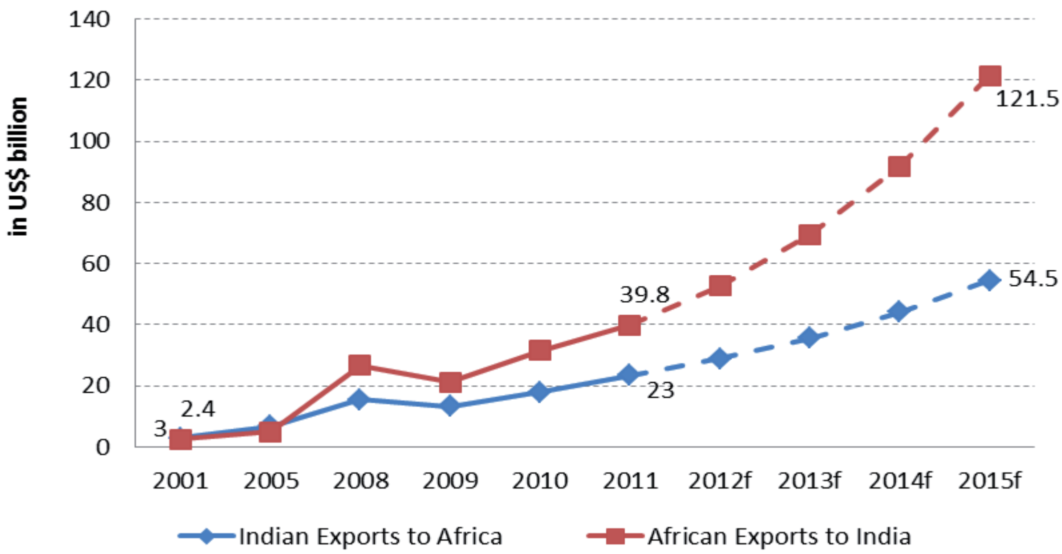
Indicators	Unit	Africa	India
Countries	no.	54	1
Area	sq.km.	30,323	3,287
Population	Million	1,044	1,242
Population below US$1.25 (PPP) per day	In %	47.5	32.7
GDP (PPP)	US$ billion	3,159	4,534
GDP (per capita)	US$	3,025	3,627
GDP growth (2001-2011, annualised)	%	5.7	7.4

Source: World Bank Development Indicators

21. Trade openness has revitalised historical India-Africa trading links. The value of bilateral trade jumped from US$ 5.3 billion in 2001 to US$12 billion in 2005 to US$ 63 billion in 2011 –higher than India's bilateral trade with the US at US$ 56 billion. African exports to India have been growing annually at 32.2% while Indian exports to Africa grew annually at 23.6%.

22. Figure 1 shows that bilateral trade could reach US$176 billion by 2015 if annualised growth rates between 2001 and 2011 continue. African exports could touch upwards of US$ 121 billion, assuming that India's demand for African minerals and fuels remain unabated. India currently faces an energy deficit, and coupled with potential supply insecurity from other regions, Africa's role as a supplier of minerals and fuels may intensify in the short run. Africa now supplies around a fifth of India's total crude oil imports - a figure that has risen from practically zero in 2005.

Figure 1: India-Africa trade: growth projections



Source: UN COMTRADE and WTO staff calculations

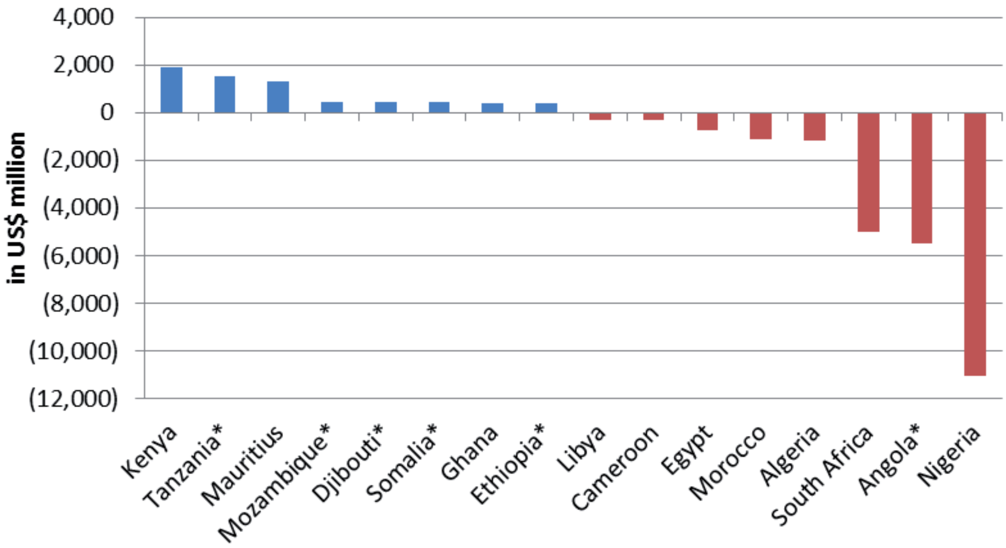
India Africa Trade Ministers Dialogue

The 'India-Africa Trade Ministers Dialogue' is an annual event, of which the first meeting was held in Addis Ababa in May, 2011, on the occasion of the 2nd Africa-India Forum Summit held at Head of State level and the second meeting was held in March, 2012. The ministerial level dialogue discusses trade-related bilateral issues and assesses the progress of development co-operation set forward in Africa-India Forum Summits.

During the 2013dialogue, the bilateral trade target for 2015 was revised to US$ 90 billion from US$ 70 billion set during the first dialogue. The Ministers agreed on the need to strengthen the trade relationship between the two sides through, inter alia, the building of trade-related capacity and the conclusion of trade cooperation agreements between India and African Regional Economic Communities (RECs). On the basis of current projections, Ministers may be in the welcome position of having to again revise upwards this target for bilateral trade.

23. Africa's trade surplus with India is rising rapidly, albeit driven in large part by a narrow range of suppliers and commodities. The top six African exporters, viz., Nigeria, South Africa, Angola, Egypt, Algeria and Morocco account for 89% of total African exports by value to India thanks mainly to exports of oil and gas, ores and gold. In 2011, the top six had a trade surplus of over US$ 24.5 billion. If current rates of growth are sustained, Africa's trade surplus could reach US$ 67 billion by 2015.

Figure 2: India's trade balance with select African countries

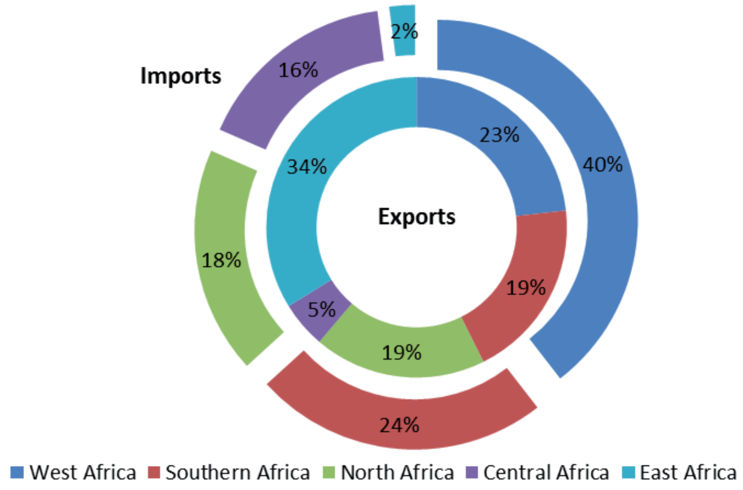


Note: (*) implies LDC
Source: UN COMTRADE and WTO staff calculations

24. Outside these top 6 African exporters, though a different picture emerges. India runs a trade surplus with 40 out of the 54 African countries. Trade is significantly more diversified at a product level and almost all exports from India have some degree of technological input.

25. The regional picture of trade has changed considerably over the past decade. In 2001 Southern Africa accounted for nearly 60% of exports to India while West Africa accounted for just above 16%. Fast forward to 2011, and West Africa is the largest supplier with a share of 40%, while the share of Southern Africa was 24%. A reinvigorated historical trading relationship with East Africa means that it is again the largest regional market for Indian goods with a share of 34% in 2011 - although its exports to India are only 2% by value of Africa's exports.

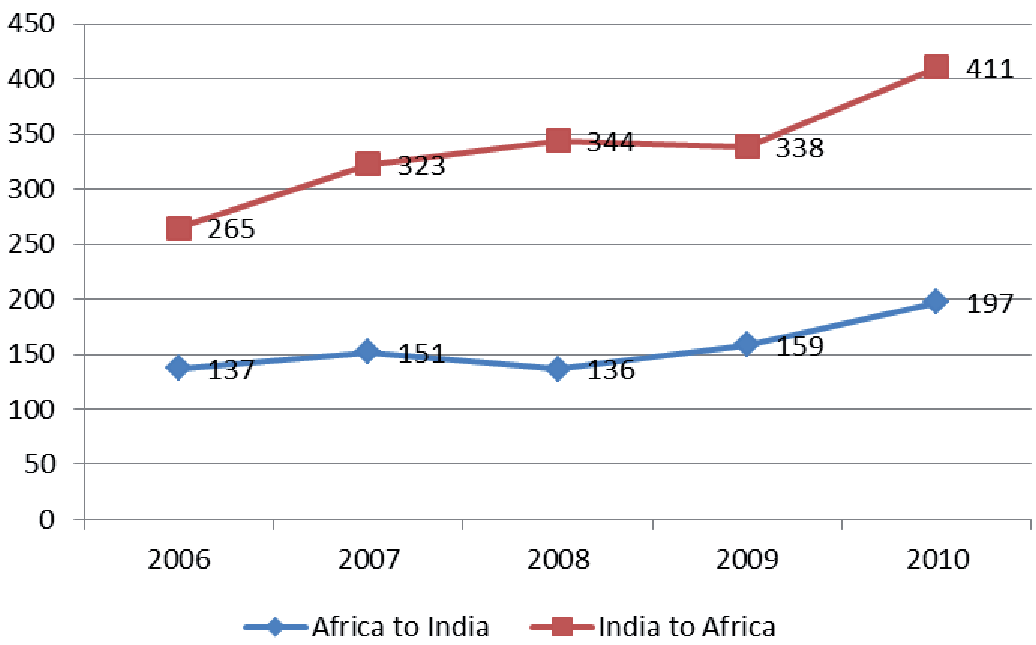
Figure 3: India's trade relationship with Africa, by region in 2011



Source: UN COMTRADE

26. There is significant untapped potential for services trade between India and Africa. In particular, business travel and tourism, the largest services export sector in Africa, is still relatively under exploited by the growing number of international travellers from India. India's outbound tourists and business travellers increased from 4.5 million in 2001 to 13 million in 2010.9 Most outward journeys are made towards Europe, East and Southeast Asia and North America, particularly the US. Outbound business travellers and tourists from India to Africa more than doubled from 135,555 in 2001 to 410,700 in 2010, but are still only 3% of total Indian departures in 2010. Egypt, South Africa, Nigeria and Mauritius together account for over 71% of Indian visitors bound to Africa. African business and tourist visits to India grew by 44% over the period 2006-10.

Figure 4: International tourist and business arrivals between India and Africa (in '000)



Source: UN World Tourism Organization

27. Another measure of the India-Africa economic story is investments that have seen an upward trend in recent years. Particularly, Indian investments in Africa have grown substantially across the continent and sectors. Today, Indian multinational enterprises' (MNEs) presence in Africa can be felt in sectors ranging from energy to mining, and telecommunications to IT-enabled services. Although data on Indian investments to Africa remain sketchy, some sources estimate the stock of investment at over US$ 32 billion. African MNEs, particularly from South Africa, have also ventured into India over the past decade with presence in infrastructure development, breweries, financial and insurance services.

28. There are some distinctive features of Indian operations in Africa. Indian companies investing in Africa vary in size and are typically either privately owned or under public-private ownership. Most Indian firms in Africa also acquire established businesses, or 'Brownfield investments'; are less vertically integrated; prefer to procure supplies locally or from international markets; engage in far more sales to private African entities; and encourage the local integration of their workers.10

29. India and Africa are two energetic regions whose dynamism is feeding into each other's growth. However, as this report highlights, there is significant scope to extend further the already dynamic bilateral commercial relationship. Particular scope exists to broaden the goods and services traded, and also the number of partners involved.

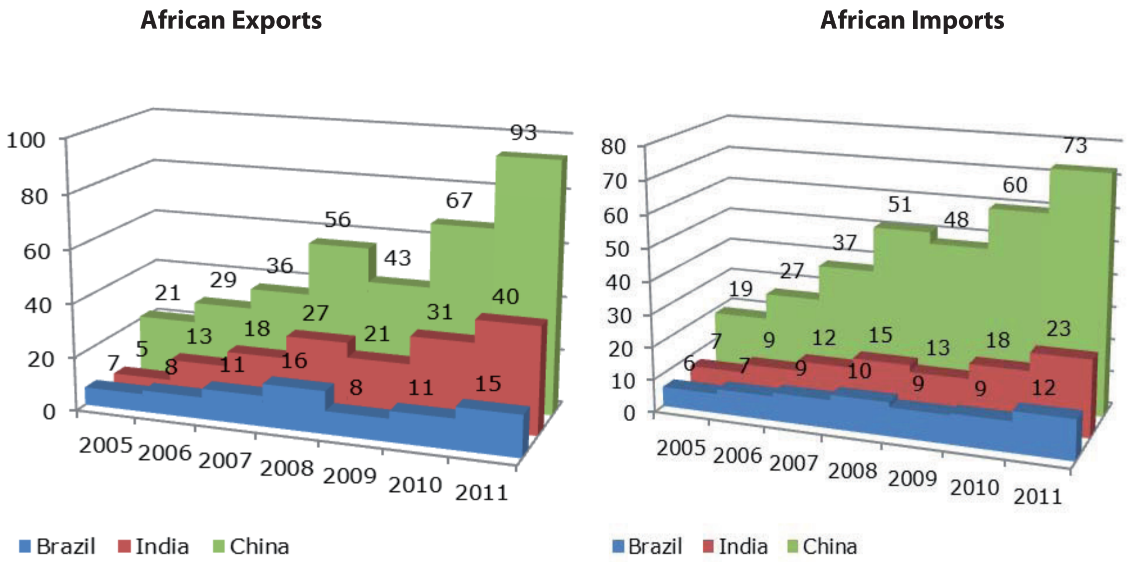
B. Africa -India Trade: How does it compare with Brazil and China?

30. Brazil, China and India now account for a quarter of Africa's total exports, up from a little over 10% in 2005.China has overtaken the United States as the second largest export market for Africa after the EU, with India now in fourth place and Brazil in sixth place. Similarly, the three emerging economies now account for nearly 22% of Africa's imports of US$ 501 billion, up from 13% in 2005.

31. For Africa, China is the most important export partner with an annualised export growth rate of 28% between 2005 and 2011. Africa's export growth during the same period to Brazil was 14.9%. In comparison, exports to India have seen the highest annualised growth rate of 41.8% growing from a relatively low base in 2005. Exports to all three economies have outshone total African export growth which grew 11.5% from US$ 310 billion to US$ 595billion during the same period.1Similarly, African imports from India have grown at an annualised rate of 23.1% between 2005 and 2011, comparable to 25.6% from China and 12.6% from Brazil. During the same period, total African imports have grown at 13.1%. India-Africa overall trade grew at 32.4% during the period, which is higher than China-Africa trade growth at 27%.

[1] The data aggregated for Africa are mirror and direct data compiled by UN COMTRADE.

Figure 5: Africa's trade with Brazil, India and China (in US$ billion)



Source: UN COMTRADE

32. There are similarities in terms of value and growth of exports and imports between Africa and the emerging economies. However, the structural composition of Africa's export basket is significantly different from its import basket. For all the three emerging economies, Africa is a major supplier of natural resources. Mineral fuels account for 70% of Africa's exports to China, 80% of exports to India and 85% of exports to Brazil. This is comparable to African exports of mineral fuels to the US that account for over 83% of the total export basket.

33. Africa's imports from the emerging economies are more diversified. While China meets a large demand for industrial machinery, electrical and electronic equipment from African markets, Brazil predominantly supplies agricultural products like sugar, meat and cereals to the continent. India's export basket to Africa have also undergone significant changes over the past decade as exports of cereals, food products and other low value-added exports have been replaced by refined petroleum, automobiles and pharmaceuticals that require substantial value addition.

III. AFRICAN EXPORTS TO AND INVESTMENTS IN INDIA

A. Export of merchandise goods

34. The emergence of Africa as a strategic trading partner for India has been rapid and dramatic. In 2005, Africa accounted for 3.5% of India's total imports - a share that more than doubled to 8.6% by 2011.

35. A handful of African countries dominate Africa's exports to India. The top six exporters from Africa, viz., Nigeria, South Africa, Angola, Egypt, Algeria, and Morocco account for 89% of total African exports to India.

36. Region-wise, Central and West Africa's exports have seen the highest growth of 99.6% and 58.1%, respectively, largely due to the emergence of Angola and Nigeria as among the top exporters to India.2

Table 4: Africa's exports to India, by region

	African regions' exports to India (in million US$)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*05-11*
North Africa	863	6,304	4,210	5,893	7,286	18.3	42.7
West Africa	945	11,917	6,750	11,638	15,713	39.5	58.1
Central Africa	102	2,232	4,357	6,153	6,515	16.4	99.6
East Africa	323	589	685	680	825	2.1	16.9
Southern Africa	2,688	5,609	5,111	7,074	9,436	23.7	23.3
African LDCs	895	3,814	5,298	7,116	8,437	21.2	45.3
Africa	**4,924**	**26,653**	**21,116**	**31,440**	**39,779**	**100**	**41.6**

Source: UN COMTRADE

37. In terms of product specialization, crude oil and gas account for over two-thirds of exports to India, gold and other precious metals accounting for another 16% of exports. The top six products (at the HS-6 level), viz. crude oil (60%), gold (15%), phosphoric acid (3.8%), coal (3.5%), liquefied natural gas (2.7%) and shelled cashew (2.6%), account for over 87% of total African exports to India. As most of these are commodities, African exports are linked heavily to the movement of global commodity prices.

Table 5: Global commodity price movement of select commodities, 2005 to 2011

	Unit	2005	2006	2007	2008	2009	2010	2011	CAGR (2005-11, in %)
Coal	($/mt)	...	49.1	65.7	127.1	71.8	99.0	120.9	19.8
Copper	($/mt)	3678.9	6722.1	7118.2	6955.9	5149.7	7534.8	8828.2	15.7
Gold	($/oz.)	444.8	604.3	696.7	871.7	973.0	1224.7	1568.3	23.4
Oil (crude)	($/bbl.)	54.4	65.4	72.7	97.6	61.9	79.0	104.0	11.4
Phosphate	($/mt)	42.0	44.2	70.9	345.6	121.7	123.0	184.9	28.0

Source: World Bank, Global Commodity Price Prospects, March 2012

[2]The Report follows the UN classification of regions in Africa.

38. Due to the persistent rise in global commodity prices, besides the sharp decline in 2009, commodity exporters in Africa has seen their export receipts rise faster than the volume of exports. Oil exporters, including Nigeria, Angola, Egypt and Algeria, have seen crude oil prices nearly double between 2005 and 2011. Similarly, the price of gold, a major export commodity of South Africa to India, has more than tripled between 2005 and 2011. However, it is the price of phosphate, a major export of Morocco to India that has seen its value quadruple to US$ 185 per metric tonne in 2011 after having risen even more sharply to US$ 346 per metric tonne in 2008.

1. North Africa

39. North Africa's exports to India grew by 42.7% annually in the period 2005-2011 - from US$863 million in 2005, to US$7.2 billion in 2011. The region accounts for over 18% of African exports to India. The three main exporters from the region (Egypt, Algeria and Morocco) have seen high positive growth in exports to India. The region exports 80% of Africa's exports of fertilisers to India; over 60% of inorganic chemicals; and, 20% of Africa's mineral fuel exports to India. Mineral fuels constitute 71% of the region's exports to India.

Table 6: North Africa's exports to India, by country

	North African countries' exports to India (in million US$)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*2005-11*
Algeria	13	1,284	620	1,891	1,949	4.9	129.5
Egypt	228	2,081	1,716	1,410	2,855	7.2	52.3
Libya	8	756	534	780	355	0.9	86.9
Morocco	481	1,010	726	866	1,512	3.8	21.0
Sudan*	27	545	376	641	468	1.2	60.3
Tunisia	104	625	236	302	143	0.4	5.5
North African LDCs	27	545	376	641	468	1.2	60.3
North Africa	**863**	**6,304**	**4,210**	**5,893**	**7,286**	**18.3**	**42.7**

Source: UN COMTRADE *denotes LDC

40. Morocco is the only non-oil exporting country in the region with a relatively diversified export basket, albeit concentrated in chemicals, fertilisers and phosphates. All other countries in the region are suppliers of crude oil and gas, although Egypt is a significant exporter of cotton from Africa to India. North Africa's one LDC, Sudan, also supplies mainly crude oil to India.11

2. West Africa

41. West African exports to India have seen a dramatic increase since 2005. Nigeria has seen its exports to India grow annually at the rate of 145% between 2005 and 2011. West Africa supplied over 52% of India's crude oil imports from Africa in 2011. The Gulf of Guinea region, covering West and Central Africa, is an oil industry 'hot spot' with significant proven oil reserves. Oil is the largest export category of the region, with a share of over 86%.

