RIS A Think-Tank of Developing Countries

RIS is a New Delhi-based autonomous policy think-tank supported by the Government of India and devoted to trade and development issues. Its work programme focuses on policy research and capacity building on multilateral trade and financial negotiations, regional economic cooperation in Asia, South-South cooperation, new technologies and development, and strategic policy responses of developing countries to globalization, among other issues. The work of RIS is published in the form of research reports, books, discussion papers, policy briefs and journals.

RIS has networked effectively with other prominent policy think-tanks, government agencies, industry bodies and international organizations in Asia and other parts of the world for collaborative research and joint activities. It has a consultative status with UNCTAD, and has been accredited to the Summit Meetings of NAM and WTO Ministerial Conferences. It has conducted policy research and other activities in collaboration with other agencies, including UN-ESCAP, UNCTAD, UNU, Group of 77, SAARC Secretariat, Asian Development Bank (ADB), the World Bank, and the South Centre.

For more information about RIS and its work programme, please visit its website: www.ris.org.in.

— Policy research to shape the international development agenda

RIS
Research and Information System for Developing Countries

Core IV-B, Fourth Floor
India Habitat Centre
Lodhi Road
New Delhi-110 003, India.
Ph. 91-11-2468 2177-80
Fax: 91-11-2468 2173-74-75
Email: dgoffice@ris.org.in
Website: http://www.ris.org.in
Website: http://www.newasiaforum.org

RIS Discussion Papers

India-Africa Economic Partnership: Trends and Prospects

S. K. Mohanty
Sachin Chaturvedi

RIS-DP # 134

RIS
Research and Information System for Developing Countries

India-Africa Economic Partnership: Trends and Prospects

S. K. Mohanty
Sachin Chaturvedi

RIS-DP # 134

March 2008

RIS
Research and Information System for Developing Countries
Core IV-B, Fourth Floor, India Habitat Centre
Lodhi Road, New Delhi – 110 003 (India)
Tel: +91-11-2468 2177/2180; Fax: +91-11-2468 2173/74
Email: dgoffice@ris.org.in

India-Africa Economic Partnership: Trends and Prospects

S. K. Mohanty[*]
Sachin Chaturvedi[**]

***Abstract*:** With the growing internationalisation, the traditional old linkages between India and Africa are gradually emerging as a dynamic and vibrant trade and investment partnership, benefiting all the partner economies. The rapid economic transformation of Indian economy and her emergence as major market has provided huge opportunities to the partner countries. The trade between India and Africa has almost doubled in last couple of years with rapid rise in Indian investments in the region. This may contribute substantively towards South-South cooperation model as was perceived at Bandung. It is in this context that India and Africa are also playing a key role at various global fora such as WTO.

Keywords: India; Africa; Trade; Investment

Introduction

In recent past, India has witnessed high economic growth with rapid expansion in trade and outbound investment to developing countries, particularly in Africa. The trend has attracted attention at international forums and volumes have been written about this issue. The analysis emanating from such forums often overlooks the fact that India and Africa have had a longstanding partnership since India's independence. The first Afro-Asian conference at Bandung (1955) followed by even more vibrant 50th anniversary conference of Afro-Asian countries in 2005, bear testimony of Indian commitment to Africa, especially in the framework of South-South cooperation.[1]

The growing internationalisation of major economies from the South has changed the geography of international trade. The rhetoric of South-

An earlier version of this paper was presented at the SAIIA conference on "Emerging Powers & their Role in Global Economic Governance Impetus for Reform, Johannesburg, October, 2007 and subsequently published in *South African Journal of International Affairs*, Vol. 14 (2), Winter/Spring. It draws upon the work done by the authors in the framework of the RIS research project on Emergence of Large Developing Countries: Implications for Co-Developing Countries in Africa supported by the Commonwealth Secretariat, London.

* Fellow, RIS. Email: skmohanty@ris.org.in
** Fellow, RIS. Email: sachin@ris.org.in

uth co-operation is gradually gaining more substance with growth in regional trade and investment. This has been given further impetus by the expansion of development co-operation between India and Africa.

In this context, the emergence of India and Africa on the global economic scene is a recent phenomenon. In the past, both regions had limited resources to complement each other's efforts to establish a niche in the global economy. India was suffering from a 'Hindu rate of growth' during the post-independence period[2] whereas Africa suffered from a decline in its global share of exports, specifically primary commodity exports, from the 1980s.[3] The trade linkages began taking off during a period of comprehensive economic reforms in the late 1990s.

India's trade with Africa more than doubled between 2001 and 2007, from $5.5 billion in 2001-02 to $12.24 billion in 2006-07. Investment linkages between the two have also increased significantly in recent years.