42. Edible fruits and nuts, particularly shelled cashew, is another notable export product from the West African region. The region supplies nearly 84% of Africa's exports of edible fruits and nuts to India. Other export categories of note are wood and wood products, cocoa and cocoa preparations and mineral ores and slag.

43. Out of the 16 countries in the region, 12 are LDCs with low manufacturing capabilities but high endowments in natural resources. West African LDCs account for 3.3% of Africa's exports to India, but annual export growth is averaging 13%. The predominant export of the region's LDCs is shelled cashew nuts, even as some oil-exporting LDCs from the region have emerged in recent years like Guinea-Bissau, Liberia and Benin.

Table 7: West Africa's exports to India, by country

	West African countries' exports to India (in million US$)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*2005-11*
Benin*	85	118	116	139	280	0.7	21.8
Burkina Faso*	2	45	5	3	19	0.0	42.7
Cape Verde	0	0	0	2	3	0.0	241.6
Cote d'Ivoire	193	294	307	261	418	1.1	13.8
Gambia, The*	12	29	24	14	39	0.1	20.7
Ghana	74	197	133	156	384	1.0	31.5
Guinea*	20	326	63	359	124	0.3	35.3
Guinea-Bissau*	92	104	85	131	297	0.7	21.5
Liberia*	48	293	45	17	11	0.0	-21.6
Mali*	5	9	4	3	4	0.0	-2.2
Mauritania*	1	4	2	2	3	0.0	24.7
Niger*	1	0	0	10	0	0.0	-31.5
Nigeria	62	10,124	5,645	10,257	13,604	34.2	145.4
Senegal*	269	207	228	183	391	1.0	6.4
Sierra Leone*	3	50	4	7	5	0.0	7.5
Togo*	73	110	85	87	125	0.3	9.4
West African LDCs	615	1,300	665	960	1,302	3.3	13.3
West Africa	**945**	**11,917**	**6,750**	**11,638**	**15,713**	**39.5**	**59.7**

Source: UN COMTRADE. *denotes LDC

44. In 2004, India initiated the Techno-Economic Approach for Africa-India Movement (TEAM 9) that envisaged special co-operation amongst primarily the francophone West African countries, viz., Burkina Faso, Chad, Cote D'Ivoire, Equatorial Guinea, Ghana, Guinea Bissau, Mali, Senegal, and India.12Through the initiative India has extended LOCs of US$ 500 million along with a further US$ 200 million credit line to the New Partnership for Africa's Development (NEPAD).

3. Central Africa

45. Central Africa's trade with India is dominated by crude oil from Angola. It accounts for over 92% of the exports of the region. Cameroon and the Republic of Congo have also emerged as large exporters of crude oil to India. Given the spike in oil exports in recent years, Central Africa has emerged as the fastest growing African region in exports to India growing at about 100% between 2005 and 2011. Vegetables and coffee are some other export products from the region. However, besides Angola, the share of the other five LDCs in the region's exports to India is negligible with some supplies of primary commodities.

Table 8: Central Africa's exports to India, by country

	Central African countries' exports to India (in million US$)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*2005-11*
Angola*	3	1,289	3,394	4,838	6,005	15.1	258.5
Central African Rep.*	0	2	1	1	2	0.0	40.3
Chad*	0	4	4	1	0	0.0	-12.0
Congo, D.R.*	5	114	137	11	6	0.0	2.5
Cameroon	8	32	61	209	322	0.8	83.6
Congo, R.	40	500	449	645	109	0.3	17.9
Equatorial Guinea*	0	83	141	126	1	0.0	85.5
Gabon	44	206	168	320	69	0.2	7.5
Sao Tome & Principe*	0	0	0	0	0	0.0	36.8
Central African LDCs	8	1,493	3,678	4,978	6,014	15.1	198.0
Central Africa	**102**	**2,232**	**4,357**	**6,153**	**6,515**	16.4	**99.6**

Source: UN COMTRADE. *denotes LDC

46. A recent study by the International Trade Centre (ITC) shows that there is large potential for Angola, D.R. Congo and other agriculture rich countries in the region to export transformed or value-added agriculture products to growth markets in Asia and elsewhere.13

4. East Africa

47. East African countries, including Kenya, Tanzania and Zambia, are historic trading partners with India. However, in terms of exports, the region is the least integrated with India, supplying just over 2% of Africa's exports to India. Further, the share of exports to India account for only 2.3% of East Africa's overall exports of US$ 36 billion to the world.

48. East Africa's major export categories are edible nuts, particularly shelled cashew, vegetables, iron and steel, coffee and inorganic chemicals. There exists potential for value addition and intra-industry trade in sectors such as leather, apparel, beverages, diamonds, metals and ores between East Africa and India.

Table 9: East Africa's exports to India, by country

	East African countries' exports to India (in million US$)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*2005-11*
Burundi*	0	1	1	0	1	0.0	64.8
Comoros*	1	1	0	8	2	0.0	17.3
Djibouti*	4	4	2	2	2	0.0	-10.9
Eritrea*	1	7	0	1	3	0.0	24.6
Ethiopia*	10	11	15	28	32	0.1	20.9
Kenya	49	82	77	109	130	0.3	17.6
Madagascar*	17	12	22	20	62	0.2	23.5
Malawi*	2	13	82	33	20	0.1	40.6
Mauritius	6	15	9	15	33	0.1	30.4
Mozambique*	51	57	43	86	122	0.3	15.5
Rwanda*	0	2	0	0	0	0.0	21.9
Uganda*	3	19	11	13	17	0.0	33.9
Seychelles	1	1	1	9	3	0.0	18.8
Somalia*	12	9	3	9	3	0.0	-21.1
Tanzania*	104	196	240	283	255	0.6	16.0
Zambia*	34	139	154	48	127	0.3	24.1
Zimbabwe	23	15	18	12	9	0.0	-14.8
East African LDCs	243	474	578	534	649	1.6	17.7
East Africa	**323**	**589**	**685**	**680**	**825**	**2.1**	**16.9**

Source: UN COMTRADE. *denotes LDC

49. East Africa has 13 LDCs that are in a position to take advantage of India's duty-free quota-free scheme, the Duty Free Tariff Preference (DFTPI-LDC) - that became fully operational in August 2012. Many of East African LDCs export products fall under the scheme including edible nuts, copper products, and inorganic chemicals among others.

5. Southern Africa

50. Exports from Southern Africa to India are dominated by South Africa - the largest economy in Africa. Exports from South Africa to India are predominantly of gold and coal. India is the world's largest importer of gold and South Africa supplies over 11% of India's overall gold imports. Beyond gold, South Africa exports iron and steel, inorganic chemicals and mineral ores.

Table 10: Southern Africa's exports to India, by country

	Southern African countries' exports to India (in million US$)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*2005-11*
Botswana	0	20	4	26	36	0.1	113.1
Lesotho*	0	0	0	2	2	0.0	447.1
Namibia	1	1	41	34	13	0.0	47.1
South Africa	2,683	5,551	5,035	6,912	9,329	23.5	23.1
Swaziland	3	36	29	99	55	0.1	56.8
Southern African DCs	0	0	0	2	2	0.0	447.1
Southern Africa	**2,688**	**5,609**	**5,111**	**7,074**	**9,436**	**23.7**	**23.3**

Source: UN COMTRADE. *denotes LDC

51. Despite a dynamic textiles and apparel industry, Lesotho, the region's only LDC, exports only limited quantities of wool products to India. Exports from other Southern African countries are relatively small, even though export potential exists in diamonds for Botswana and Namibia and sugar products and essential oils from Swaziland.

B. African LDCs and India

52. African LDCs have increased their share in total African exports to India from 14.8% in 2001 to 21.2% by 2011. Crude oil exports from Angola is the main reason for this increase. Moreover, exports from African LDCs to India are growing at over 45% annually between 2005 and 2011 and it now accounts for5.8% of their overall exports to the world.

53. Non-oil exporting LDCs from Africa, however, have a much lower share of 4.6% in total African exports to India, growing at 18% per year compared to overall African exports that grew at 41% between 2005 and 2011.

54. Although crude oil drives African LDC exports to India, some of the other top export categories are: edible vegetables, with a share of 96% in African imports to India; edible fruits and nuts, particularly, unshelled cashew, where LDCs supply over 61% of the African exports; and, copper and copper products with a share of 69%. Inorganic chemicals and iron and steel are other top export categories.

Table 11: African LDCs' exports to India: select indicators

Top Categories	Indian Imports from African LDCs (in million US$)			CAGR (%)	Market concentration (%)	Product Specialization (%)	India's applied import tariff (%, estimated)	
	2005	*2008*	*2011*	*2005-11*	*2011*	*2011*	LDCs	MFN
Mineral fuels	5	2,529	6,407	231.6	24.1	75.9	1.5	1.8
Edible fruit and nuts	235	321	653	18.5	61.5	7.7	28.5	31.6
Inorganic chemicals	259	169	326	3.9	20.3	3.9	4.6	6.8
Iron and steel	109	189	190	9.6	28.1	2.3	3.8	5
Edible vegetables	31	80	143	28.9	95.9	1.7	28.8	31.2
Ores, slag and ash	5	128	135	74.4	26.2	1.6	1.5	2.1
Copper and articles thereof	17	12	134	40.7	69.0	1.6	4.5	5.5
Salt; sulphur etc.	45	68	87	11.5	21.5	1.0	4.0	5.5
Wood and articles of wood	41	42	63	7.4	29.3	0.7	6.6	9.1
Aluminium and articles thereof	2	8	47	76.1	21.5	0.6	4.1	5.7
Total LDC exports	**895**	**3,814**	**8,438**	**45.3**	**21.2**	**100**	-	-

Note: Market concentration measures the share of LDC exports in overall exports from Africa.
Product specialization measures the share in total LDC exports.
Source: UN COMTRADE; Market Access Map, ITC

55. As highlighted in Table 11, LDC exports enjoy preferential tariff rates vis-a-vis MFN applied rates in India. The rates shown are an average at the HS 2-digit level, where LDC exports get preferential treatment across the major export categories. The tariff rates shown for LDCs reflect the preferential rates from 2011 and therefore do not reflect the updated preference rate as of 2013.

India's Duty Free Tariff Preference (DFTPI-LDC) Scheme for Least Developed Countries

India's DFTPI-LDC Scheme for LDCs came into effect in August, 2008 with tariff preferences spread over five years. The Scheme provides for duty free entry of about 85% of India's total tariff lines, particularly, on tariff lines that comprise 92.5% of global exports of all LDCs. Products of immediate interest to Africa, which are covered, include cotton, cocoa, aluminium ores, copper ores, cane-sugar, ready-made garments, fish fillets and non-industrial diamonds. Individual LDC members are required to submit a Letter of Intent, details of officials responsible for issuing Certificate of Origin to the Government of India to avail of the Scheme. The Indian DFTP scheme has three main features:

(i) Duty-free items: 85% of total tariff lines will be made duty-free over a period of five years, through equal annual reductions. This implies that duty rates for those lines will only become zero in August 2012 (it is assumed that this has taken effect in 2012, since the scheme was adopted in August 2008). Simply put, under India's DFTP scheme, LDCs should be enjoying duty-free access for up to 85% of tariff lines, in principle, from August 2012.

(ii) Positive list items: (Not duty-free access but preferential market access): In addition to duty-free access of 85% of tariff lines, 9% of total tariff lines (i.e.468 items) will have access to preferential duty rates. For instance, most of textile and clothing imports from LDCs will not receive duty-free access, but will enjoy margin of preference of 10% to 12%.

(iii) Exclusion list: 6% of total tariff lines, i.e. 326 tariff lines in total, are excluded from the duty-free as well as preferential market access. These exclusions mainly include: poultry, dairy products, vegetables, fruits, unshelled cashew, coffee, tea, cereals, oilseeds, cocoa preparations, beverages and spirits, chemicals, tobacco, natural gas, petroleum oils (non-crude form), rubber, raw silk, silk yarn, copper, iron and steel, etc. Simply put, the DFTP scheme excludes 6% of India's tariff lines from duty-free as well as from preferential market access. According to WTO analysis, some 8.5% of LDC imports, in terms of value, were not covered by the DFTP scheme in 2009.

So far 21 out of the 33 African LDCs are beneficiaries of the DFTPI-LDC Scheme, according to the official notification from India.[14]However, there would appear scope for more information on the scheme. Over 44% of the respondents to the CII-WTO Survey were not aware of the DFTP scheme.

C. Value addition and Africa's exports to India

56. A powerful tool for analysing structural changes in trade patterns, notably trade in intermediate goods, is to examine the technology intensity of exports.15 The table shows the change in Africa's export basket to India over the past decade over the main technology groupings.3

Table 12: Africa's exports to India, by technology (US$ million)

Product	2001	Share in total exports	2011	Share in total exports
High Technology (*pharmaceuticals, office machinery, electronics and communication equipment, aircrafts*)	16	0.7	65	0.2
Medium High Tech (*chemicals, machinery and equipments, electrical machinery, automobiles*)	643	27.0	2,569	6.6
Medium Low Technology (*refined petroleum products, rubber and plastic, glass and ceramic, basic metals*)	1,037	43.5	6,845	17.6
Low Technology (*food products, textiles and apparel, leather and footwear, paper products*)	68	2.9	352	0.9
Total Technology exports (TTE)	**1,764**	**74.0**	**9,831**	**25.3**
Agriculture and related products	**400**	**16.8**	**1,670**	**4.3**
Mining and quarrying, incl. crude oil	**219**	**9.2**	**27,428**	**70.5**
Total Exports	**2,384**	**100**	**38,929**	**100**

Note: Export values may differ due to analysis based on the ISIC system rather than the HS system

Source: Staff calculations based on UN COMTRADE

57. Exports from the extractive industry, i.e. mining and quarrying, including crude oil, has seen the largest increase in share of total exports. Total technology exports (TTE) from Africa to India increased from US$ 1.8 billion to US$ 9.8 billion in the past decade. However, the share of TTE in total African exports fell from 74% in 2001 to just over 25% in 2011. The increase in crude oil exports has overshadowed positive growth of other export categories.

[3] The analysis follows the OECD classification using the ISIC rev. 3 database.

58. A disaggregation of the TTE shows that medium-low technology exports, that are predominantly intermediate inputs like raw gold, iron and steel, copper and aluminium products, form the largest category of technology exports to India at 17.6% and have grown over six-fold in the last decade. Medium-high technology exports, of which chemicals are the predominant exports, is the next largest technology intensive export from Africa with a share of 6.6%. India is the second largest market for inorganic chemicals from Africa behind the EU. The main exporters in this category are Morocco and South Africa. Although the small share of high-technology exports has fallen in the past decade, the share of pharmaceuticals has seen an increase from negligible levels to 0.2% of total exports, largely due to the emergence of South Africa and Egypt as generic drug manufacturers.

Table 13: Top export categories from Africa to India

Top Categories	Indian imports from African countries (in million US$)			CAGR (%)	Product specialization (%)
	2005	*2008*	*2011*	*2005-11*	*2011*
Mineral fuels	195	17,249	26,579	126.7	66.8
Precious stones, incl. gold	1,913	2,917	6,395	22.3	16.1
Inorganic chemicals	936	2,080	1,608	9.4	4.0
Edible fruit and nuts	396	576	1,063	17.9	2.7
Iron and steel	461	577	678	6.6	1.7
Fertilisers	0	406	554	301.2	1.4
Ores, slag and ash	41	765	517	52.2	1.3
Salt; sulphur etc.	185	293	406	14.0	1.0
Aluminium and articles thereof	30	187	218	39.2	0.5
Wood and articles of wood	180	261	214	2.9	0.5

Source: UN COMTRADE

59. During the 8th CII-EXIM BANK Conclave on India Africa Project Partnership, African leaders stressed the importance of adding value to Africa's exports. Mineral fuels, agriculture products, and other natural resources, including diamonds, copper and aluminium, were some sectors identified as having potential for Indian firms to invest in and create value-addition for African countries.

1. Oil and Gas

60. Nigeria, Angola and Algeria have experienced phenomenal annualised export growth to India of 68%, 275%, and 112%, respectively, on the back of expansion of oil exports. India's top trading partners in Africa are also predominantly suppliers of raw materials.

61. The four largest trading partners all have large trade surpluses with India: Nigeria, Angola and Egypt for Oil and South Africa for gold. This is keeping in trend with Africa's overall export basket to the world that is driven by natural resources, including oil and gas, ores and precious metals. Africa's share of global crude oil reserves stands at 9.6%, ranking as the fourth region globally after West Asia, Eurasia and Latin America. It ranks second globally in natural gas reserves after West Asia.4

[4] AfDB, 'Crude Oil and Natural Gas Production in Africa and the Global Market Situation', *Commodities Brief*, Volume 1, Issue 4, African Development Bank, 8 October 2010.

Indian refining prospects in Africa

Africa is a large exporter of crude oil and gas but captures little value in the hydrocarbon value chain, which includes exploration and production of crude oil and gas to refining, pipeline transportation and marketing of petroleum and petrochemical products. Many Indian energy companies, both public and private, straddle the entire hydrocarbon value chain and are in a position to make mega investments with long gestation periods.

Although Indian firms have picked up exploring rights in many hydrocarbon blocks in the Gulf of Guinea region, refining capacity remains limited. India's state-run, Indian Oil Corporation (IOC), is now looking to set up a Greenfield refinery in Nigeria at an estimated investment of US$ 5 billion. This would be a major asset to the hydrocarbon value chain in Nigeria and Africa in general.

Table 14: Crude oil reserves in Africa, by country

Country	Proven Crude Oil Reserves (billion barrels)	Country	Estimated Crude Oil Reserves (billion barrels)
Libya	44.3	Somalia	4.0
Nigeria	37.2	Ghana	3.2
Angola	13.5	Mozambique	3.0
Algeria	12.2	Uganda	2.1
Sudan	6.7	Kenya	1.5
Egypt	4.4	Sao Tome and Principe	1.1
Gabon	3.7	Niger	0.3
Other Africa	5.6	Liberia/ Sierra Leone/ Tanzania	No estimates available
Total Continental Africa	**127.7**	**Total Estimated Reserves**	**15.2**

Source: Statistical Review of World Energy 2010; AfDB, 2010 using Reuters estimates

62. Africa's proven oil reserves are around 127.7 billion barrels in 2010, while reserves of 15.2 billion barrels are estimated in many potential oil-producing countries, including Somalia, Ghana, Mozambique, Uganda and Kenya. This has also seen a rush of Indian investments to the energy sector in the past decade. Recently, the largest Indian oil company, the state-run Indian Oil Corp., is set to build a refinery in Nigeria (see box).

63. As mineral-rich African countries aim to step up value-added activities, Indian mining institutions like the Geological Survey of India and Bureau of Mines have offered expertise in disciplines like geological surveys and exploration, up gradation of skills of geologists in Africa, and measures to curb land degradation where mining activities are underway.

Beyond the investment dimension, these institutional linkages will serve India and the African countries in strengthening knowledge sharing and in judicious exploitation of non-renewable energy sources.

2. Cashew

64. The global cashew industry generated approximately US$ 4 billion in sales in 2011, according to data from UN COMTRADE. Trade in cashew takes place in either the raw form, i.e. shelled cashew, or in the processed form, i.e. unshelled cashew. Ghana, Cote d'Ivoire and Guinea-Bissau constituted approximately 64% of global exports in shelled cashew, while Vietnam, India and Brazil constitute for 83% of world export in unshelled cashew.

65. Africa comprises 15 cashew producing countries which totalled US$ 1.4 billion worth of raw cashew export in 2011. However, only US$ 107 million of this total was of shelled cashew. Africa has considerable scope to add value through further processing - as highlighted in Table 14.

Table 15: Composition of raw and processed cashew exports from the top 12 African exporters (2011)

Country	Export of Shelled Cashew (US$ 000's)	Main Export Market	Export of Unshelled Cashew (US$ 000's)	Main Export Market
Ghana	469,343	India (90.1%)	33,951	India (62.2%)
Cote D'Ivoire	262,565	India (58.4%)	8,826	USA (64.1%)
Guinea-Bissau	227,380	India (94.5%)	-	-
Benin	168,295	India (98.7%)	-	-
Tanzania	105,699	India (96.1%)	17,459	Netherlands (47.4%)
Burkina Faso	55,885	Singapore (44.8%)	5,745	Netherlands (36.6%)
Mozambique	53,382	India (77.8%)	28,151	Canada (54.1%)
Kenya	-	-	6,596	USA (51.6)
Nigeria	19,364	India (67.7%)	5,416	USA (81.7%)
Guinea	27,778	India (99.9%)	-	-
Mali	2,293	India (92.4%)	-	-
Gambia	2,087	India (95.0%)	-	-
Total	**1,394,071**		**106,144**	

Source: ITC Trade Map

66. Programmes to build cashew processing have a long history in Africa, but have had mixed success. Donor programmes, notably during the structural adjustment period, have been the subject of extensive criticism. Foreign direct investment in cashew processing by Indian firms in cashew processing and smarter donor support, e.g. through the Africa Cashew Alliance, is having a positive impact on the competitiveness of15 African cashew producing countries by expanding processing capacity, attaining consistency and quality in production and promoting African cashew.

67. Africa is also experiencing increased investment in cashew processing from India. The Africa Cashew Alliance conference in Benin in 2012 was attended by many Indian cashew processors and exporters, exploring the possibility of setting up facilities. Easy access to raw materials and lower land and labour costs are some of the incentives for Indian operators to set up shop in the region.

Olam International Ltd and the Cashew Value Chain

Olam International Limited (hereinafter, Olam) is a cashew processing and exporting company headquartered in Singapore that has operations in Tanzania, Mozambique, Ivory Coast and Nigeria and straddles across the cashew value chain. Olam first began cashew operations more than twenty years ago exporting raw (shelled) cashew nuts from Nigeria. Today, they have an estimated market share of more than 20% in the raw cashew nuts trade, and 15% in processed (unshelled) cashew kernels and ingredients.[5] The Company operates 30 cashew-processing and packing facilities across six processing origins, and provides both direct and indirect employment to more than 25,000 people, 95% of whom are women worldwide.

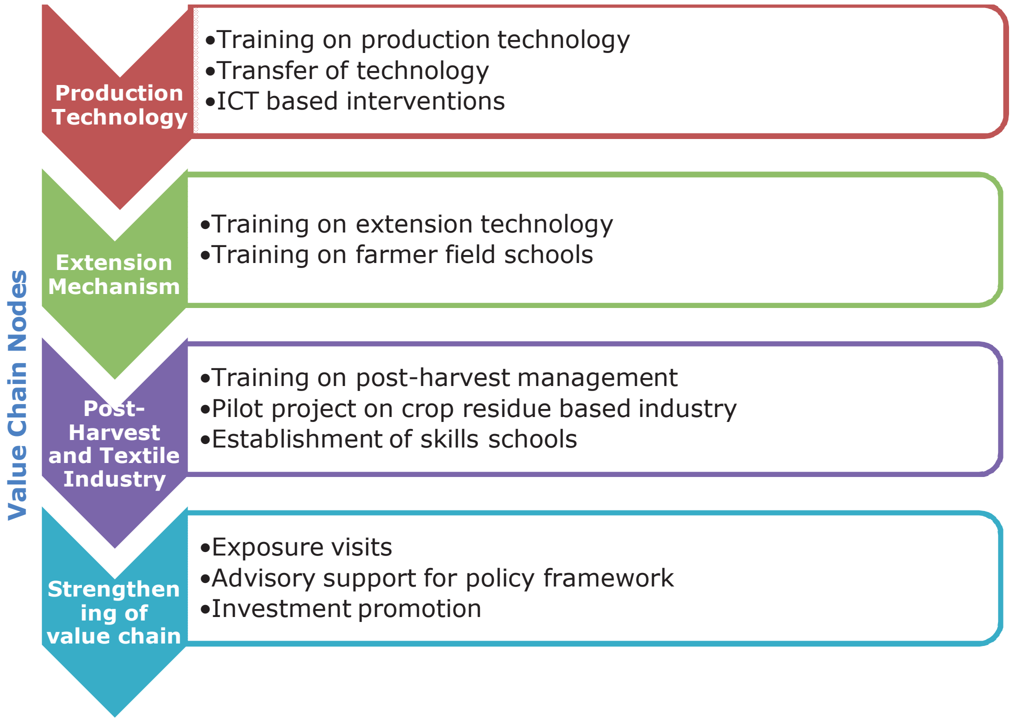
Olam's Corporate Social Responsibility programme includes farm productivity improvement initiatives like organising farmer business groups, developing small traders, promoting transparency, and building up capacities among both farming and trading communities. Through partnerships with select development agencies, donors and business partners, Olam has developed and implemented various initiatives to benefit communities at the source. For instance, in Tanzania, with the help of the Government and funded by USAID, Olam along with Technoserve, is participating in activities to improve productivity of small farmers and increase yields and incomes in rural areas.

3. Cotton

68. Africa exports about US$ 3 billion worth of cotton to the world. Although India is not a large importer of African cotton, India is a major player in the global cotton market with a strong textiles industry. Under the aegis of the 2nd India-Africa Forum Summit in 2011, the Cotton Technical Assistance Programme (C-TAP) for Africa was initiated. The initiative aims at strengthening the value chain of the cotton sector in Africa through a series of interventions such as transfer of technology, post-harvest practices, enhancing downstream competence and capacity building of various stakeholders. The C-TAP is being implemented in Benin, Burkina Faso, Chad and Mali (the Cotton-4), plus Malawi, Nigeria and Uganda. The collaboration is expected to spawn a vibrant textiles industry in the cotton-producing African countries. India has also committed to establish an India-Africa Textiles cluster that would mobilise Indian investments of US$ 350 million with an employment generation of 25000 workers.

[5] Accessed from http://olamonline.com/products-services/edible-nuts/cashews, on 20 February 2013.

Figure 6: India's C-TAP initiative in Africa



69. The project is expected to impact the training of 600 African scientists, technical and extension officers; capacity building of over 2500 farmers and industry representatives; transfer of technology for improved packaging; IT enabled network for crop improvement; infrastructure and skilled manpower development for textile industry; designing policy framework for the host governments; and, promotion of Greenfield investments.

D. African services exports to India

70. Africa accounts for less than 1.1% of global commercial services exports, while its imports are less than 3%, making it the least integrated region in the world in terms of services trade.16 Although bilateral services trade data is unavailable between African countries and India, this section highlights the services sectors with high growth prospects for Africa to export. Among African countries, the largest services exports are travel and tourism (50%) followed by transport services (21%) and other commercial services (29%), including financial services (5%).17 Almost three-quarters of recorded African exports of commercial services go to the EU.18

Table 16: Top services exporters in Africa (US$ million)

	2005	2008	2009	2010	2011	CAGR, 2005-11, in%
South Africa	11,300	12,805	12,020	14,004	14,824	4.6
Kenya	1,880	3,251	2,883	3,675	3,604	11.5
Nigeria	1,793	2,263	2,218	3,081	3,386	11.2
Mauritius	1,618	2,544	2,239	2,695	3,277	12.5
Ethiopia	1,012	1,959	1,895	2,244	2,938	19.4
Africa, Total	**29,851**	**42,323**	**38,858**	**44,407**	**49,456**	**8.8**

Source: WTO

71. South Africa, the leading services exporter in Africa, is ranked 43rd in the world in commercial services. However, in terms of tourism exports South Africa is ranked 29th.19 Similarly, in Kenya and Mauritius, tourism is an important foreign exchange earner. Benin, Côte d'Ivoire, and Tanzania receive revenue from shipments from neighbouring landlocked countries transiting through their ports, while Ghana and Mali receive remittances from their citizens working in services sectors abroad. Overall, while Africa's services exports rely heavily on low-skilled labour, South Africa and to some extent Nigeria, Mauritius, and Kenya is engaging in the export of high-skill services, including health, financial, and business services.20

72. India, a major player in the global services trade, is the 7th largest importer of services, with imports of US$ 124 billion in 2011. Transportation services are the largest category with a share of 46% in total imports. Other commercial services, including financial, insurance and business services, amount to another 43%, while travel accounts for 11% of total services imports.

73. There is some level of complementarity between Africa's services export profile and India's import profile. Particularly, in sectors like travel and tourism, and other commercial services, Africa can look to explore the Indian market for services that grew at an annualised rate of 18% between 2005 and 2011. Tourism figures are also encouraging as a large share of the growing Indian middle class looks for travel destinations in Africa, particularly in the East and South of Africa.

E. African Investments in India

74. Mauritius is the largest investor in India with total FDI inflows of US$ 64.17 billion. Mauritius accounts for 40% approximately of total FDI inflows India. Some estimates suggest that over 50% of US companies route their investments to India through Mauritius, taking advantage of an exemption in capital gains clause.21

Table 17: African investments in India, Total FDI stock from 2000 to 2012

Country	FDI Stock (in US$ million)
Mauritius	64,169.0
Morocco	136.8
South Africa	111.7
Kenya	20.0
Seychelles	17.9
Liberia	14.6
Nigeria	9.9
Tunisia	4.3
Ghana	3.1
Tanzania	1.4
Egypt	1.1
Other Africa	3.5
Total Africa	**64,493.3**

Source: DIPP, Ministry of Commerce and Industries, Government of India

75. Morocco and South Africa are the next largest investors in India with investments worth US$ 137 million and US$ 112 million, respectively. Investments from South Africa have been growing at a steady pace with Tiger Brands, Airports Company South Africa & Bidvest, SAB Miller, FirstRand Bank, Standard Bank, Old Mutual, Balela Leisure, Anglo-American, Sasol and Nandos Group Holdings having made investments in the Indian market. Shoprite, the second largest retailer in South Africa, that withdrew its Indian operations in 2005, is looking towards the Indian market again after the recent announcement by the Indian government to liberalize the retail sector.

76. Morocco has also invested in the manufacture of phosphate in India. ZuariMarocPhosphore holds 74% stake in the earlier state-run Paradeep Phosphate Ltd. The unit is specialized in the manufacture of phosphate fertilizers, with a production capacity of 1 million tons per year.

77. The thrust on the investment side of the India-Africa relationship has, until now, focused more on enhancing Indian investments towards African destinations rather than vice-versa. This may change in the years ahead as outward FDI from African countries has been growing rapidly.

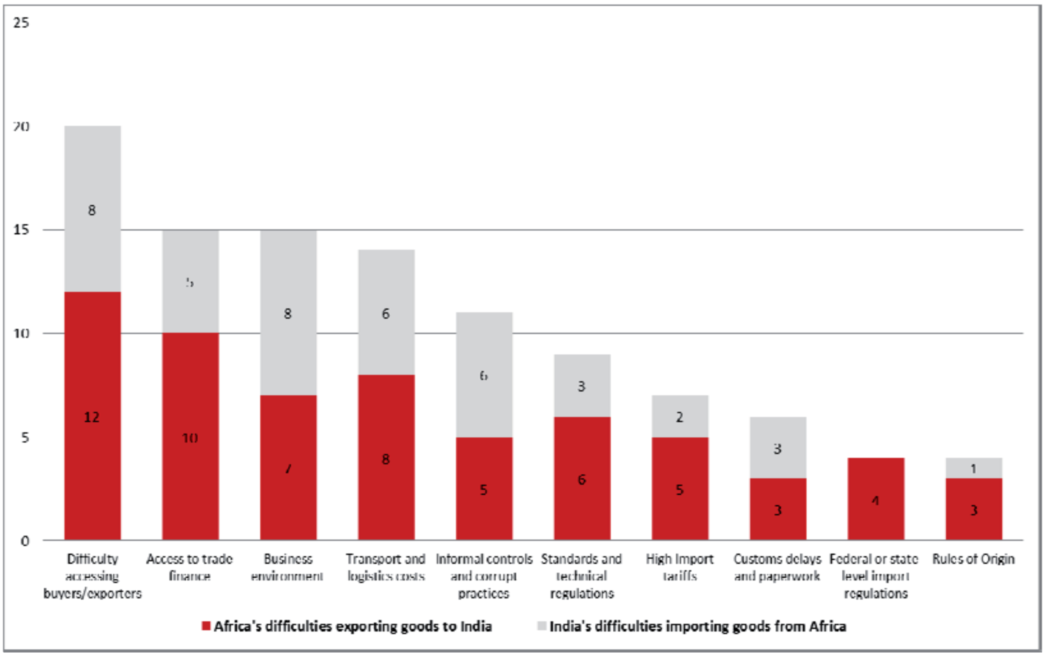
78. Outward FDI flow from African countries have steadily grown from US$ 1.5 billion in 2000 to US$ 7 billion in 2010 before falling to US$ 3.5 billion in 2011.22A substantial portion of the outward FDI is intra-African and emanates from a few countries, including Zambia, Angola, Egypt and South Africa. As African companies diversify further, they too will look towards emerging growth markets like India.

F. Factors hindering Africa's trade and investment relationship with India

79. The CII India-Africa Trade Survey wanted to identify the particular issues in trading and investments between Africa and India. Respondents from Africa were asked to rank the difficulties they faced in exporting goods to India. Likewise, respondents from India were asked to rank difficulties in importing goods from Africa. The figure below sets out the main difficulties cited.

80. Out of the 29 responses from Africa and 32 responses from India, the major difficulties that emerged were: Accessing Indian buyers or African exporters; access to trade finance; poor business environment; transport and logistics costs, and informal controls and corrupt practices.

Figure 7: Difficulties faced by exports of African goods to India



Source: CII-WTO Joint India-Africa Trade Survey 2012-13

81. Exposure of Indian buyers to African exporters is the main bottleneck cited by surveyed firms in Africa's export relationship with India. The annual India-Africa Conclave is an important forum to also bring buyers and sellers together. In addition, dedicated trade meets connected with a particular country or sector will help address information asymmetries as well as bring the growth market of India closer to African producers.

82. CII has organised 13 regional meets focused on different African countries. Similarly, business and trade associations in African countries require an expansive strategy to access the Indian market by identifying potential export sectors and seeking buyers in the various economic hubs of India. CII efforts could be further deepened to promote further business to business linkages, particularly between the growing SME sectors. Such further deepening of on-going successful efforts would be useful in diversifying and expanding Africa's exports to India.

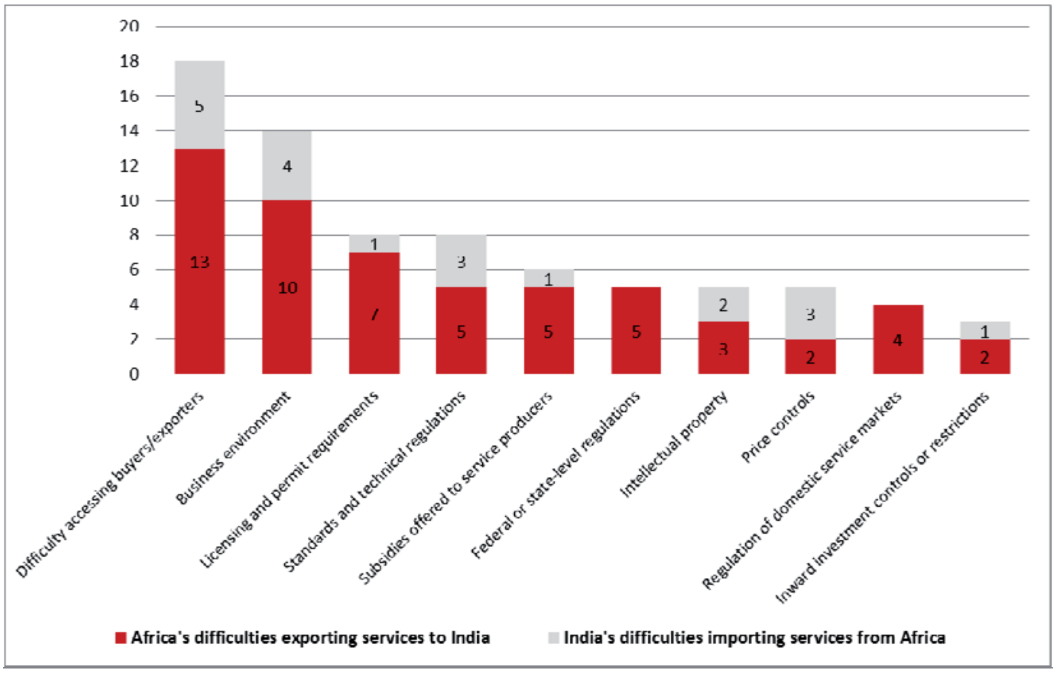
83. Another issue identified in the survey was access to trade finance. Common problems faced by banks in African economies include low capital and foreign exchange reserves, lack of know-how in the process of extending documentary credits, and a lack of international ratings. Exporters requiring guarantees from local banks find that either a bank may be unwilling to assume the associated risk or may do so only with high collateral requirements against trade loans. The net result is that trade finance becomes costly and inaccessible, particularly for firms with limited cash flow or liquidity. As such, most SMEs in Africa find it difficult to finance the gap between shipment and payment when accessing newer markets like India.

84. A further series of issues relate to customs and sanitary and Phythosanitary(SPS) controls. The last WTO Trade Policy Review of India noted that: "India has continued to streamline customs procedures and implement trade facilitation measures. An electronic system for customs clearance has been introduced and a risk management system is in place to selectively screen high- and medium-risk cargo for customs examination. Despite the

implementation of these measures, India's import regime remains complex, especially its licensing and permit system, and its tariff structure, which has multiple exemptions, with rates varying according to product, user or specific export promotion programme."23

85. Four African WTO members, Nigeria, South Africa, Zambia and Zimbabwe, made statements during the Trade Policy Review meeting on India's import regime. They expressed hope that India would continue its trade-related reforms including in the area of customs procedures and other trade facilitation measures, topical under the discussions in the Doha Development Round. They also urged India to improve market access conditions for the poorer countries in Africa.

Figure 8: Difficulties faced by exports of services from Africa to India

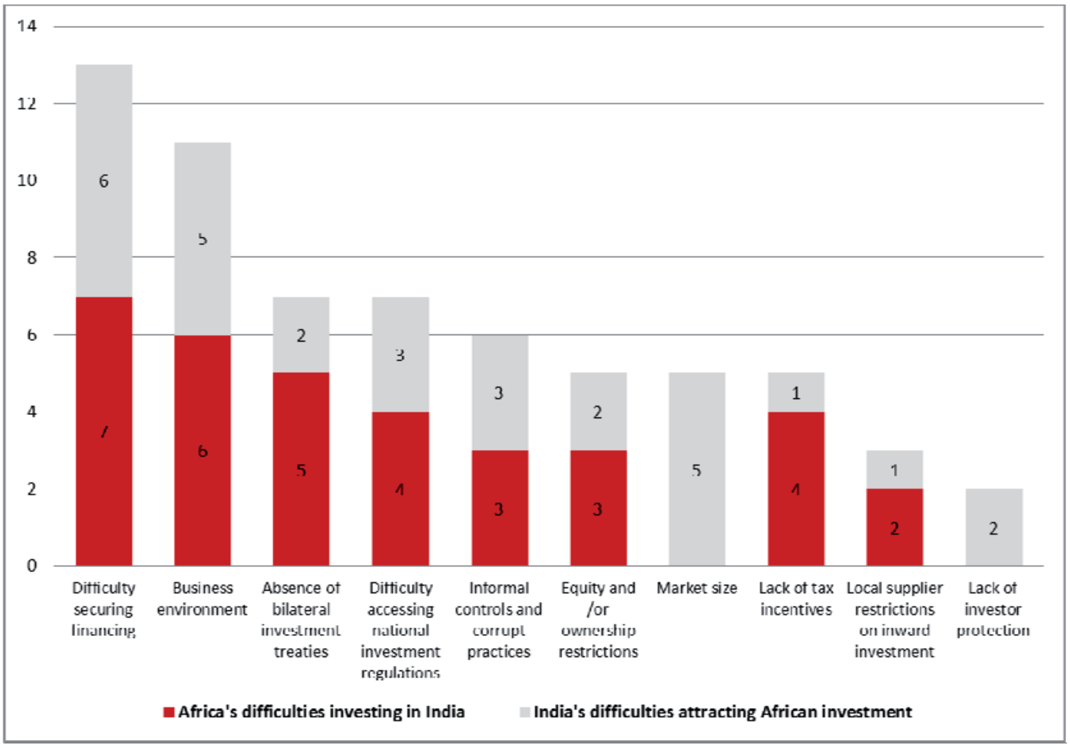


Source: CII-WTO Joint India-Africa Trade Survey 2012-13

86. Although exports of services from Africa are at a relatively low level, immense potential exists in India for African services providers, including in financial services, computer and related services, distribution services and tourism and travel services. As these services industries grow within Africa, they would look to expand globally and India offers a strategic and competitive market for various services industries.

87. The CII-WTO Survey asked about major hurdles facing African services provider in accessing the Indian market. Out of the 26 responses from Africa and 31 responses from India the major difficulties that emerged were: access to buyers in India and exporters from Africa; poor business environment; licensing and permit requirements; technical regulations; and, subsidies offered to services providers.

Figure 9: Difficulties faced by African investments in India



Source: CII-WTO Joint India-Africa Trade Survey 2012-13

88. African companies, mainly from South Africa, have a sizable stock of outward foreign direct investment. Some companies have already forayed into the Indian market while for others India is in the radar. Out of the 25 responses from African businesses and 31 responses from India, the major hurdles of investing in India that emerged were: difficulty in securing capital; poor business environment; absence of bilateral investment treaties; understanding investment regulations; and, informal controls and corrupt practices.

IV. INDIAN EXPORTS TO AND INVESTMENTS IN AFRICA

A. Export of merchandise goods

89. India's economic diplomacy towards Africa took a new direction when the "Focus Africa" programme was launched along with the five year Foreign Trade Policy 2002-2007 (formerly, the EXIM Policy) in March 2002. This, along with initiatives from the private sector, has had a positive impact on exports from India to Africa. Between 2005 and 2011, Indian exports have grown annually at over 23%, even as Africa's share in India's total exports increased from 6.7% to 7.7%.