India has launched several important initiatives to deepen linkages across sectors. The proposed Pan African Network, which seeks to provide the benefits of tele-medicine and tele-education to 53 African countries, is expected to revolutionise communication in Africa and strengthen the reservoir of mutual goodwill that already exists on both sides.[4] There are fresh efforts by India to enhance the aid effectiveness of its support to developing countries. A new agency is being established for the purpose. In the realm of trade, India and Africa have moved jointly several proposals at international trade negotiating forums such as the World Trade Organization and World Intellectual Property Organization (WI PO) to safeguard the interests of developing countries.

However, much more needs to be done to facilitate capacity building in several trade partner countries in the Africa region so that Africa and India, and for that matter Southern countries in general, trade directly with each other rather than through transnational corporations, which results in increased transaction costs. In fact, there is an urgent need to expand the spirit of the 2007 Tshwane Declaration, adopted by India and South Africa, to include other African countries. The Declaration, which reflects mutual

commitment to fighting for larger gains for the developing world in the global trading system, was clear on the issue of globalisation. It suggested that the process must address, not perpetuate or aggravate, existing inequalities. The Declaration also underlined and applauded the common approach India and South Africa had taken in the WTO negotiations.

In this paper we look into some of these issues. The first section analyses trade and investment linkages while the second section looks at Indo-African co-operation at multilateral trade forums. In the third section, we specifically focus on new and- emerging areas of cooperation between India and Africa, while the last section draws some conclusions.

Trade and Investment Linkages

Since the early 1990s India has emerged as a fast growing economy with a liberal trade regime, along the lines of other East Asian countries. In the 1997/98 budget speech, the finance minister said that India was committed to bringing down the average customs tariff to the level of the Association of South-EastAsian Nations (ASEAN) over a short period. The country's average tariff has come down from more than 100% in 1990 to 10% in 2008. Non-tariff barriers have come WTO.[5] India's import basket is diversified and is also growing rapidly due to the ongoing process of trade policy liberalisation. The external sector in India has been important in India's development, but the rapid expansion of the economy is primarily driven by domestic factors. Despite an unfavourable balance of trade, India has maintained large foreign exchange reserves. The business and investment climate is satisfactory and foreign direct investment (FDI) is .flowing in. India received $25 billion in FDI in 2007-08 and it is also seeing substantial outward flows of investment.

India's total volume of trade with Africa has improved during the past decade, but it has also led to the creation of trade asymmetry between the regions (see Table 1). India had registered a large trade deficit with Africa in the late 1990s, but the situation has been gradually reversed in this decade. In the early 1990s the growth of India's exports to Africa was very low compared to its overall exports growth, but exports from India increased significantly during 2000-02 and 2004-06 and were slightly higher than its overall export performance with developing countries.

Table 1: India's Trade Linkages with Major Trade Destinations

	(in Hundred Mill)			Share (%)			CAGR (%)	
	1996-98	2000-02	2004-06	1996-98	2000-02	2004-06	2000-02/ 1996-98	2004-06/ 2000-02
Exports								
DOTS World Total	335.4	462.5	986.8	100	100	100	8.4	20.9
Industrial Countries	186.9	237.5	428.4	55.7	51.3	43.4	6.2	15.9
Developing Countries	144.8	211.3	554.5	43.2	45.7	56.2	9.9	27.3
Africa	15.8	21.1	58.8	4.7	4.6	6	7.4	29.2
Europe	13.8	16.2	31.1	4.1	3.5	3.1	4.1	17.7
Asia	73	106.8	281.2	21.8	23.1	28.5	10	27.4
Middle East	36.6	55.1	154	10.9	11.9	15.6	10.8	29.3
Western Hemisphere	5.6	12.2	29.6	1.7	2.6	3	21.4	24.7
Imports								
DOTS World Total	397	561.3	1398.4	100	100	100	9	25.6
Industrial Countries	200.4	212.2	466.8	50.5	37.8	33.4	1.4	21.8
Developing Countries	196	210.2	534.6	49.4	37.5	38.2	1.8	26.3
Africa	28.7	32.7	35.3	7.2	5.8	2.5	3.3	1.9
Europe	65.3	109.6	330.8	16.4	19.5	23.7	13.8	31.8
Asia	11.8	11.9	38.6	3	2.1	2.8	0	34.4
Middle East	84.3	46.2	100.5	21.2	8.2	7.2	-14	21.4
Western Hemisphere	5.9	9.9	29.4	1.5	1.8	2.1	13.8	31.3
Trade Balance								
DOTS World Total	-61.7	-98.8	-411.6	100	100	100	12.5	42.9
Industrial Countries	-13.5	25.3	-38.5	21.9	-25.6	9.3		
Developing Countries	-51.2	1.1	20	83	-1.1	-4.9		107.6
Africa	-12.9	-11.6	23.5	20.9	11.7	-5.7	-2.6	
Europe	-51.5	-93.4	-299.7	83.5	94.5	72.8	16.1	33.8
Asia	61.2	94.9	242.5	-99.2	-96	-58.9	11.6	26.4
Middle East	-47.7	8.9	53.5	77.4	-9	-13		56.8
Western Hemisphere	*-0.3*	2.3	0.2	*0.4*	-2.4	*0*		-47.7

* **CAGR** = Compound annual growth rate

Source: Direction of Trade Statistics December 2007 CD, International Monetary Fund, Washington DC.