India's "Focus Africa" Programme

The Focus Africa programme's commercial focus is expansive and beyond regular fiscal incentives, whereby export promotion activities are conducted by various export promotion councils and business associations with grant under Market Development Assistance (MDA) and Market Access Initiative (MAI) Schemes. The programme forms part of a larger strategy of India to diversify its trade relationships beyond traditional markets. The activities envisioned under this programme are:

- Indian Missions in African countries focusing on commercial issues as a priority.
- Review of trade and related issues with 24 African countries through institutional mechanisms like the 'Joint Trade Committee'.
- Increased interaction among business through Joint Business Councils/ Joint Business Groups/CEOs Forum.
- Additional 'Lines of Credit' to African Countries.
- Upgrading the credit rating of African countries by Export Credit Guarantee Corporation (ECGC) of India.
- Special provision for funding warehousing, overseas offices by export/ trading houses or by consortium of Small Scale Industry (SSI) Units - Under MDA.
- Special project oriented activities funded under MAI Scheme for the new scheme of Market Studies.
- Dissemination of information about procurement of tenders, investment opportunities in African countries, by Indian Missions among Indian exporters/importers/investors through concerned Export Promotion Councils.
- Follow up by Indian Missions to simplify procedures for registration and certification in the importing country.
- Finalising MOUs between appropriate authorities, on technical assistance and cooperation in several sectors.

Source: Government of India: http://focusafrica.gov.in/index.html

90. South Africa, the largest export market in the continent for India, accounts for over 22% of India's merchandise goods. Tanzania accounts for a share of 9.3% and is the fastest growing market for Indian products with an annualised growth rate of 40.6% between 2005 and 2011. In terms of products, the largest export categories are refined petroleum, automobiles and auto-components, pharmaceuticals, electrical machinery and industrial machinery. Regional variances are evident as India's primary exports to East and Southern Africa are petroleum products, while that to West and Central Africa are pharmaceuticals. Vehicles are the largest export category to North Africa.

Table 18: India's exports to Africa, by region

	Indian exports to African regions (in US$ million)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*05-11*
North Africa	1,577	3,286	3,236	3,901	4,328	18.5	18.3
West Africa	1,762	2,898	2,883	3,567	5,421	23.2	20.6
Central Africa	275	687	905	985	1,168	5.0	27.3
East Africa	1,657	5,861	4,177	5,640	7,889	33.8	29.7
Southern Africa	1,450	2,651	2,093	3,793	4,540	19.4	21.0
African LDCs	1,949	4,620	4,308	5,023	7,521	32.2	25.2
Africa	**6,721**	**15,383**	**13,294**	**17,887**	**23,346**	**100**	**23.1**

Source: UN COMTRADE

91. India's exports to African LDCs have also seen positive annualised growth of over 25% between 2005 and 2011. Tanzania, Sudan, Benin, Mozambique and Angola are the top LDCs destinations for Indian exports. There is also an observable shift in the export basket, as demand for value-added products from India has grown significantly during this period. Cereals and cotton that had a higher demand from the African LDCs in 2005 has been replaced by exports of refined petroleum products and automobiles in 2011.

1. North Africa

92. North Africa, with a combined GDP of over US$ 500 billion, accounts for one-third of Africa's GDP. The region has a growing demand for value added goods and services, in sectors where India has become globally competitive. Exports to North African countries totalled US$ 4.3 billion in 2011, growing annually at over 18% since 2005. Egypt is the largest market for Indian goods in the region and one that is growing at over 24% annually. India exported nearly US$ 600 million worth of automobiles and parts to the region while electrical machinery and bovine meat are other large exports.

Table 19: Indian exports to North Africa, by country

	Indian exports to North African countries (in US$ million)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*2005-11*
Algeria	261	554	689	771	801	3.4	20.5
Egypt	581	1,762	1,374	1,929	2,120	9.1	24.1
Libya	192	102	215	163	49	0.2	-20.2
Morocco	122	234	246	292	374	1.6	20.5
Sudan*	332	466	462	487	711	3.0	13.6
Tunisia	87	165	248	256	270	1.2	20.7
North African LDCs	332	466	462	487	711	3.0	13.6
North Africa	**1,577**	**3,286**	**3,236**	**3,901**	**4,328**	**18.5**	**18.3**
Africa	**6,721**	**15,383**	**13,294**	**17,887**	**23,346**	**100**	**23.1**

Source: UN COMTRADE. *denotes LDC

93. Further export potential exists in transport equipment, industrial machinery, pharmaceuticals and textiles. Project exports has become an important component of the economic relationship between India and the Maghreb region for industrial turnkey projects, refinery installations, gas pipeline, transmission line, and water supply projects to name a few. The EXIM Bank of India has several LOCs open for all products eligible for exports from India, including a US$ 10 million LOC for project exports to Morocco.

2. West Africa

94. Indian exports to West African countries account for nearly 25% of India's exports to Africa and grew annually at 20.6% between 2005 and 2011. Nigeria, the largest economy in the region, is the largest destination for Indian goods. However, the share of West Africa in India's total exports to Africa has actually decreased from over 32% in 2005 to just above 23% in 2011. India also has a large trade deficit, even as overall imports from the region grew at over 27% annually from 2005 to reach US$ 115 billion in 2011 fuelled by imports of cargo ships, vehicles, industrial machinery and other capital goods imports. India's share in the region's imports is less than 5%, supplying mainly pharmaceuticals, electrical machinery and vehicles.

Table 20: Indian exports to West Africa, by country

	Indian exports to African countries (in US$ million)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*05-11*
Benin*	91	244	196	262	602	2.6	37.0
Burkina Faso*	22	53	38	37	79	0.3	23.6
Cape Verde	1	0	1	1	1	0.0	-1.6
Cote d'Ivoire	138	111	110	110	194	0.8	5.8
Gambia, The*	18	28	34	38	63	0.3	23.6
Ghana	202	551	383	511	789	3.4	25.5
Guinea*	56	87	76	79	138	0.6	16.2
Guinea-Bissau*	0	2	35	4	7	0.0	62.9
Liberia*	24	25	31	38	70	0.3	19.5
Mali*	26	35	39	49	93	0.4	23.4
Mauritania*	47	32	33	32	46	0.2	-0.6
Niger*	26	28	25	43	88	0.4	22.5
Nigeria	852	1,369	1,543	1,918	2,557	11.0	20.1
Senegal*	113	135	169	209	287	1.2	16.8
Sierra Leone*	17	44	39	44	80	0.3	29.5
Togo*	128	152	133	194	326	1.4	16.9
West African LDCs	569	866	846	1,028	1,880	8.1	22.0
West Africa	**1,762**	**2,898**	**2,883**	**3,567**	**5,421**	**23.2**	**20.6**
Africa	**6,721**	**15,383**	**13,294**	**17,887**	**23,346**	**100**	**23.1**

Source: UN COMTRADE. *denotes LDC

95. Exports to West African LDCs have shown positive annual growth of 22%, even as the Indian government and the firms look to focus on generating deeper commercial ties. The President of Benin made a state visit to India in 2009, after which a US$ 15 million LOC was operationalized to boost Indian exports of transport and farm equipments.

96. High-level government and private sector leaders from Burkina Faso, Mali, Togo and Senegal among others have participated in trade and investment promotion activities held in India and in the West Africa region that have boosted Indian exports of in critical sectors such as pharmaceuticals, electrical machinery and machine parts, mechanical appliances and transport equipments. The EXIM Bank of India has many operational LOCs in the region, including a dedicated line for Senegal worth US$ 17.87 million for the supply of buses and spare parts from India that extends for up to 20 years.

97. In a bid to deepen its footprint in Africa, Tata Motors established its second assembly operations in Senegal. Tata Motors currently exports to 21 countries in Africa. In 2011, a joint venture with Tata Africa Holdings established Tata Motors (SA) Ltd and invested approximately US$ 12.1 million in South Africa to open its first assembly plant in the region.

What will an ECOWAS Customs Union mean for Indian exports and investments?

The 15 countries of the Economic Community of West African States (ECOWAS) are currently negotiating for deeper integration through the creation of a customs union with a Common External Tariff (CET). In the interim, ECOWAS has introduced the ECOWAS Trade liberalization Scheme (ETLS). The ETLS allows all agricultural goods as well as industrial goods meeting the Rules of Origin criteria to enter freely from one Member State to another without which MFN duties apply. To obtain an ETLS certificate, Rules of Origin require for industrial products to either be a) wholly produced in a Member States or; b) processed or materials used from a foreign or undetermined origin whose C.I.F. value does not exceed 60% or; c) value added of at least 35%. Such requirements may create difficulties for Indian investments, such as vehicle assembly, if imported components from outside the region are used and the value added by assembly do not reach 35%. Such requirements are intended to encourage production and value addition within the ECOWAS region. However, as currently envisaged they may not have the intended consequence.

3. Central Africa

98. Central African countries account for 5% of India's exports – up from 4% in 2005. While the region is not economically large, it is one of the high growth regions with countries like Angola, Cameroon and the Republic of Congo forecasted to grow annually at over 5% between 2012 and 2017. They are also the three largest destinations for Indian goods in the region. The major export categories to the region are: pharmaceuticals, refined petroleum products, vehicles and industrial machinery.

Table 21: Indian exports to Central Africa, by country

	Indian exports to African countries (in US$ million)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*05-11*
Angola*	103	330	586	597	536	2.3	31.6
Cameroon	36	95	69	113	168	0.7	29.3
Central African Rep.*	1	2	2	6	5	0.0	31.4
Chad*	3	17	6	11	35	0.1	47.6
Congo, Dem. Rep.*	3	4	18	11	7	0.0	15.1
Congo, Rep.	106	209	196	203	352	1.5	22.1
Equatorial Guinea*	7	8	7	9	17	0.1	17.0
Gabon	16	22	20	35	47	0.2	20.3
Sao Tome & Principe*	0	1	1	1	1	0.0	25.6
Central African LDCs	117	361	620	634	600	2.6	31.3
Central Africa	**275**	**687**	**905**	**985**	**1,168**	**5.0**	**27.3**
Africa	**6,721**	**15,383**	**13,294**	**17,887**	**23,346**	**100**	**23.1**

Source: UN COMTRADE. *denotes LDC

99. Central African LDCs account for over half of Indian exports to the region, growing annually at 31% between 2005 and 2011. Much of India's exports are critical for infrastructure. The growing export trend has been buttressed by increased access to credit and guarantee by the EXIM Bank and the ECGC of India. For instance, in the D.R. Congo, the EXIM Bank has an open LOC of US$ 168 million for financing and development of the Ketende Hydro-electric project that will boost Indian exports of power transmission equipments and other industrial machinery to the country.

100. With the Central African Republic, a focus country during the India-Africa Conclave in 2012, the EXIM Bank signed an agreement for a new LOC valued at US$ 60 million directed towards projects in mineral and agriculture sectors. These initiatives have clearly boosted trade ties by addressing bottlenecks in access to capital for certain sector development that the partner government identifies.

4. East Africa

101. The East African region is the largest market for Indian goods, accounting for 34% of Indian exports to Africa in 2011 - up from under 25% in 2005. Kenya, Tanzania and Mauritius are the largest destinations for Indian goods in the region and have grown annually at 28.5, 40.6 and 32.2%, respectively, between 2005 and 2011.

Table 22: Indian exports to East Africa, by country

	Indian exports to East African countries (in US$ million)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*05-11*
Burundi*	10	12	11	17	21	0.1	12.8
Comoros*	4	13	20	9	10	0.0	18.4
Djibouti*	195	394	249	298	445	1.9	14.8
Eritrea*	7	21	7	44	22	0.1	21.7
Ethiopia*	66	217	283	262	425	1.8	36.3
Kenya	453	1,634	1,358	1,996	2,042	8.7	28.5
Madagascar*	46	254	87	64	118	0.5	16.8
Malawi*	45	86	90	92	139	0.6	20.5
Mauritius	256	1,176	395	680	1,363	5.8	32.2
Mozambique*	112	423	366	495	571	2.4	31.2
Rwanda*	11	21	29	34	40	0.2	23.6
Seychelles	11	96	19	29	33	0.1	20.5
Somalia*	36	99	19	71	122	0.5	22.4
Uganda*	85	184	227	248	429	1.8	31.0
Tanzania*	229	1,064	887	1,122	1,768	7.6	40.6
Zambia*	68	104	91	98	198	0.8	19.6
Zimbabwe	22	63	37	79	143	0.6	36.6
East African LDCs	915	2,891	2,367	2,855	4,308	18.5	29.5
East Africa	**1,657**	**5,861**	**4,177**	**5,640**	**7,889**	**33.8**	**29.7**
Africa	**6,721**	**15,383**	**13,294**	**17,887**	**23,346**	**100**	**23.1**

Source: UN COMTRADE. *denotes LDC

102. Eastern African countries have historically enjoyed close economic ties with India and much of it is through investment-led trade, in sectors like textiles, agribusiness and in natural resources. The major export categories to the region are: refined petroleum products, pharmaceuticals, industrial machinery, iron and steel and sugar products. East African LDCs are a major export destination for Indian goods growing annually at around 30% since 2005.

103. Ethiopia, for example, has been consistently hitting double-digit growth during the last decade on the back of domestic economic reforms. Indian firms have invested heavily in Ethiopia in sectors like agriculture and mining, even as the EXIM Bank has offered four concessional LOCs of US$ 213 million, US$ 122 million, US$ 166 million and US$ 91 million for the development and the rehabilitation of the sugar industry.

Why does Ethiopia's Accession to the WTO matter for Indian exports and investments?

The main benefit of WTO accession negotiations, pursuant to GATT Article XII, is to use the process as an instrument for domestic reform to facilitate modernization and enhance competitiveness. The transparency and predictability of the rules-based multilateral trading system could help create a competitive and favourable business environment in Ethiopia. WTO membership could also serve as a tool to attract foreign direct investment, given increased protection under international law, from member countries like India and to diversify Ethiopia's production base and expand its supply capacity. Moreover, Ethiopia's export-oriented operators could also benefit from access to the markets of all WTO Members on a most-favoured nation (MFN) basis, without the uncertainty of preferences. Based on recent WTO Secretariat analysis, Article XII Members have been more successful in attracting foreign direct investment, have grown faster in terms of trade performance and demonstrated greater resilience to recover from economic crises.

The Government of the Federal Democratic Republic of Ethiopia applied for accession to the WTO in January 2003. The examination of Ethiopia's trade and economic regime has been taking place on the basis of questions and replies (Q&R), and the provision by Ethiopia of supplementary factual information as prescribed in various formats and/or requested by Members. In each accession, the Q&R process is iterative and information is continuously updated by the new set of responses to questions from Members of the Working Party. This process is key to developing a thorough understanding of the various aspects of the economic and trade policy as well as legislative developments towards a non-discriminatory, transparent and predictable environment for trade and investment.

Ethiopia, an LDC, has been highly dependent on the agricultural sector for income, employment and export earnings. In seeking WTO membership, Ethiopia's objective is to strengthen its efforts at reducing poverty through accelerated growth and development. Through better integration into the global economy, Ethiopia could use trade as an engine of economic development.

Ethiopia's accession to the WTO remains a work in progress. Further work needed to be accomplished on various issues, such as investment and pricing policies, import regulations, customs procedures, export restrictions, state-trading enterprises, SPS, TBT, intellectual property and services.

Source: WTO Secretariat

5. Southern Africa

104. Southern African countries account for around 20% of Indian merchandise exports growing annually at 21% since 2005. The chief destination is the largest economy in the continent, South Africa, with a high demand for refined petroleum products, automobiles, pharmaceuticals, electrical and industrial machinery. India has also emerged as the fourth largest exporter to the country besides the EU, China and the US in 2011.

Table 23: Indian exports to Southern Africa, by country

	Indian exports to Southern African countries (in US$ million)					Share (%)	CAGR (%)
	2005	*2008*	*2009*	*2010*	*2011*	*2011*	*05-11*
Botswana	12	23	21	34	45	0.2	25.4
Lesotho*	16	35	12	18	21	0.1	4.8
Namibia	14	97	57	64	68	0.3	29.8
South Africa	1,404	2,481	1,960	3,650	4,320	18.5	20.6
Swaziland	4	15	43	27	86	0.4	66.8
Southern African LDCs	16	35	12	18	21	0.1	4.8
Southern Africa	**1,450**	**2,651**	**2,093**	**3,793**	**4,540**	**19.4**	**21.0**
Africa	**6,721**	**15,383**	**13,294**	**17,887**	**23,346**	**100**	**23.1**

Source: UN COMTRADE. *denotes LDC

105. In the trade negotiations arena, India is engaged with the Southern African Customs Union (SACU) in negotiations of a preferential trade agreement (PTA), expected to conclude by the end of 2013. This will substantially bring down tariffs in a number of products of export interest for firms from both the economies. India is also keen on a trilateral trade pact with SACU and MERCOSUR (India already has a PTA with the bloc). The free trade agreement (FTA), linking developing regions in the three continents, is envisaged as an ambitious trade pact and a symbol of growing South-South co-operation.

B. Value addition and India's exports to Africa

106. An analysis based on the technology content of India's exports reveal that almost all exports have some technology content with a very low share from the agriculture and extractive sectors. There has been an increase in the share of high technology exports to 13.8% in 2011 compared to 10.9% in 2001, led by exports of pharmaceuticals and electronics and communication equipment. Exports of medium-high technology marginally increased to 25.5%, primarily that of automobiles and machinery and equipment exports. But the major structural shift has been in the exports of medium-low technology products (19.5% to 37%), including a significant rise in exports of refined petroleum, accompanied by a sharp drop in the share of low technology exports (41.7% to 21.5%), particularly that of textiles and apparel.

Table 24: India's exports to Africa, by technology (US$ million)

Product	2001	Share in TTE (%)	2011	Share in TTE (%)
High Technology (*pharmaceuticals, office machinery, electronics and communication equipment, aircrafts*)	278	10.9	3,153	13.8
Medium High Tech (*chemicals, machinery and equipment, electrical machinery, automobiles*)	616	24.1	5,809	25.5
Medium Low Technology (*refined petroleum products, rubber and plastic, glass and ceramic, basic metals*)	499	19.5	8,426	37.0
Low Technology (*food products, textiles and apparel, leather and footwear, paper products*)	1,067	41.7	4,894	21.5
Total Technology exports (TTE)	**2,460**	**96.1**	**22,283**	**97.8**
Agriculture and related products	**84**	**3.3**	**462**	**2.0**
Mining and quarrying, incl. crude oil	**15**	**0.6**	**45**	**0.2**
Total Exports	**2,560**	**100**	**22,791**	**100**

Source: WTO staff calculations based on UN COMTRADE data

107. Exports from India have moved up the value chain that highlights the economic diversification the economy has achieved during the last decade. Exports of refined petroleum products to Africa formed 22% of the export basket in 2011 up from 0.1% in 2001. Indian oil companies straddle across the hydrocarbon value chain with competitive refining capacities. Similarly, auto and auto components and pharmaceuticals are two other sectors that have benefitted in the past decade from proactive government policies and investments in research and development. These two sectors account for 10% and 9% of India's exports to Africa, respectively.

Table 25: Indian exports to Africa, by top categories

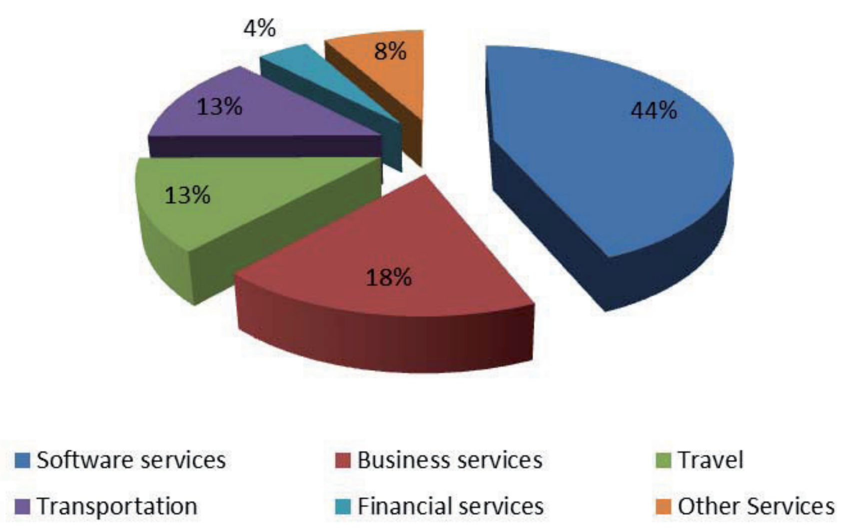
Top Categories	Indian exports to African countries (in '000 US$)			CAGR (%)	Product specialization (%)
Name	*2005*	*2008*	*2011*	2005-11	*2011*
Mineral fuels	770	4,457	5,180	37.4	22.2
Vehicles	695	1,246	2,302	22.1	9.9
Pharmaceuticals	490	1,184	1,999	26.4	8.6
Electrical machinery	190	486	1,614	42.8	6.9
Industrial machinery	526	1,067	1,383	17.5	5.9
Iron and steel	371	713	885	15.6	3.8
Cotton	375	521	783	13.1	3.4
Articles of iron and steel	395	538	773	11.8	3.3
Plastic products	259	438	744	19.2	3.2
Cereals	583	191	633	1.4	2.7

Source: UN COMTRADE

C. Indian services exports to Africa

108. India's exports of services started nearly at the same level as Africa in 2001but grew exponentially at an annualised rate of 23.3%, reaching US$ 136.5 billion in 2011 from US$ 16.8 billion in 2001. India is currently ranked 7th in services trade, with exports more than threefold that of Africa, mainly on the back of a boom in computer and information services exports. The breakdown of exports show that software services account for over 55% of total services exports followed by business services (24%) and travel (15%).

Figure 10: India's export of services in 2011-12, by sector



Source: Computed from India Economic Survey 2012-13

109. Data on Indian exports of services to Africa are unavailable due to lack of partner country data for services trade among developing countries and the absence of data by modes of supply. However, as suggested earlier increased activities are seen on all four modes of supply.6 Of particular note is the growing level of services related FDI stock in Africa. Key Indian investments in Africa have been made in the telecommunications and IT sectors. Under consumption abroad, India is becoming a destination for Africans in medical and healthcare services and higher education services. There are potential sectors such as business services, software services and banking services where India can look to explore the growing markets in South Africa, Nigeria and Kenya among others.

Medical Tourism: 'First world health care at third world costs'

Due to the high-quality and relatively low-cost medical services in India many African citizens have started to see India as a treatment destination. African patients from Burundi, Cote d'Ivoire, D.R. Congo, Ethiopia, Kenya, Mozambique, Nigeria, Rwanda, South Africa, Tanzania and Zambia have been accessing medical treatments since the late 1990s. Hospital groups, such as the Aga Khan group of hospitals, Apollo, Fortis and Wockhardt, have collaborated with African hospitals as a destination for specialty medical treatments from heart diseases to diabetes to cancer. On an average the costs in Indian specialty hospitals are considered to be about a quarter the cost of comparable services in the US. To overcome the shortage of healthcare facilities, some African countries are also exploring the possibility of Indian investments in pharmaceuticals, hospitals, and export of medical skills in the form of public-private partnerships (PPPs) in their home countries. Apollo and Fortis already have hospitals and healthcare centres across a few countries in Africa.

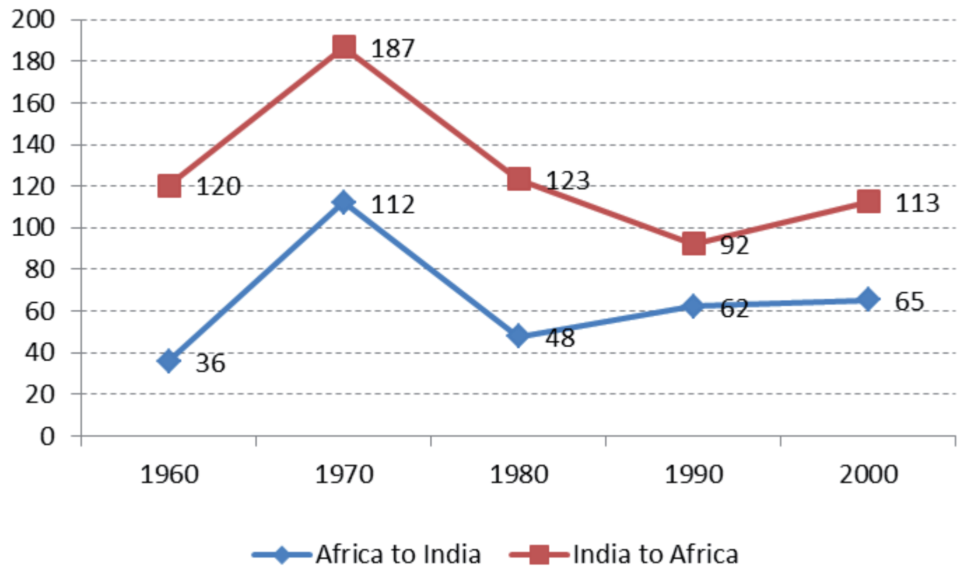
Source: Modi, R., 'The role of India's private sector in the health and agriculture sectors of Africa', in Cheru, F., and Obi, C., eds., *The Rise of China and India in Africa*, Zed Books, 2010

110. Information, communication and technology (ICT) has been a significant feature of India and Africa's trade and capacity building initiatives. India's Pan-African e-Network Project is a unique platform which offers tele-education and telemedicine solutions to over 47 African countries. Additionally, India has set up a number of IT Centres of Excellence across the continent. According to comments made by the Indian representative to the WTO during The Gambia's Trade Policy Review in 2010, India's plan is to equip and support e-governance, e-commerce, infotainment, resource mapping, meteorological and other services including providing connectivity between heads of state, through the project. Many Indian IT companies, including NIIT (case study in Annex II), Wipro and HCL have forayed into the African IT sector – the next big frontier market for IT.

[6] "Modes of Supply" is a WTO-GATS phrase used to denote the four modes of supplying services: cross-border trade (Mode 1), consumption abroad (Mode 2), commercial presence (Mode 3), and presence of natural persons (Mode 4).**Cross-border supply** is defined to cover services flows from the territory of one Member into the territory of another Member (e.g. banking or architectural services transmitted via telecommunications or mail);**Consumption abroad** refers to situations where a service consumer (e.g. tourist or patient) moves into another Member's territory to obtain a service; **Commercial presence** implies that a service supplier of one Member establishes a territorial presence, including through ownership or lease of premises, in another Member's territory to provide a service (e.g. domestic subsidiaries of foreign insurance companies or hotel chains); and, **Presence of natural persons** consists of persons of one Member entering the territory of another Member to supply a service (e.g. accountants, doctors or teachers). The Annex on Movement of Natural Persons specifies, however, that Members remain free to operate measures regarding citizenship, residence or access to the employment market on a permanent basis.

111. In the tourism and business travel sector, between 2006 and 2010, African visitors to India increased from 137,000 to 197,000 growing annually at about 10%. Besides tourists and business visitors, both India and Africa host a sizable migrant population. The figure below show the bilateral migration flows between India and Africa spanning the period 1960-2000. While Indian migrants flow to Africa is relatively larger than the other way, migrants from Africa to India have been growing since the 1980s.

Figure 11: Bilateral migration between India and Africa: 1960-2000 (in '000s)



Source: World Bank, Global Bilateral Migration Database

112. In 2000, among the top countries for Indian migrants to Africa were: Democratic Republic of Congo (24,192), South Africa (17,047), Mauritius (8,185), Tanzania (7,151) and Mozambique (6,312). Traditionally, Kenya, Madagascar, Uganda and Zambia also received migrants from India. On the other hand, African migrants to India came from: Uganda (11,575), South Africa (9,041), Kenya (6,801), Nigeria (6,095) and Zambia (5,007). The caveat remains that it is difficult to ascertain migration flows based on labour-related flows, foreign employment or other status of employment.

D. Indian Investment in Africa

113. Indian investment in African countries has a long history. The first outward FDI by an Indian firm went to Africa – a textile mill established by the Birla Group in Ethiopia. During the 1960s many Indian investments went to Kenya, Uganda and Nigeria among others, albeit the investments were considerably smaller in magnitude than present day investments.24

114. Table 25 below highlights that Mauritius is the main focus of Indian investment flows. However, as with inward investment into India, Indian companies appear to take advantage of Mauritius' offshore financial facilities. Although Mauritius receives the bulk of Indian outward FDI, the final destinations for much of this investment may actually be in Africa, even though they are counted as 'Mauritian' FDI.

115. The Tata Group have had a presence in Africa since 1976 in the transport, information technology, hotels, mining and telecom sectors and the Group's investments have increased considerably in the last decade. Mega investments by Bharti Airtel in the African telecommunications sector; diversified investments by Indian IT and IT-enabled services companies, like TCS, Wipro and NIIT; the presence of Indian banks like State Bank of India, Bank of Baroda, ICICI Bank and EXIM Bank of India, have seen India's FDI stocks in the African services sector rise.

Table 26: Indian investment flows to select African countries

	1996 to 2002	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total Stock
Mauritius	618	133	176	149	333	1163	1506	2087	6165
Sudan	-	750	162	52	63	118	8	38	1191
Egypt	9	0	-	3	0	0	790	19	821
Nigeria	7	4	2	8	4	12	27	237	301
Liberia	0	-	-	-	155	-	18	16	189
Kenya	13	1	2	0	0	0	133	0	149
Libya	30	-	-	-	25	75	0	13	143
South Africa	22	0	1	3	10	23	46	12	118

Source: Ministry of Finance, Government of India

116. Indian investments stock in Africa in 2008-09 stood at upwards of US$ 9.2 billion. According to IMF estimates, total Indian investments in Africa at the end of 2011 were US$ 14.1 billion – a share of 22.5% in total Indian outward FDI stock.25 Another estimate puts cumulative Indian investments into Africa at over US$ 35 billion.26 Although outward investment data from India to Africa remains sketchy, it is safe to assume that it is a sizeable portion of total outflows.27Please see Annex I.

117. Indian MNEs have ventured into both Greenfield and Brownfield investments, spanning telecommunications, energy, computer services, power and the automobiles sector among others. The table below highlights some of the 'big ticket' investments across the African continent.

Table 27: Select Indian investments to Africa in recent years

Indian Company	Target Company	Host Country	Sector	Value (US$ million)	Deal Type	Year
Cairn India	PetroSA	South Africa	Energy	60% in Oil and Gas Block	Acquisition	2012
Tata Chemicals	Greenfield	Gabon	Chemicals/ Fertiliser	290	Acquisition	2011
Wipro Technologies	Subsidiaries	South Africa, Ethiopia	IT-enables services	NA	-	2011
Bharti Airtel	Zain Africa BV	Africa-wide	Telecom	10,700	Acquisition	2010
Essar Africa Holdings	Zimbabwe Iron and Steel Company	Zimbabwe	Metals & Ores	750	Acquisition	2010
Bharat Heavy Electrical Ltd.	Greenfield	Multi-country	Energy	2,000	Acquisition	2010
Essar Group	Econet Wireless Holdings	Kenya	Telecom	450	Acquisition	2009
Vedanta	Konkola Copper Mines	Zambia	Metals & Ores	700	Acquisition	2004-ongoing

Source: Staff calculations based on Grant Thornton, *Dealtracker 2011*, and various other sources.

118. Indian private sector organizations, under the stewardship of CII, have been active in Africa since the early 2000s. They have done so through mobilising government, institutional as well as private initiatives, forging stronger PPPs and joint venture initiatives between African and Indian firms.28

119. The annual India-Africa Conclaves have developed into a platform for businesses and government enterprises to find a credible access point for appropriate technologies and partners. There have been eight such Conclaves and the participants as well as project opportunities have grown considerably in size and scope.

120. In the eight editions of the Conclave over 1500 projects worth US$ 103.9 billion have been discussed. The focus over the past few editions have been on long-term projects that require substantial resource mobilisation. The EXIM Bank of India has played a key role in facilitating the entry of Indian companies in executing such projects. The EXIM Bank has advanced the Indian private sector development agenda in Africa by offering LOCs at concessional rates to several African institutions to support project financing.

Table 28: India-Africa Project Partnership Conclaves: success and opportunities

Dates	Participants	Focus countries/themes	Projects discussed/ Outputs
1st: March 2005, New Delhi "1st India-Africa Project Partnership 2005"	470 Indian and 230 African participants from 27 African countries	The inaugural Conclave meeting focused on projecting India in general and India's project capability. 12 focus sectors were identified: project consultancy and risk management; power and energy; education and training; transportation systems; telecom and IT; water and sanitation; minerals and metals; oil and gas; SME projects; construction; agriculture and food processing; health and pharma.	178 projects worth US$6 billion were discussed; 12 MoUs signed for agricultural implements and equipment, automotive; SMEs, consultancy; power and energy; agro-processing.

Dates	Participants	Focus countries/themes	Projects discussed/ Outputs
2nd: November 2005, New Delhi "2nd India-Africa Project Partnership 2005: "Expanding Horizons"	260 Indian and 128 African participants from 31 African countries	Special emphasis on Sierra Leone. 10 focus sectors: project consultancy; power and energy; transportation systems; telecom and IT; water and sanitation; minerals and metals; SME projects; construction; agriculture and food processing; health and pharma.	103 projects worth US$5.26 billion were discussed; Government of India committed US$ 200 million for projects under NEPAD.
3rd: October 2006, New Delhi "3rdIndia-Africa Project Partnership"	387 Indian and 352 African participants from 32 African countries	Focus countries were Zimbabwe and Burundi along with Francophone Africa. Focus areas were infrastructure development, value-addition in agriculture, SME sector development among others.	300 projects worth US$ 17 billion were discussed.
4th: March 2008, New Delhi "4thIndia-Africa Project Partnership"	503 Indian and 651 African participants from 33 African countries	Trade, Bilateral And Multilateral Agreements, Key Areas Of Cooperation Manufacturing Competitiveness, Market Access/ Regional Coordination Laws, Consultancy, Banking Linkages, Agriculture, Microfinance, Healthcare Aviation, Energy, Transport Infrastructure & Logistics and Information Channels	153 projects worth US$10.6 billion were discussed; MoUs were also in the leather sector, for consultancy and skills development.
5th: March 2009, New Delhi "Celebrating Partnerships"	483 African delegates and 318 Indian delegates	Finance and consultancy; mining and minerals; agriculture and agro processing; power and alternative energy; healthcare; SMEs	193 projects worth US$ 17.2 billion were discussed; MOUs related to agriculture, SMEs, IT training were signed.
6th: March 2010, New Delhi "Developing Synergies: Creating a Vision"	Almost 1000 political and business representatives (almost half of which were African)	Power, fertilizers and agriculture, education, SMEs and telecommunications.	157 projects worth US$10.1 billion were discussed; Several agreements and MOUs were signed, a reflection of the measure of success of the conclave.
7th: March 2011, New Delhi, "Creating Possibilities: Delivering Values"	577 Indian and 650 African participants from 35 African countries	The Indian presence has been largely in agriculture, food processing, irrigation, education, infrastructure, health and pharmaceuticals. The Conclave aptly themed "Creating possibilities: Delivering Value" focused on these sectors. With projects worth billions of dollars discussed, the conclave represented a big opportunity for India Inc.	204 projects worth US$18.3 billion were discussed.
8th: March 2012, New Delhi, "Creating Possibilities: Delivering Values"	523 Indian and 696 African participants from 41 African countries	Zimbabwe (Focus Country) The mid-term plan adopted by Zimbabwe government for economic development and sustainable growth makes the country highly attractive for investments. Mining, agriculture, agro-processing, manufacturing, physical infrastructural	220 projects worth US$29.5 billion were discussed.

Dates	Participants	Focus countries/themes	Projects discussed/ Outputs
		development, transportation, Jewellery, telecom, IT, healthcare, textiles, skill Envelopment	
9th: March 2013, New Delhi, 9th India-Africa Project Partnership	622 Indian and 893 African participants from 45 African countries	Republic of Burundi, Republic of Cameroon, and Republic of Zambia were the Guest Countries at the Conclave. Bilateral Trade; Capacity Building; Lines of Credit; Manufacturing Sector; Services Sector; Agriculture; Mining; Bankable Projects; Hydropower Projects Water & Sanitation and Tourism	477 projects worth US$ 68.37 billion; Several MoUs were signed and 1,500 B2B meetings between Indian and African businesses held
India-Africa Conclaves	7641 delegates, including 3791 delegates from African countries	Various	1985 projects worth US$ 172 billion have been discussed in the past 9 conclaves.

Source: Various CII-EXIM Bank India-Africa Project Partnership Reports

India-Sierra Leone investment and trade post-India-Africa Partnership Project 2005

Indian- Sierra Leone relations have deepened dramatically in recent years. Indian investments and assistance are amongst the top in the West African country. With the inauguration of the first India-Africa Conclave in 2005, Sierra Leone experienced a surge in cooperation with India. These were mainly in the form of lines of credit from the India EXIM Bank. To date, India EXIM Bank loans to Sierra Leone have amounted to US$ 74.45 million in the areas of agriculture, ICT and potable water. In addition, Exim Bank provided US$ 20 million to ECOWAS Bank to finance a Solar Street Lighting Project.

India has gone beyond providing concessional loans and technical co-operation. There is also an increasing presence of Indian private sector investments in Sierra Leone. International forums such as the Sierra Leone Trade and Investment Forum held in London in 2009 and the annual India-Africa Conclave in Delhi have signalled to foreign investors that the country is open for business. To name a few, India's leading shipbuilding and ship repair company, ABG Group, entered into a joint venture with Sierra Leone Exploration Mining Company (SLEMCO) for mining bauxite in northern Sierra Leone. In 2011, the joint venture discovered significant bauxite deposits. In the telecommunications sector, Indian company Bharti Airtel bought Zain Sierra Leone after its acquiring Zain Africa. India companies are also investing in agriculture such as the Siva Industries and Holdings Limited invested US$ 1.5 billion into Sierra Leone's palm oil plantation sector whilst Jindal Steel & Power Ltd. is considering entering into an iron-ore plant acquisition deal of up to US$2 billion in several West African countries including Sierra Leone. Furthermore, Sierra Leone Learning Centre has signed a Memorandum of Understanding with five Indian participating university centres and doctors, as well as medical and pharmacology students, have been regularly attending tele-medicine programs.

121. In recent years, India has started striking 'resources for infrastructure' deals in Africa. For instance, Essar Oil Limited (in the Kenyan petroleum refinery sector), ONGC Videsh Limited (OVL) and Indian Oil Corporation (IOC) consortium (in Libya's hydrocarbon sector) and Mittal Energy Limited (MEL, in iron ore extraction in Liberia) have made resource-seeking deals in exchange for infrastructure investments. This is exemplified in the case of a joint venture between OVL and MEL that won oil exploration rights in Nigeria in exchange for an investment of US$ 6 billion to construct an oil refinery and a power plant, as well as a feasibility study for a new east-west railway line.29

122. All these investments are considered as outward FDI from India, however, whether LOCs or technical assistance funds are used to finance these investments it is difficult to verify owing to the nature of data classification, among other constraints.

Statement by Zambia during the WTO Trade Policy Review of India, 2011

"Regarding investment, there has been an increase in both actual and pledged investment by Indian firms in a number of sectors including mining, manufacturing, agriculture, transport, energy, telecommunications, banking and health. In the period 2006-10 investment pledged amounted to US$2.2 billion with total employment figures of 12,974. In more specific terms, the following are some of the highlights on India's investments in Zambia.

In the mining sector, Vedanta Resource group invested an initial US$48 million in Konkola Copper mines in 2004 and has since expanded its investment with the launch of new projects: the Konkola deep mining project, the ultramodern Nchanga smelter and sulphuric acid plant, whose combined investment is estimated at US$2.2 billion; the recapitalization of Zambia's coal mine, MaambaCollieries with an investment of US$108 million; and green field investment in manganese mining of US$20 million and a planned investment in the processing plant of about US$300 million in the central part of Zambia.

In the manufacturing sector, Melcome Group investment in 2009 invested a total of US$10 million in a mobile assembly plant in Lusaka; TATA's planned investment in the acquired leather tannery of about US$4 million; pledged investment by RJ Corporation of US$30 million over a period of six years in constructing a manufacturing plant for Pepsi and other fruit drinks; Trade King's investment of US$125 million in the first ever integrated steel plant in Zambia which is already operational; and the vehicle and bicycle assembly plant in Ndola with total investment of US$10 million.

In the telecommunications sector, India has invested in one of the telecommunications companies an Indian based firm Bharti Airtel is running this. In the banking sector, India has partnered with Zambia with an operational bank, Indo-Zambia, a joint venture with 60% share held by three Indian based banks. In the energy sector, Tata has entered into some cooperation arrangement with Zambia's electricity supply company, and in the hospitality we have approximately US$8 million which was invested to renovate the TajPamodzi Hotel.