However, African exports to India have not picked up, although India's import growth from developing countries overall is higher than such growth from developed countries over the same period. This asymmetry in bilateral trade flows between India and Africa needs to be corrected by using experiences from the past, particularly from India's trade engagement with South Africa. India has made efforts to focus on improving trade ties with Africa in its overall trade policy agenda, and several initiatives have been undertaken since the beginning of the decade.[6]

Bilateral Trade Relationships

India's experience with Africa in improving bilateral trade ties has been unique. India had virtually no trade linkages with South Africa up to and during the 1980s. Imports from South Africa were less than $1 billion during the period 1993-95, and countries such as Morocco, Egypt and Nigeria exported more to India than South Africa did (see Table 2).

The economic relationship has changed significantly and India's largest trading partner in Africa now is South Africa, constituting 56% of Indian imports from the continent. At the same time, exports to India from some of the larger African countries, such as Egypt, Tunisia, Nigeria, Zambia, Algeria and Libya, have gone down. However, more than half of African countries have not accessed the Indian market and some of those that have made progress in this regard have not utilized their potential fully.

Creating Market Access in India

India is a large importer, something African countries should be taking advantage of, particularly in light of its liberalised trade regime. Economic reforms have led to average incomes of the middle-income group increasing rapidly. With surging foreign exchange reserves and less pressure on liquidity to finance import bills, India has deregulated substantially in all areas of imports, investment, services and so on. This has led to persistent and significant import growth in most sectors. India is currently importing about 5 000 products under the six-digit Harmonised Commodity Coding System (HS), and its trade deficit in goods is persistently widening despite a significant surge in exports.

Table 2: India's Imports from Select African Countries during 1983-2005

SI.	Countries	(in Mill US$)			Share (%)			CAGR (%)	
		1983-85	1993-95	2003-05	1983-85	1993-95	2003-05	1993-95/ 83-85	2003-05/ 93-95
1	South Africa	0	96.1	2139.8	0	5.8	56.4		86
2	Morocco	75.3	233.3	304	19.3	14.1	8	12	5.4
3	Senegal	22.9	19.1	191.3	5.9	1.2	5	-1.8	58.6
4	Egypt	28	256	153	7.2	15.5	4	24.8	-9.8
5	Côte d'Ivoire	0	27.3	141.6	0	1.7	3.7		39
6	Tanzania	30.7	55.1	116.9	7.9	3.3	3.1	6	16.2
7	Tunisia	14.4	71.4	84.5	3.7	4.3	2.2	17.4	3.4
8	Guinea-Bissau	0	22	69.1	0	1.3	1.8		25.8
9	Benin	0	8.8	66.5	0	0.5	1.8		49.9
10	Ghana	16.3	14.8	48.9	4.2	0.9	1.3	-1	27
11	Togo	3.9	3.8	40.6	1	0.2	1.1	-0.3	60.8
12	Nigeria	0.5	618.9	65.8	0.1	37.4	1.7	105.3	-36.1
13	Mozambique	0	15.8	36.4	0	1	1		18.2
14	Kenya	7.9	13	43.9	2	0.8	1.2	5	27.6
15	Gabon	0	0.6	33.3	0	0	0.9		123.4
16	Congo, Rep.	2.4	1.4	19.9	0.6	0.1	0.5	-5.2	69.5
17	Zambia	83.2	55.9	25.1	21.4	3.4	0.7	-3.9	-14.8
18	Sudan	2.6	9.3	27.9	0.7	0.6	0.7	13.6	24.4
19	Zimbabwe	5.8	11.4	21.8	1.5	0.7	0.6	7	13.8
20	Guinea	0	5	17.2	0	0.3	0.5		28
21	Swaziland	1	2.9	7.5	0.3	0.2	0.2	10.9	21.2
22	Liberia	0	5.5	8.9	0	0.3	0.2		10
23	Namibia	0	0.7	5.3	0	0	0.1		51.8
24	Madagascar	0.6	1.4	8.6	0.2	0.1	0.2	7.8	44.6
25	Algeria	3.7	9.7	7.3	0.9	0.6	0.2	10.1	-5.4
26	Gambia, The	0	0.5	8.7	0	0	0.2		80
27	Libya	28.5	40.5	11.2	7.3	2.4	0.3	3.6	-22.7
28	Cameroon	0	1.9	10.9	0	0.1	0.3		41.8
29	Somalia	0	0.7	10.6	0	0	0.3	61.6	71.6
30	Ethiopia	0.3	0.9	8.9	0.1	0.1	0.2	11.2	57.4
31	Mauritius	0.1	3.4	8	0	0.2	0.2	42.6	19
32	Congo, Dem.Rep.	58	28.3	2.9	14.9	1.7	0.1	-6.9	-36.5
33	Uganda	0	0.4	3.7	0	0	0.1	33	58.2
34	Sierra Leone	0.4	0	4.2	0.1	0	0.1	-32.8	263
35	Niger	0	12.9	1.2	0	0.8	0		-38.2