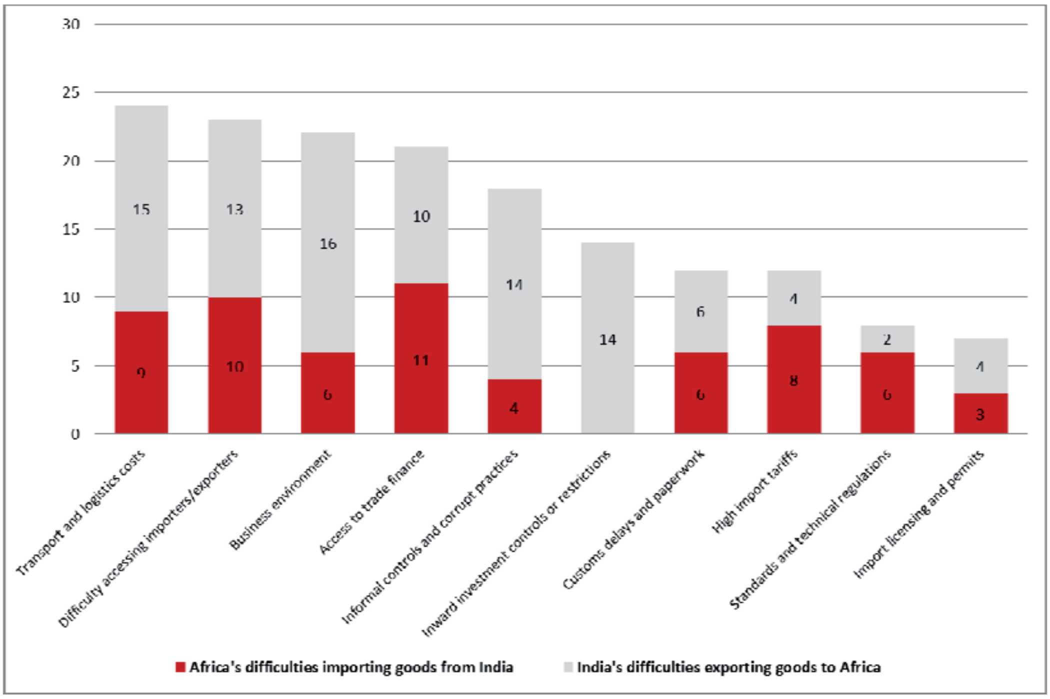
More recently, India has been collaborating with Zambia on possibilities of establishing public private partnerships in various sectors of the economy. My delegation is fully confident that India's strengthened trade and investment cooperation coupled with individual LDCs economic policy reforms and support from other cooperating partners would no doubt contribute to meeting the set goals and objectives outlined in the Istanbul plan of action."

Source: WTO Secretariat Report, *Trade Policy Review: India*, WT/TPR/S/249/Rev.1, October 2011.

E. Factors hindering India's trade and investment relationship with Africa

123. The CII-WTO Survey wanted to identify the major hurdles that Indian exporters face in exporting specifically to African countries and similarly identify the issues of concern for African importers. Respondents from India and Africa were asked to rank major difficulties they faced in exporting to Africa and importing from India, respectively. Out of the 32 responses from India and 28 responses from Africa, the major difficulties that emerged were: transport and logistics cost; access to African buyers or Indian exporters; poor business environment; access to trade finance; and, informal controls and corrupt practices. Indian exporters were also particularly concerned with restrictions on inward investments in African countries and informal controls on exports.

Figure 12: Difficulties faced by exports of goods from India to Africa

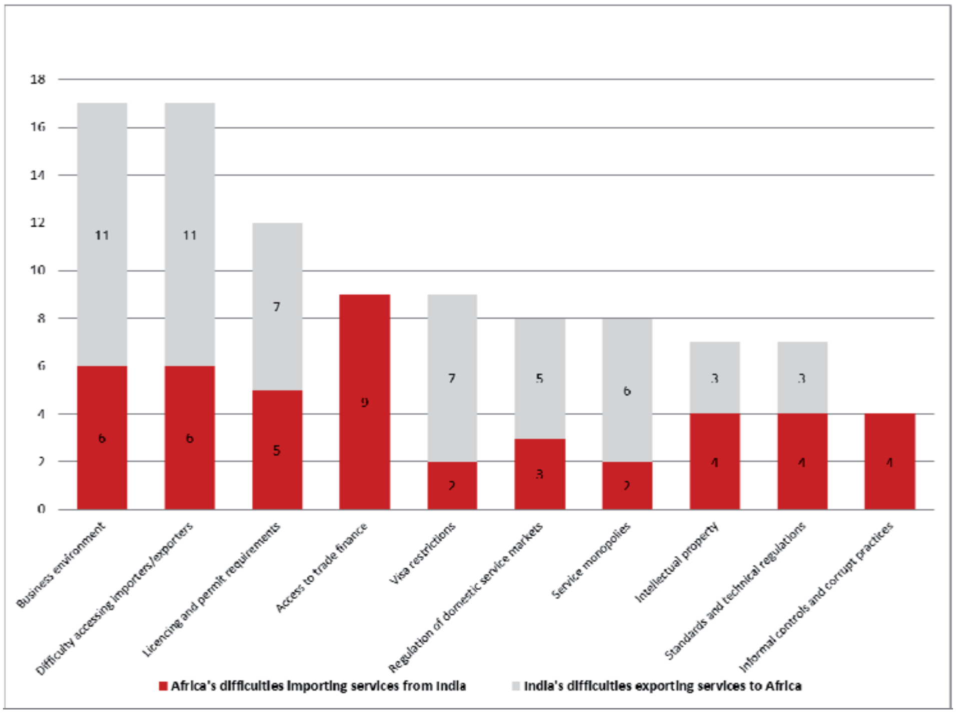


Source: CII-WTO India-Africa Joint Trade Survey 2012-13

124. Transport and logistics costs standout as a major impediment to Indian exports going to Africa. Due to high shipping costs, and cost of insurance in exports to African countries, many Indian exporters prefer to sell 'free on-board' basis instead of 'on-delivery' basis. This is generally not a good practice when exploring new markets and engaging with newer or smaller buyers. However, given the high transaction costs in exports to Africa and the risk perceptions attached, Indian exporters may become risk-averse and place the burden on the buyer. Lowering transaction costs are crucial to enhanced trade between India and Africa.

125. Knowledge of the African market has been cited as another major impediment in exports to Africa. African economies have taken major strides to improve their business environment and growth prospects in recent years. For instance, Rwanda was named the top performer in the World Bank's Doing Business Index for 2010 and the country is serious about improving its business environment. While big businesses in India have taken cognizance of this development in Africa, the SME sector requires information on the growth prospects and how their products can find a market there. The SME sector in India contributes over 40% of Indian exports. While business associations can play a role, the commercial wings of Indian embassies in Africa can and are playing a facilitating role by providing in-country research on market expansion opportunities available to Indian exporters.

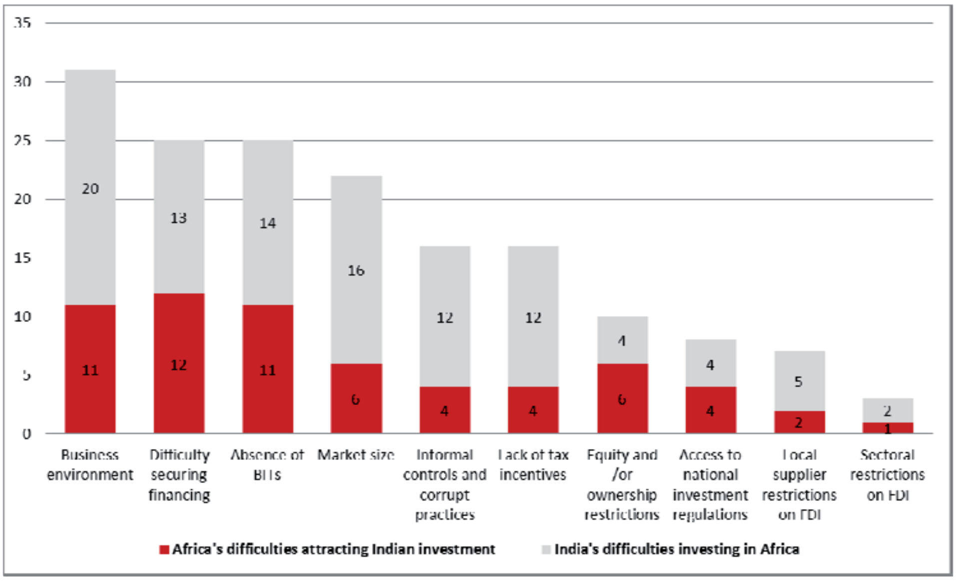
Figure 13: Difficulties faced by exports of services from India to Africa



Source: CII-WTO India-Africa Joint Trade Survey 2012-13

126. Similar to exports of merchandise goods, Indian exporters cite poor business environment and access to buyers as some of the major impediments in exporting services to African countries. Many services firms also find that getting work visas/ permits is particularly difficult in some African countries. This is of particular importance for the Indian IT and IT-enabled services firms that have expanded their operations in the African continent.

Figure 14: Difficulties faced by Indian investments in Africa



Source: CII-WTO India-Africa Joint Trade Survey 2012-13

127. The growing level of Indian investments in India is a promising sign for Africa's development prospects. However, key to such investments growth is that existing investors find such ventures profitable in an enabling business environment with legal protection. Some of the key hurdles impeding Indian investments in Africa that emerged from the CII-WTO Survey are: poor business environment; access to capital; absence of bilateral investment treaties; and, smaller market size.

128. Removing the bottlenecks to investments will be imperative for African countries to ensure that they move to a sustainable investment-led development model. Investments from India will also bring in technology that is "Appropriate, Affordable and Adaptable", pitched as the "Triple A" technology transfer mode, during the 8th India-Africa Conclave.

V. INDIA'S DEVELOPMENT ASSISTANCE TO AFRICA

A. An Overview

129. The Indian Technical and Economic Co-operation (ITEC) has been the Indian government's flagship programme in pursuing technical co-operation since 1964. India spends US$ 12 million on ITEC activities annually. Since, 1964, the cumulative figure on this account has been US$ 2.8 billion, with US$ 1 billion going to Africa. It does so through a set of interconnected activities including project assistance, capacity building, institution building and scholarships.30

130. Project assistance receives 40% of the ITEC budget. The focus is on small and medium industry that may include agricultural processing, carpentry, plastic moulding and small engineering units. Typically, the ITEC Division assists with project identification, the drawing up of a feasibility report, project implementation and the training of local personnel to eventually manage and run the project on their own.

131. For capacity building, the ITEC programme is collaborating with 48 Indian institutions that offer as many as 220 courses in a wide variety of areas. For instance, in 2011-2012 nearly 8000 African civilians benefited from training courses under ITEC and other bilateral schemes. Another 250 civilians received training under the programme through regional schemes conducted with Afro-Asian Rural Development Organization (AARDO), African Union (AU), Pan African Parliament and EAC among others.

The Ghana-India Kofi Annan Centre of Excellence in ICT (AITI-KACE)

The Centre is Ghana's first Advanced Information Technology Institute that works to stimulate the growth of the ICT Sector in ECOWAS. Established in 2003, through a partnership between the Government of Ghana and the Government of India, the Centre houses West Africa's first supercomputer. The objective of the facility is to provide a dynamic environment for innovation, teaching and learning as well as practical research on the application of ICT for development in Africa.

Website: www.aiti-kace.com.gh

132. The Indian government lays great emphasis on institution building, drawing from its own development experience. So, while training of foreign personnel and expert-level workshops have merit, the long-term solution lies in the building of appropriate institutions in partner countries. Therefore, in the 2nd India-Africa Forum Summit held in 2011, the Indian government committed US$ 700 million to establish new institutions and training programmes in consultation with the AU and its institutions. Some of the key institutions in the process of implementation are;

- India-Africa Institute of Information Technology, Ghana
- India-Africa Institute of Foreign Trade, Ghana and Uganda
- India-Africa Institute of Education Planning and Administration, Burundi
- India-Africa Diamond Institute, Botswana

- India-Africa Civil Aviation Academy
- India-Africa Institute of Agriculture and Rural Development
- India-Africa University for Life and Earth Sciences – Ibadan University, Nigeria

133. Most of these institutions are envisaged under a PPP model, where top Indian public and private institutions will partner with African counterparts in their establishment. Perhaps the most innovative PPP model in technical institution building has been the establishment of the Pan Africa e-Network Project inaugurated in 2009 with a project cost of US$ 125 million.

Pan-Africa e-Network Project

The Pan-Africa e-Network, an ambitious projects for distance education and tele-medicine, is an example of the growing partnership between India and Africa. In addition, the network is also equipped to support e-governance, e-commerce, infotainment, resource mapping, meteorological and other services in African countries. A total of 47 African countries have joined the project. In the first phase, inaugurated in February 2009, 11 African countries joined. The expanded second phase was launched in August 2010.

In tele-education, the objective is to impart quality education to 10,000 students in Africa over a 5-year period in various disciplines. Some of the best Indian educational institutions are participating in this project. In tele-medicine, on-line medical consultation with Indian medical specialists is now available to African medical practitioners. The Pan Africa e-Network Project may be followed up with the establishment of an India-Africa Virtual University.

134. India is also looking to provide technical co-operation through innovative measures such as triangular co-operation arrangements under which Indian institutions provide training to candidates from developing countries with funds being made available by donor countries or multilateral institutions. India considers triangular co-operation to be an effective means of fostering development by leveraging India's competences – like institutional and human resource capacities at competitive rates – for providing technical assistance to partner countries with developed country assistance.31

U.S.-India-Africa Triangular Partnership to Improve Agricultural Productivity and Innovation in African Countries

As part of the India-U.S. Strategic Partnership, Prime Minister Manmohan Singh and U.S. President Barack Obama agreed during President Obama's visit to India in November 2010 to use the expertise of both countries in agricultural capacity-building to extend food security to interested third countries. Pursuant to this, India and the United States inaugurated the first triangular India-U.S.-Africa partnership in agricultural training.

The three-year triangular partnership program aims to improve agricultural productivity, strengthen agricultural value chains, and support market institutions in Kenya, Liberia, and Malawi. The program will train 180 mid-level African Government and private sector agriculture professionals from Kenya, Malawi, and Liberia in agricultural extension practices, agri-business, and agricultural marketing.

Source: Ministry of External Affairs, Government of India

135. India's economic co-operation spans from loans and advances to foreign governments, to LOCs, extended by the EXIM Bank and other commercial banks with support from the Government of India. In recent years, India has increased both its financial and non-financial assistance towards African countries. According to Indian government data, India's official aid and loan programmes towards Africa amounted to US$22.4 million in 2011-12 (excluding LOCs), which accounted for 3.6% of India's total overseas development assistance (ODA). India intends to "intensify aid-for-trade assistance" in the coming years, which has already seen an annualised growth of 20.5% between 2009-10 and 2011-12.32

Table 29: Year-wise approvals of ODA and LOCs to Africa from India (in US$ million)

	ODA	LOCs
2004-05	23.6	100.0
2005-06	13.9	1,052.6
2006-07	4.4	141.5
2007-08	12.8	524.5
2008-09	21.8	470.1
2009-10	22.6	486.5
2010-11	27.1	1,055.1
2011-12	22.4	1,189.4
Total (2004-12)	**156.0**	**5,019.7**

Note: The year in use refer to a financial year, i.e.,
April to March. Conversion of INR to US$ based on annual average historical exchange rates.

Source: Ministry of External Affairs, Government of India, Annual Reports (various years)

B. Are Indian LOCs concessional enough to qualify as ODA?

136. The OECD defines concessional loans as those 'extended on terms substantially more generous than market loans' and 'the concessionality is achieved either through interest rates below those available on the market or by the grace periods, or a combination of both'. In the case of highly indebted poor countries, the interest rate charged under an Indian LOC is 1.75% at the fixed rate, with twenty years' repayment period and a five year grace period. The grant element constitutes 41.25% of the loan. On the basis of concessionality of loans, Indian LOCs targeted towards heavily indebted African countries could conceivably qualify as ODA because they carry a grant element of at least 25%.33

137. LOCs are typically extended to overseas financial institutions, regional development banks, governments and other entities overseas, to enable buyers in those countries to import goods and services from India on deferred credit terms. While it is not a foreign aid instrument per se, LOCs, offered on concessional terms, have financed a wide range of projects including agriculture, irrigation, food processing, rural electrification, IT and infrastructure development. Indian LOCs are tied to 'project exports' to the tune of 85% of goods and services that are procured from Indian firms.34For instance, in 2011-12, 16 LOCs amounting to US$ 614.2 million were approved to 14 countries under the India Development and Economic Assistance Scheme (IDEAS).35

Table 30: LOCs extended to select African countries under IDEAS in 2011-12

Partner Country	Amount (in US$ million)	Project Details
Gabon	67.2	Upgrading of broadcasting facilities
Republic of Congo	70	Rural electrification
Mozambique	13	Solar photovoltaic module manufacturing
Central African Republic	20 + 39.7	Limestone mining + power generation
Chad	40.3	Various projects
Tanzania	35	Bio-diesel project
Ethiopia	47	Development of sugar industry (US$ 213 million over 20 years)
Zambia	50	Setting up of pre-fabricated health posts
Cameroon	42	Cassava plantation project
Swaziland	37.9	Agriculture project
Mali	100	Power transmission project
Total Africa (under IDEAS)	562.1	Various projects

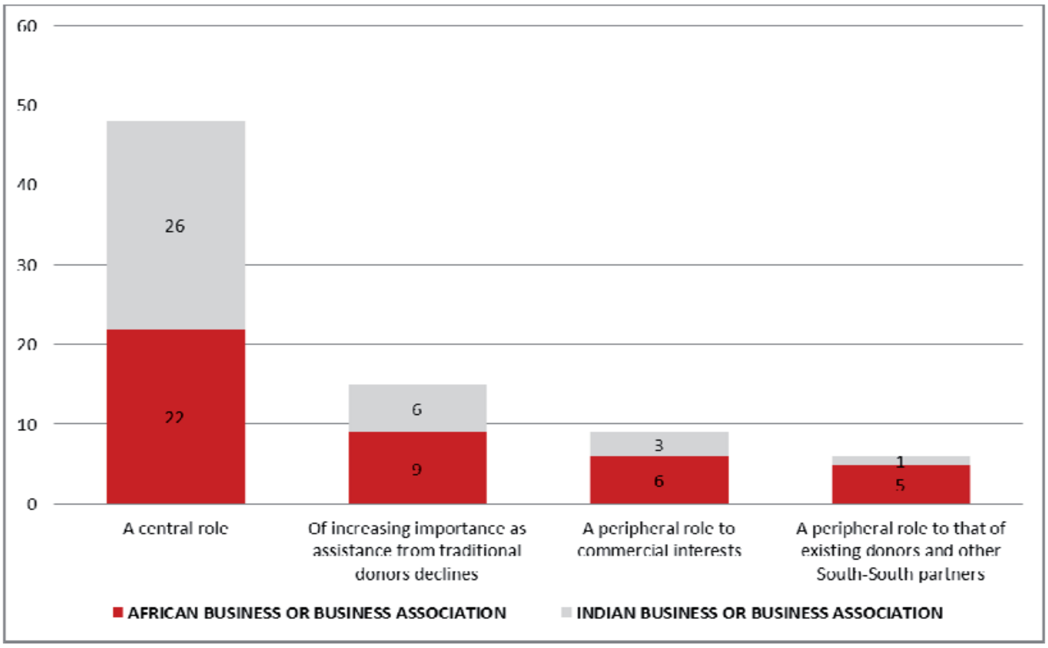
Source: Ministry of External Affairs, Government of India, Annual Report 2011-12

138. At the 2nd India-Africa Forum Summit in 2011, India pledged to extend LOCs worth US$ 5.4 billion until 2014 to support the developmental requirements of India's African partners. The triennial Summits, starting in 2008, are recognition of the growing importance of India-Africa ties where the highest leadership from India and African countries come together for a structured interaction and political and economic co-operation. The Summits have also become a platform where the Government of India identifies the areas of co-operation, and where in existence, monitor and expand such co-operation. It did so through the "Framework of Co-operation" in the 2008 Summit and adopted a follow-up "Framework for Enhanced Co-operation" during the 2011 Summit that act as a road-map for implementing agencies in India and Africa.

C. Indian Assistance–African and Indian business views

139. The business community in both India and Africa were asked through the CII-WTO Survey on what role they saw for India's development assistance in boosting trade and development with Africa in the near future. A majority of the respondents saw a central role for India's assistance in ensuring that India-Africa trade and investments continued to grow at a robust pace. Many African respondents also forecasted a growing role for India's assistance, within the backdrop of declining assistance from traditional donors to the continent. This underscores the emerging role of India in the African continent and positively views the assistance that has been provided by India thus far.

Figure 15: The role of Indian assistance in Africa's trade and development

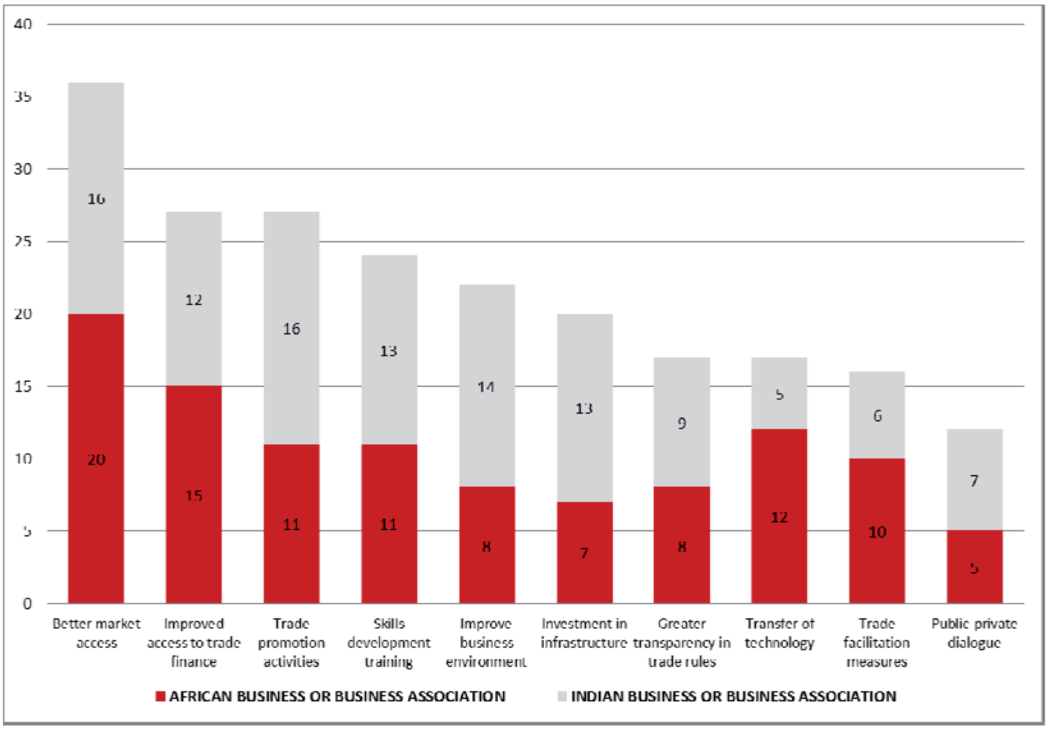


Source: CII-WTO India-Africa Joint Trade Survey 2012-13

140. Businesses from India and Africa were also asked to identify the key areas of assistance that could be most effective in overcoming the barriers to greater India-Africa trade. One overwhelming area for regulatory support highlighted by respondents was the area of market access –through reduction of tariff as well as non-tariff measures that impede trade between the partners. India, through the DFTPI-LDC scheme, has already taken an ambitious step in ensuring duty-free and quota-free entry to products from 33 of the 54 African countries.

141. Access to trade finance figures highly for African business, while increased exposure to the African markets through trade promotion activities is cited by Indian businesses as the most effective form of support to boost trading relations. Assistance on both these fronts is highly sought by both sides. The other areas of assistance that would help build on the vibrant India-Africa trade are vocational skills development and improving the business environment. For African businesses, transfer of technology by Indian firms as well as through institutional mechanisms is another area where they seek co-operation.

Figure 16: Type of support that would be most effective in helping business overcome the barriers to India-Africa trade

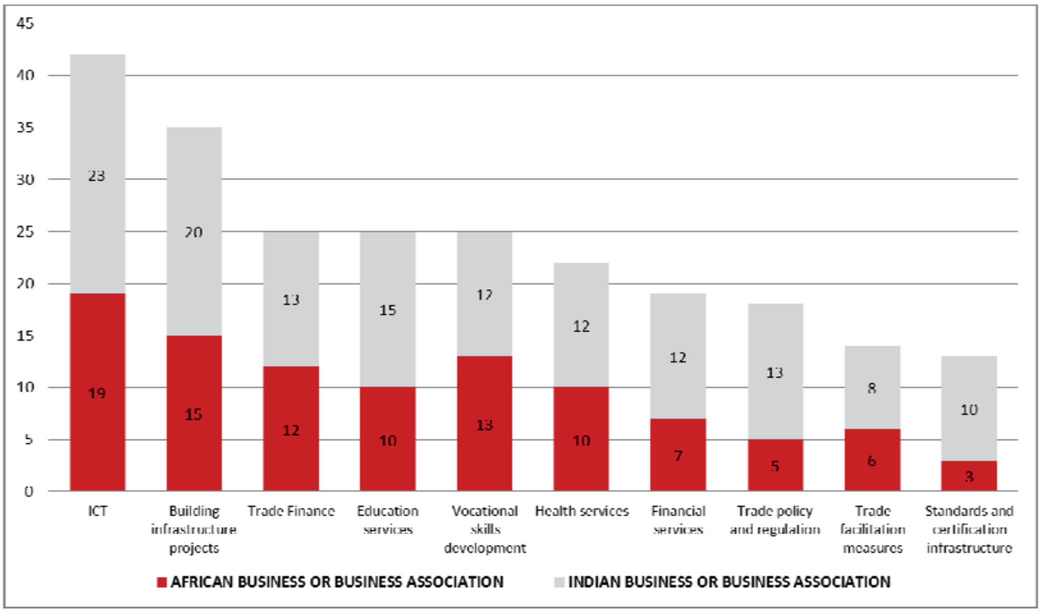


Source: CII-WTO India-Africa Joint Trade Survey 2012-13

142. African and Indian businesses were then asked to identify the areas where India could be a viable assistance provider to Africa. ICT has been widely cited as the sector where India has most comparative advantage. With India's advancement in this sector over the last two decades, Indian firms- at the implementation level, and Indian government- at the policy and regulatory level, are well placed to share and develop expertise for African stakeholders in this sector. It was pointed out during the 8th India-Africa conclave that co-operation in the ICT sector would have cross-cutting development benefits in other areas ranging from e-governance, technology inclusiveness, to banking and education.

143. Many respondents also stated that Indian infrastructure companies could play a greater role in strengthening Africa's physical infrastructure sectors spanning roads, railways, ports, airports and waterways. Africa needs an estimated US$93 billion a year for infrastructure development, and faces a large funding gap of about US$ 45 billion, where India's assistance will be of importance. Many of the concessional LOCs extended by the EXIM Bank are directed towards infrastructure development in African countries mainly in power, road and rail projects.

Figure 17: India's comparative advantage as an assistance provider



Source: CII-WTO India-Africa Joint Trade Survey 2012-13

144. It is interesting to note that businesses see India's development assistance to have a comparative advantage in many services sectors, including, ICT, education, vocational skills development, health and financial services. It gives a clear indication that India's rise as a services global power will have development benefits in the South-South context.

145. During the 2nd India-Africa Forum Summit in 2011, India and its African partners agreed through the 'Africa India Framework for Enhanced Co-operation' to cooperate on many services sectors including human resources and institutional capacity building, education, science and technology, development of the health sector, and ICT. This document is seen to guide India's systematic engagement with the African partners through the coming years.36

VI. KEY FINDINGS AND RECOMMENDATIONS

1. Key Findings

2. India-Africa trade growth 2005-11 has been higher than China-Africa trade

146. India has been the fastest growing export market for African exports with growth of over 41.8% annually between 2005 and 2011 – higher than the 28% recorded with China. Similarly India's exports to Africa grew at a brisk 23.1% between 2005 and 2011 - comparable to the 25.6% exports growth achieved by Chinese exports to Africa. India-Africa overall trade grew at 32.4% during the period, which is higher than China-Africa trade growth at 27%. However, the total value of India-Africa trade (at US$ 63 billion in 2011) is only 38% of the value of China-Africa trade (at US$ 166 billion). India-Africa trade started from a lower base, but has been largely fuelled by commodity exports from Africa and a diverse range of high to medium technology exports from India.

3. Africa's exports to India are concentrated in a narrow range of products, exporting countries, but showing signs of diversification

147. The two products, crude oil and liquefied natural gas, account for nearly two-thirds of Africa's exports to India. The top six products, at the HS 6 level, account for over 87% of African exports. This denotes a high product concentration of exports that are mainly in commodities. Due to the persistent rise in global commodity prices between 2005 and 2011, value of Africa's exports to India have risen faster than the volume of commodity exports, thus exposing exports to global commodity price shocks.

148. 25% of Africa's exports have some technology content, mostly in medium to low technology goods. This export segment has grown over five-fold since 2001. Growth in oil and other natural resources has obscured this fact. The top six exporters from Africa, viz., Nigeria, South Africa, Angola, Egypt Algeria, and Morocco account for 89% of total African exports to India. They are also the major exporters of commodities: Nigeria, Angola, Egypt and Algeria are exporters of crude oil; South Africa's major exports are gold and coal; while, Morocco exports mainly phosphates. The top six exporters also run a trade surplus of US$ 24.5 billion with India that is partly offset by India's trade surplus with 40 of the 54 African countries.

4. India's exports to Africa, on the other hand, are more diversified at the product-level as well as market-level

149. India's exports to African countries are diversified at the product level and in destinations. India's export basket to Africa is composed of refined petroleum products, automobiles, pharmaceuticals, electrical and industrial machinery. Nearly 98% of Indian exports to Africa have undergone some value addition with medium to low technology products accounting for 37% of the export basket. Exports share of high technology products (14%) and medium to high technology products (26%) have seen an increase from the baseline levels in 2001, while exports of low technology products (22%) have declined sharply from 41% in the baseline period.

150. The top six destinations for India's exports account for just over 60% of total exports to Africa. India's exports are also well diversified among the five regions of Africa, with East Africa emerging as the top destination. This bears testimony to the efforts made by the Indian private sector and the government that have stepped up the market expansion activities by making African markets more accessible for Indian goods.

5. Transport and logistics costs, access to buyers, access to trade finance and poor business environment are the major hurdles facing greater bilateral trade between India and Africa

151. Most of the pressing bottlenecks to greater bilateral trade identified by firms are not market access or tariff issues, but deep rooted systemic issues concerning infrastructure bottlenecks, underdeveloped capital markets, trade facilitation issues and information asymmetries. Access to buyers is reportedly a major concern for African and Indian exporters alike. Non-tariff barriers like informal controls and corrupt practices, and customs delays and paperwork are some direct trade-related concerns that have been cited by exporters from India and Africa as other major hurdles to trade.

6. Indian investments in Africa has increased manifold in the past decade and is likely to continue, given favourable conditions for investments

152. In some sectors in Africa like IT, telecommunications, automobiles and energy, Indian companies took the 'first mover advantage'.37 Presently, Indian companies that typically started investing in South Africa are stepping up production facilities and business operations to West, East and North Africa. This is in part due to the Government of India upgrading it policy framework with regards to international investment. For instance, it eliminated per annum upper limit of US$ 100 million for automatic approval in March 2003 and enabled Indian entities to invest to the extent of 100% of their net worth. The limit of outward FDI has been increased to 400% since then. The Department of Industrial Policy and Promotion (DIPP), the investment promotion arm of the government, has identified Africa as one of the regions where Indian companies are encouraged to make investments.

153. The other side of the picture is the increased return on investment in Africa and investment promotion activities undertaken by African governments. Many African governments, during the India-Africa Conclaves, have submitted project proposals worth many billions of dollars to attract Indian investments. As return on investments in Africa is forecasted to remain high, Indian companies favour such investments that have the backing of the host governments. According to UNCTAD, India currently has only five bilateral investment treaties (BITs) with African countries, namely, Egypt, Ghana, Mauritius, Morocco and Mozambique. Further BITs could afford the protection needed by Indian companies looking to invest in other African countries.

7. India's role as a development assistance provider to Africa is likely to increase

154. The Indian government lays great emphasis on institution building, drawing from its own development experience. During the 2nd India-Africa Forum Summit held in 2011, the Indian government committed US$ 700 million to establish new institutions and training programmes in consultation with the AU and its institutions, mostly through the PPP model. The most innovative PPP model in technical institution building has been the establishment of the Pan Africa e-Network Project to promote distance learning and tele-medicine, in addition, to support e-governance, e-commerce, infotainment, resource mapping, meteorological and other services in African countries.

155. Nearly 62% of respondents to the CII-WTO Survey said that India would play a central role in boosting trade and development with Africa. Even as another 20% felt that India will play an increasing role as traditional donors decrease their assistance. India has already stepped up its assistance in Africa and intends to "intensify aid-for-trade assistance" in the coming years, which has already seen an annualised growth of 20.5% between 2009-10 and 2011-12. Such assistance is likely going to be more effective in areas where India has a comparative advantage over other donors. Private sector in Africa and in India see India's development assistance to have a comparative advantage in many services sectors, including, ICT, education, vocational skills development, health and financial services.

RECOMMENDATIONS

8. To boost Africa's exports of goods and services to India

156. To sustain the growth in India-Africa trade there is a need to broaden the trade basket, especially for Africa's exports. Greater value-addition to commodities within Africa is necessary to enable African economies to benefit further from expanding trade with India. Exports of value-added products require, inter alia, a positive business environment, access to capital, skilled labour and sustained FDI that can be achieved through mainstreaming of trade in national development strategies.

157. In the short to medium-term, African countries should look to overcome the hurdles faced by African firms in exporting to India. From the CII-WTO Survey, it emerged that for African exporters' access to Indian buyers, trade finance and informal controls and shipment delays are some of the major concerns. The mitigation of transaction costs will have a significant impact in enhancing the export competitiveness of African products. The focus, therefore, should be on trade facilitation.

158. India's DFQF scheme – DFTPI scheme for LDCs, holds great potential in boosting African exports to India. The DFTP-I came into full force in August 2012 eliminating applied tariff rates on about 85% of India’s total tariff lines, particularly, on tariff lines that comprise 92.5% of global exports of all LDCs. This can significantly improve market access for 33 African LDCs. WTO figures for 2010 show that only 5.3% of LDCs' imports into India came in duty-free. Moreover, only 21 African LDCs are currently beneficiaries of the scheme while many LDC exporters may simply be unaware of it. During the latest India-Africa conclave, African leaders have suggested that India’s DFTP-I scheme should be made more comprehensive. Preferential access has not yet been provided to LDC exports of poultry, dairy products, vegetables, fruits, unshelled cashew, coffee, tea, cereals, oilseeds, cocoa preparations, beverages and spirits, chemicals, tobacco, rubber, raw silk, silk yarn, copper, iron and steel, that are of major export interest to many African LDCs.

159. Diversification in African exports of services is also crucial for development of African economies. Tourism, accounting for over 50% of African services exports, still holds immense potential in exports to India by tapping into the growing tourism and business travel sector in India. Bilateral co-operation and promotion of African tourism in India would increase visibility and popularity of Africa as a travel destination.

9. To boost India's exports of goods and services to Africa

160. For Indian exporters transport and logistics costs, poor business environment along with access to African buyers are cited as major difficulties. The annual India-Africa Conclave is an important forum to bring buyers and sellers together. In addition, dedicated trade meets connected with a particular country or sector will help address information asymmetries as well as bring the growth markets of Africa closer to Indian producers.

161. Due to high shipping costs, and cost of insurance in exports to African countries, many Indian exporters prefer to sell free on-board basis instead of on-delivery basis. This is generally not a good practise when exploring new markets and engaging with newer or smaller buyers. Lowering transaction costs and risks are crucial to enhanced trade between India and Africa. The export credit and trade finance institutions of India are playing a major role in market access initiatives of Indian firms in Africa.

162. EXIM Bank LOCs have historically galvanised India's exports to Africa. However, there are certain areas that mandate urgent attention, such as, delays in the release of sanctioned LOC, monitoring of projects supported by LOC, greater transparency in the selection of projects to be supported by LOC, and synchronisation of different LOC projects that have received funding from multiple sources.

163. Indian services exporters cite poor business environment and access to buyers as some of the major impediments in exporting services to African countries. Many services firms also find that getting work visas/ permits is particularly difficult in some African countries. This should be addressed at the governmental level to facilitate services trade.

164. The Indian SME sector requires information on the growth prospects in Africa and how their products can find a market there. While business associations can play a role, the commercial wings of Indian embassies in Africa can, and are playing a facilitating role by providing in-country research on market expansion opportunities available to Indian exporters.

10. Investment-led trade towards greater economic co-operation

165. India's investment-led trade approach could help sustain the dynamic trade growth between India and Africa, and help extend trade both in terms of the number of partners involved and also the range of goods and services traded. Investments for joint ventures between the countries would best open up the route for enhancing goods trade.

166. Removing bottlenecks to Indian investments, including, protection of investments through e.g. BITs, access to capital, improved business environment, is imperative to ensure that Africa moves to a sustainable investment-led development model.

167. Greater cooperation in agriculture and agro-processing would have a great bearing on the food security situation in both Africa and India. Africa's farm sector is expected to grow to the tune of US$1 trillion by 2030, although this growth will largely depend on adequate technology infusion. Indian companies could help Africa's agriculture sector in farm mechanisation, agro-processing and storage, investments in training and development of human resources for the farm sector, Greenfield investments, local vendor development, setting up of agro parks in Africa, setting up of horticulture industries and floriculture units, among others. In boosting Africa's agricultural value addition, India too can meet its own food needs through imports, especially in pulses where India faces a major shortfall.

168. Lack of adequate investments is a key reason for the under-utilisation of Africa's hydropower potential and other renewable and non-renewable energy sources. India has proven expertise in energy generation and can partner African countries build their energy infrastructure through manpower, technical and financial investments and engineering inputs.

169. There should be strong engagement among India and African countries across diverse services sectors. India has comparative advantage in many services sectors, including, ICT, education, vocational skills development, health and financial services in which Indian investments will serve the continent well.

170. The Southern African region is an important non-oil trading region for India. To help increase trade India and South African countries are looking to expand the India-SACU PTA towards a comprehensive economic co-operation agreement incorporating services and investments. The plans for a comprehensive economic cooperation partnership agreement with Mauritius, and similar agreements with several other regional communities in Africa should also be studied further. A joint study is also underway to work out a free trade agreement with COMESA.

11. Strengthening India's development assistance in Africa

171. India intends to "intensify aid-for-trade assistance" in the coming years. In view of this, greater institutional mechanisms and global co-operation would help ensure that India's assistance becomes more effective. India could benefit from the expertise of traditional donors on project impact analysis and best practices to improve quality of delivery and introduce mechanisms for better assessment of Indian project assistance.

172. Trilateral co-operation with traditional DAC partners and emerging partners from the South could also complement development assistance in Africa. Key gains can be made in sharing professional skills in the design and delivery of Aid for Trade programmes as well as project finance and technology transfer.

173. The shortage of well-trained trade professionals is a problem for developing countries, which lack the institutional capacity to train them. It should be a priority for India to train trade professionals and to build institutional capacity in the African nations for negotiations at bilateral and multilateral forums.

ANNEX I

The Table below enumerates select Indian companies operating in African countries.

Name of the Company	Sector	Country	Projects & Investment
Angelique International Limited	Power, transmission, distribution, agriculture, irrigation, textiles, steel etc.	Mali, Sudan and Chad	1. Tractor Assembly Plant in Mali; 2. Transmission line project in Sudan; and 3. Cotton textile mill in Chad.
Coppice Technologies Private Limited	Education	Senegal	1. Centre of Excellence in Dakar 2. Regional University Hubs in government run Universities 3. Teacher Training Institutes 4. Computer Labs in government run primary and secondary schools across Senegal.
Escorts Limited	Tractors	Ghana, Madagascar, Burkina Faso, Senegal, South Africa, Sudan, Benin, Tanzania, Togo, Angola and others	Exported more than 5000 tractors to 21 African countries.
Godrej Consumer Products Limited	Consumer Goods	Nigeria, South Africa, Mozambique, Zambia, Zimbabwe, D.R. Congo, Kenya, Uganda, Tanzania, Ivory Coast, Senegal, Cameroon, Ghana and Malawi	Operates through acquisition of; 1. The Darling Group Holdings, South Africa. The market leader in hair extension products and a pioneer of the category in the region. 2. Rapidol (Pty) Ltd., South Africa. Ethnic hair colour brands like 'Inecto' and 'Soflene' in ten countries. 3. Kinky Group, South Africa. Kinky offers a variety of hair products. 4. Tura, Nigeria. Nigeria's leading Beauty Company.
HCL Info systems Limited	ICT	Botswana, Nigeria, Lagos and others	1. Pan African e-Network Project; 2. Computerization of schools; 3. Training labs for Nigerian Army College of Logistics (NACOL).
Incorp Afro-Asian Consultants	ICT, agriculture, waste management, solar power and medical tourism	Ghana, Sudan, Kenya and other countries	1. Set up an assembly plant for tractors in Ghana; 2. About 100 garbage trucks to Ghana; 3. Generated employment for more than 10000 people.
Jyoti Structures Limited	Power	Namibia	Construction of transmission line.
Kalpataru Power Transmission Ltd.	Power	Zambia	Installation of 330KV overhead transmission line.
Kirloskar Brothers Limited	Pumps	Senegal, Sierra Leone, Mali, Niger, Benin, Nigeria, Sudan, Ethiopia, Rwanda, Uganda, Dr Congo, Angola, Zimbabwe and others	Supply of pumps, accessories, complete installation and commissioning for a total value of US$ 27 million to irrigate 65000 Ha of farmland in Senegal.
Mohan Energy Corporation Private Limited	Energy	Sudan, Mozambique, Zambia, Ghana	1. National Electricity Corporation (NEC) Sudan awarded the 220kV Khartoum main ring project to MEC in 2004 which envisaged construction of 200 km 220kV Transmission line along with 3 substations. The project included crossing of 3 Km wide Nile River. 2. Rural Electrification Project in Zambezia Province of Mozambique; 3. Solar Electrification at Primary School in Zambia;

Name of the Company	Sector	Country	Projects & Investment
			4. Self Help Electrification Project- Ghana.
National Institute of Information Technology (NIIT)	ICT	Nigeria, Ghana, Senegal, Libya, Sudan, Botswana, South Africa, Rwanda, Namibia, South Africa, Botswana, Mozambique and Zimbabwe.	1. Hole in the Wall (HiWEL) project; 2. Providing ICT training in many African countries; 3. In Senegal, NIIT is part of the Pan African e-network project.
Overseas Infrastructure Alliance (India) Private Limited	Infrastructure	Mozambique	1. The construction of 480 km of 33 kV lines; 2. The installation of 73 Nos. of 33/0.4 kV distribution transformer centres for the reticulation of electricity to the areas; 3. The construction of 279 km of low voltage network connecting the new customers to the distribution transformers; 4. The connection of 4,360 new customers.
Ranbaxy Laboratories Limited	Pharmaceuticals	Nigeria, Kenya, Tanzania, Uganda, Ivory Coast, Cameroon, Senegal, Zimbabwe, Zambia and South Africa	1. Set up manufacturing plant in Nigeria; 2. South Africa is the largest market - sale more than US$ 55 Million in 2008.
RITES Limited	Engineering, consultancy and management	Algeria, Angola, Botswana, Burkina Faso, Ethiopia, Nigeria, Zambia, Zimbabwe etc.	1. In railways, RITES has undertaken feasibility studies, detailed engineering, project management consultancy, technical assistance and management support services; 2. RITES is the nominated agency of the Indian Railways to export locomotives, rolling stock and railway technology.
Shapoorji Pallonji& Company Limited	Construction of landmark structures	Mauritius, Ghana	1. Mauritius IT Park, EBENE City and LE PAILLES Convention Centre in Mauritius; 2. Monumental Seat of Government and Villa Complex in Accra, Ghana.
Skipper Electricals India Limited	Electricals	Nigeria, Niger, Lagos, Ghana etc.	**In Nigeria** 1. Construction of 11 & 33 KV transmission lines and substations; 2. Mobile test van; 3. Solar grids and solar street lights Metering projects funded by World Bank.
Sonalika International Tractors Limited	Tractors	Mozambique, Uganda, Senegal, Nigeria, Ivory Coast, Burkina Faso, Zimbabwe, Zambia. Malawi, Kenya, South Africa, Benin, Congo, Cameroon, Algeria, Gambia, Madagascar, Mauritius, Niger, Sudan etc.	Export of tractors.
SSP Private Limited	Dairy Processing industry, Food & Fruit Processing Indus try, Chemical Processing Industry , Herbal Extraction Plants, Gelatin Processing Plants	Nigeria, Ethiopia, Chad, Tanzania, Kenya, Libya, South Africa etc.	1. Gelatine Powder Processing Plant, Alexandria, Egypt; 2. Salt Refinery, Freetown, Sierra Leone; 3. Salt Refinery, Owinza, Tanzania; 4. Honey Processing Plant, Nekalla, Ethiopia; 5. Combined Tomato & Mango Processing Plant, N' Ndjamena, Chad; 6. Fruit Juice Processing Plant, Lagos, Nigeria; 7. Salt Refinery, Bab Ezzouar, Algeria; 8. Evaporator for Coffee Processing, South Africa; 9. Milk Processing Plant, Libya; 10. Salt Refinery, Mombasa, Kenya; 11. Salt Refinery, Tanzania.
Tata Communications Limited	Telecom	South Africa, Kenya, Morocco	1. Second largest fixed line telecom provider in South Africa; 2. Leading investor in three undersea cable systems that connect South Africa with Europe, Middle East and Asia

Name of the Company	Sector	Country	Projects & Investment
			including India.
Tata Motors Limited	Automobiles	Senegal, Ivory Coast	1. Tata Motors is present in Senegal with entire range of commercial vehicles which includes pick-up trucks, medium & heavy trucks and buses; 2. Currently Tata Motors enjoys 50% plus market share in the medium & heavy bus segment in Ivory Coast.
VA Tech Wabag Limited	Drinking water and wastewater plant planning, Installation and operational management	Algeria, Tunisia, Egypt, Libya,Namibia,South Africa,Sudan	Completed multiple water treatment plants across the African countries of operations.
WAPCOS Limited	Consultancy - water, power and infrastructure	Mozambique, Ethiopia, Sudan and Nigeria	1. Consultancy Services for Development of Awareness and Hygiene Education in Mozambique; 2. Feasibility study and Detail Design of Kesem Bolhama Sugar Development project in Ethiopia; 3. Consultancy services were provided for state level Urban infrastructure programme in Sudan.

Source: "Indian Success Stories in Africa", CII

ANNEX II

Case Story I

Company: Godrej Consumer Products Ltd (GCPL)
Sector: Consumer Goods

The Company	Community and CSR Work
Godrej Consumer Products Ltd (GCPL) is the flagship consumer goods company for the Godrej Group. The Godrej Group was established in 1897 and has since grown into a US$ 4 billion conglomerate with a workforce of over 40,000 people. Inseparable from daily life in India, the Godrej name has been built on a spirit of innovation that has made it one of the country's most remarkable industrial corporations. GCPL is listed on the Indian stock exchanges and last reported a turnover of US$1.2 billion for the financial year ended Mar 2013. Godrej is the market leader in India in safes and security equipment, liquid detergents, office furniture, hair colours, locks, almirahs, air care, oleo chemicals, household insecticides and animal feeds. Within consumer products, GCPL operates in toilet soaps, hair colours and home insecticides with operations in more than 15 countries across the world. It enjoys market leadership in hair colours in about 16 countries and in home insecticides in 4 countries.	As a Group, Godrej has always actively championed social responsibility. It aims to further our commitment to sustainable growth through 'shared value' initiatives that create both social and business benefits. In line with this, we have crafted our objectives for playing our part in creating a more inclusive and greener footprint. We have named this effort 'Godrej Good & Green'. As part of 'Godrej Good & Green' by 2020, we will aspire to: 1. Create an employable workforce – Train 1million rural and urban youth in skilled employment 2. Create a greener India – Achieve zero waste, be carbon neutral, have positive water balance and 30% renewable energy 3. Innovate for good and green products – Have a third of our portfolio revenues comprising Good and/or Green products and services Similarly, in Africa, we work closely with the communities we operate in, creating skills and employability and maximizing our green footprint.

Presence in Africa	Future Outlook in Africa
GCPL operates four businesses in Africa – Rapidol, Kinky, Tura and the Darling Group. Rapidol is the dominant leader in ethnic hair colours in South Africa and about ten other African countries. Kinky operates about 22 stores in South Africa retailing hair extensions. Tura occupies a niche position in medicated soaps in Nigeria. The Darling Group is the largest of GCPL's Africa businesses. It is the market leader in hair extensions across Africa and has a manufacturing footprint across 14 countries in Africa. These include Nigeria, South Africa, Mozambique, Zambia, Zimbabwe, the DRC, Kenya, Uganda, Tanzania, Ivory Coast, Senegal, Cameroon, Ghana and Malawi. The business employs about 25,000 people and is expanding rapidly.	GCPL plans to invest aggressively in building a sustainable Africa business with an even larger footprint. It aims to bring all its global categories to the African consumer. It looks forward to partnering with the authorities and communities that it operates in to build stronger infrastructure, engaged brands and an equal playing field.

Case Story II

Company: Shapoorji Pallonji Group (SP Group)

Sector: Infrastructure and Construction

The Company

Shapoorji Pallonji Group (SP Group) is a 147 year old Construction major with extensive experience in the construction of land-mark structures, both in India and abroad.

Shapoorji Pallonji & Co. Ltd., (SPCL) is the flagship company of the SP Group. Some of the Group Companies are., Afcons Infrastructure Ltd. (Infrastructure arm of the Group), Forbes & Co. Ltd. (Engineering, Shipping etc.), SP Fabricators Ltd., (aluminium wall curtains), Sterling and Wilson Ltd. (Electrification, Transmission lines, Generating sets, etc.), Gokak Textiles Ltd., (Textiles), Eureka Forbes Ltd, (Water purification, treatment etc.) and Forbes Technosys Ltd. (Business automation machines).

The Shapoorji Pallonji family is the largest single private shareholder (18.5%) of Tata Sons Ltd., the holding company of Tata Group.

The Group has a work force of about 23,000 employees and an annual turnover of around US$ 2.5 billion.

Community and CSR Work

SP Group is conscious of its responsibilities to the society in general and Africa in particular. SP Group has consistently contributed to the socio-economic development of the local community through infrastructure development, employment generation, skill development and CSR activities. By way of CSR activities;

1. In Ethiopia: A full time doctor has been deputed; A maternity Clinic with labour room has been constructed for the benefit of the local community; Mid-day meal programme at local schools with a budget of 480,000 Birr per year has been operated; hand operated Water Filters has been provided to villages.
2. In Ghana: the Group responded by distributing free medicines, food, etc. when floods affected the northern part of Ghana. The Group has also been involved in refurbishing the Korle Bu Hospital, a specialized institution in Ghana.
3. In Uganda: Distributed sweaters and blankets through the hands of the First Lady of Uganda to the children of Karamoja affected by atrocities.

Presence in Africa

1. Ethiopia: SP Group has undertaken a commercial agriculture project on 50,000 hectares of land.
2. Ghana: Design and construction of the Presidential office of Ghana.
3. Gambia: Construction of National Assembly building (in progress).
4. Liberia: Mine related infrastructure development project for Arcelor Mittal.
5. Zambia: Has a representative office and planning to undertake a commercial agriculture project.
6. Kenya: Has a representative business development office.
7. Mauritius: Construction of Oil Jetty at Louis Harbour and Cruise Berth Facilities at Le Salines Port Louis.
8. Algeria: Large scale construction projects.
9. Madagascar: Construction of Galana Jetty & Ambatovy Port.
10. Libya: Building construction projects near Benghazi.
11. Nigeria: EPC for gas based power plant project.
12. Togo: Building construction project for an office building.

The SP Group has engaged with local sub-contractors, suppliers, contract labourers (skilled and unskilled), technicians, consultants, and on numerous occasions even hired local people for executing projects in African countries.

Future Outlook in Africa

A lot of Indian companies have started looking at African markets during the last 5 years. A large number of investments have been made by Indian companies in the agriculture sector, particularly in the East African region.

Policy/regulatory support that could help future investments and operations:

1. Speedy processing of Indian government LOC is paramount to ensure that African countries remain interested in availing this benefit from India as opposed to taking it from some other country with faster processing. A time limit (say 3 months) can be set in order to implement this.
2. Tax incentives will help to encourage more and more Indian firms to enter African markets.
3. Indian government should co finance infrastructure projects in Africa with other international funding agencies such as JICA.
4. A lot of corporations seem to have limited knowledge of African markets. Many firms rate the risk involved in doing business in African countries to be higher than actual. There needs to be concentrated effort on the part of government and industry bodies to increase awareness of Africa

Case Story III

Company: VA TECH WABAG

Sector: Water and Water Treatment

The Company	**Community and CSR work**
VA TECH WABAG is one of the world's leading companies for the design, construction and operational management of water and wastewater treatment plants. Major sectors of operation are: Drinking water treatment; Industrial water treatment; municipal wastewater treatment; industrial wastewater treatment; Desalination; Sludge treatment. Annual Turnover: During the period in 2011-12, Wabag's revenue increased by 16.24% to Rs. 1,443 crore from Rs. 1,242 crore in 2010-11.	Wabag's strategy of creating Multi Domestic Units (MDUs) is a form of FDI, a wholly owned subsidiary with the aim to duplicate our activities at the same value chain stage in our target markets. The particular entity is seed funded by equity request, establishing an organization filled with 100% local staff, sometimes as in the case of countries like Algeria and Tunisia, even the regional managing director is a local. That creates direct employment with income and taxpaying. We collaborate with local companies for civil engineering and buy at sub-supplier creating revenues and consequently helping indigenous businesses grow. We train local people and transfer knowledge during erection and operation & maintenance periods, through presentations and seminars. By collaborating with the local water bodies we help strengthen the capacity of water bodies through enlarging the installed basis (plants) and knowledge transfer. Sometimes this contributes to the countries' ability to export their guidance into the region. Through our services, we help improve the sanitary conditions, health conditions, protection of the environment and efficient (re)use of water resources.
Presence in Africa	**Future Outlook in Africa**
1. Algeria: Wabag has completed 11 municipal wastewater treatment plants of total installed capacity 975,000 m3/ day approximately and 9 municipal water treatment plants to produce drinking water of total capacity 716,000 m3/ day 2. Tunisia: 7 wastewater treatment plant of capacity 185,000 m3/ day and 3 potable water treatment plants of total capacity 407,000 m3/ day. 3. Egypt: One wastewater treatment project of capacity 25,000 m3/ day and 6 water treatment projects for potable use with an aggregate capacity of 380,000 m3/ day. Completed two desalination projects with total installed capacity of 3,000 m3/day. 4. Libya: 6 wastewater treatment plants with total capacity around 500,000 m3 / day and 2 water treatment plants to produce 310, 000 m3/day of drinking water. Also, three desalination projects have been completed to produce both potable and process water. 5. South Africa: One treatment plant to produce 35,000 m3/ day drinking water. Completed 9 industrial water treatment plants to produce cooling water and process water. 6. Namibia: Two potable water treatment projects amounting to a combined capacity of 177,000 m3/ day.	Wabag is upbeat on immense opportunities in the water and sanitation sector of Africa. Investments in clean drinking water, wastewater treatment and recycle, sea and brackish water desalination will increase in countries moving towards middle/upper income from poverty. Policy/regulatory support that could help future investments and operations: Wabag exhorts African countries to have consistent rules and regulations, good governance, security followed by effective means of metering, reduction of Non-revenue water (NRW), billing, cost sharing among others.

Case Story IV

Company: National Institute of Information Technology (NIIT)

Sector: IT and IT Education

The Company	Community and CSR Work
NIIT is a leading Global Talent Development Corporation, building skilled manpower pool for global industry requirements. The company which was set up in 1981, to help the nascent IT industry overcome its human resource challenges, has today grown to be amongst world's leading talent development companies offering learning solutions to Individuals, Enterprises and Institutions across 38 countries. During the year 2011-12, NIIT Ltd.'s consolidated income from operations has increased to Rs. 12,603 million as against Rs. 12,483 million in the previous year. Areas of operation: NIIT's training solutions in IT, Business Process Outsourcing, Banking, Finance and Insurance, Executive Management Education, Vocational Skills Training, Communication and Professional Life Skills, touch five million learners every year. NIIT's expertise in learning content development, training delivery and education process management make it the most preferred training partner, worldwide.	"Hole-in-the Wall" (HiWEL): is a methodology where unconditional access to an outdoor computer (playground computer) is provided to children. HiWEL was established as a joint venture of NIIT Ltd. and International Finance Corporation. HiWEL is committed to the mission of bridging the digital divide by offering exciting and effective education and learning experiences through innovative technologies to the underserved groups. Today HiWEL reaches out to more than 200,000 children with 600 learning stations located in the remote areas of India and Cambodia in Asia and in 11 Countries in Africa - Botswana, Zimbabwe, Nigeria, Mozambique, Uganda, Rwanda, Zambia, Namibia, Swaziland, Liberia and Central African Republic.
Presence in Africa	**Future Outlook in Africa**
NIIT entered the African continent in 1997 by setting up its first IT education Centre in Botswana. For nearly fifteen years now, NIIT has been involved in creation of skilled ICT manpower in the continent and has trained nearly 200,000 students till date. The talent development company is touching over 26,000 learners every year, through 44 learning Centres in 9 African countries- Nigeria, Ghana, Senegal, Botswana, South Africa, South Sudan, Democratic Republic of Congo, Egypt and Mauritius. NIIT's flagship Master Mind Series (MMS) program is the most popular IT training program in many African countries. NIIT has enabled thousands of young people in these countries to join the global IT workforce, many of whom are working in large IT and non-IT organizations such as Debswana, Government of Botswana, Zenith International Bank, Shell Corporation, Total, Dunlop, Chevron Texaco, Tower Aluminum, Unilever, Mobitel, Grant Thorton, Barclays, Standard Bank, Multilink, Shell, Afribank International, Unilever, First bank etc.	In order to harness the growing potential of African continent, NIIT has invested in establishing wholly owned subsidiaries in South Africa and Nigeria. NIIT is in the process of launching Banking & Insurance Training in Nigeria. With successful operations in South and West Africa, NIIT is now looking to invest its resources and time in skill development of youth in East African Community (EAC). Policy/regulatory support that could help future investments and operations: 1. Government of India should liaison with governments of 'Focus Africa' Countries, for favourable policies in the form of tax exemption, grants, fast track approvals to attract foreign Companies/Institutions. 2. Host Countries in Africa should evaluate sourcing funding for Skill Development Initiatives from multilateral and other donor organizations. 3. Government of host countries should strengthen ITES Infrastructure in their respective countries.

ENDNOTES

[1]Modi, R., 'The role of India's private sector in the health and agriculture sectors of Africa', in Cheru, F., and Obi, C., eds., *The Rise of China and India in Africa*, Zed Books, 2010, p. 121.

[2]Ibid. p. 122.

[3]World Bank poverty data. See, http://data.worldbank.org/topic/poverty

[4] Poverty statistics for African countries are not very reliable. See, http://blogs.worldbank.org/africacan/africa-s-statistical-tragedy

[5]World Bank poverty data. See, http://data.worldbank.org/topic/poverty

[6]World Bank poverty data. See, http://povertydata.worldbank.org/poverty/country/IND

[7] IMF, *World Economic Outlook: Rebalancing Growth*, International Monetary Fund: Washington, April 2010.

[8] OECD, *Trade Growth and the Economic Recovery: Why Open Markets Matter*, OECD Publishing, May 2010. See, http://www.oecd.org/trade/45293795.pdf

[9] Government of India, *India Tourism Statistics 2010*, Ministry of Tourism, 2011, p. 73.

[10]Broadman, H.G., 'China and India go to Africa: New Deals in the Developing World', *Foreign Affairs*, March/April 2008.

[11] Trade data on South Sudan, the newest UN LDC member, is as yet unavailable and exports from the country have been included in the 2011 Sudan trade data.

[12] Under the UN classification of African regions, Chad and Equatorial Guinea fall under the Central African region rather than in West Africa.

[13] International Trade Centre, *Africa's Trade Potential: Export Opportunities in Growth Markets*, (Technical Paper) Geneva: ITC, 2012.

[14] WTO, G/C/W/651, also circulated as WT/COMTD/N/38, 12 September 2011

[15]Zhu, S., Yamano, N., and Cimper, A., 'Compilation of Bilateral Trade Database by Industry and End-Use Category', *OECD Science, Technology and Industry Working Papers*, 2011/06, OECD Publishing. Accessed fromhttp://dx.doi.org/10.1787/5k9h6vx2z07f-en, on 10 February 2013.

[16]Data from UNCTADSTAT. Some African countries have not reported their services trade data that may result in underreporting of services exports and imports.

[17] World Bank, 'Africa’s Trade in Services and Economic Partnership Agreements', *Report No.: 55747-AFR*, The World Bank, 20 July 2010, p. 22.

[18] Broadman, H.G., *Africa's Silk Road: China and India's New Economic Frontier*, The World Bank: Washington, 2007, p. 89.

[19]WTO Services Trade Profile. Data accessed from, http://stat.wto.org/ServiceProfile/WSDBServicePFView.aspx?Language=E&Country=ZA,IN,KE,MU on 20 February 2013.

[20] Broadman, H.G., 2007.

[21] WTO, *Trade Policy Review: India*, Answer to Question from Egypt, WT/TPR/M/249/Add.2, 28 October 2011.

[22]UNCTAD Investment database. See, http://unctadstat.unctad.org/TableViewer/tableView.aspx

[23] WTO Secretariat Report, *Trade Policy Review: India*, WT/TPR/S/249/Rev.1, October 2011.

[24] Morris, S., 'Trends in Foreign Direct Investment from India (1950-1982)', *Economic and Political Weekly*, 22, 1987, pp. 1909-1918.

[25] CIDS, IMF. Data extracted from: http://cdis.imf.org/

[26] Baynton-Glen, S., 'Africa-India Trade and Investment – Playing to Strengths', *Standard Chartered Global Research*, 2012.

[27] Difficulty in quantifying total Indian FDI to Africa is a result of a number of factors. First, the variety of financing mechanisms used by Indian investors in Africa confuses matters. Generally, assistance to FDI has been given through joint ventures and wholly owned subsidiaries and through the provision of financial support, such as export credits. Second, investments from private Indian companies are likely to be counted as FDI, while transactions relating to state-owned enterprises often involve financing instruments and are not listed as FDI. For further discussion, see, Taylor, I., 'India’s rise in Africa', *International Affairs* 88: 4, 2012, pp. 779-798.

[28]Modi, R., 2010, p. 121.

[29] Sinha, P.K., 'Indian Development Co-operation with Africa', in Cheru, F., and Obi, C., eds., *The Rise of China and India in Africa*, Zed Books, 2010, p. 92.

[30]Saran, Amb. S., 'India and Africa: Development Partnership', *RIS Discussion Paper# 180*, RIS: New Delhi, December 2012.

[31] Government of India, *India’s response to the OECD/WTO Questionnaire for South-South Co-operation*, Paris: OECD, 2011. Available at: www.oecd.org/dataoecd/9/54/48193226.pdf

[32] Ibid.

[33]Sinha, P.K., 2010.

[34] Ibid.

[35] Government of India, *Ministry of External Affairs Annual Report 2011-12*, Ministry of External Affairs: New Delhi, April 2012, p. 132.

[36]Ibid., p. 51.

[37]Broadman, H.G., ''First Mover' Advantages in Sub-Saharan Africa: Why Northern Multinationals Should React (Quickly) to Their Southern Counterparts', *CESifo Forum Journal* (Munich), Volume 10, No. 4, 2009/2010.