Source: Direction of Trade Statistics December 2007 CD, International Monetary Fund, Washington DC.

India's import basket is highly diversified, ranging from resource intensive to technology-intensive products, creating a market access opportunity for African countries at various stages of development. The size of specific import sectors is presented in Table 3. The distribution of India's imports in different sectors from the rest of the world, including Africa, indicate that overall imports expanded at the rate of 16.7% a year

Table 3: Market Access of Africa in India's Total Imports during 1997-08/2006-07

HS Section	Description	Africa		World		Share of Africa(%)		CAGR(%) 2006-7/1997-8	
		1997-8	2006-7	1997-8	2006-7	1997-8	2006-7	World	Africa
1	Animal Products	0.25	0.27	27.27	70.55	0.92	0.38	9.97	0.77
2	Vegetable Products	318.37	466.92	1238.56	3497.51	25.7	13.35	10.94	3.9
3	Fats & Oils	0.05	0.69	144.48	2263.82	0.03	0.03	31.68	30.01
4	Processed Food	8.46	18.18	257.6	359.59	3.28	5.06	3.39	7.95
5	Minerals	1414.07	10684.13	10561.63	68411.5	13.39	15.62	20.54	22.41
6	Chemicals	733.69	939.35	4888.19	14669.38	15.01	6.4	11.62	2.5
7	Plastics	6.21	10.54	876.72	4069.56	0.71	0.26	16.59	5.43
8	Skins & Hides	9.02	36.78	150.07	422.11	6.01	8.71	10.9	15.09
9	Wood Articles	121.75	177.35	416.05	1074.31	29.26	16.51	9.95	3.83
10	Pulps	13.06	46.54	890.77	2376.22	1.47	1.96	10.31	13.55
11	Textiles	24.77	96.86	742.98	2749.73	3.33	3.52	13.98	14.61
12	Footwear	0.04	0.05	31.52	141.4	0.13	0.04	16.19	2.26
13	Plaster & Cement	0.08	5.28	137.15	839.51	0.06	0.63	19.86	52.04
14	Pearls & Jewellery	143.77	1565.82	6578.78	22581.7	2.19	6.93	13.13	26.97
15	Base Metals	157.2	503.77	2605.74	12492.83	6.03	4.03	16.97	12.35
16	Machinery	21.62	87.05	6174.68	33100.47	0.35	0.26	18.28	14.95
17	Vehicles	5.28	45.35	1048.87	9442.38	0.5	0.48	24.58	23.99
18	Optical & Cinema'phy	4.22	3.93	811.21	3210.93	0.52	0.12	14.75	-0.71
19	Arms	0.01	1.82	1.01	3.19	0.99	57.05	12.19	68.27
20	Misc Manufactures	0.01	0.79	86.16	737.65	0.01	0.11	23.95	54.8
21	Works of Art	3.2	7.6	1823.51	2437.74	0.18	0.31	2.95	9.04
		2985.13	14699.07	39492.95	184952.1	7.56	7.95	16.7	17.28

Source: DGCI&S, Ministry of Commerce and Industries, Government of India and CIME.

between 1997-08 and 2006-07, and variations, in sectoral growth during the same period ranged from 31.7% to 2.95% a year.

African countries do export some agricultural products to Africa, such as vegetable products and processed food products. Manufacturing imports have been significant in areas such as wood products, chemicals, leather, gems and jewellery, and base metals.

Regional Imbalance in India's Import from Africa

Africa's exports to India improved during the periods 1995-2006 and 2003-2005, but there has been change in the trend of such exports. India's import pattern from African countries has been highly skewed over the years, focusing on certain regions on the continent. Since the mid-1990s, East Africa has been the most attractive region for India's imports, followed by West and North Africa (see Table 4). Central Africa has yet to make an impact. West Africa has been performing well in accessing the Indian market and improving its market share over the past decade. Although East Africa had the largest market share among all sub-regions in the mid to late 1990s, its relative market share in India has declined recently.

Southern Africa's share of India's imports has been almost static over the past decade, comprising nearly one-fifth of the total imports from Africa. This asymmetry in regional imports may be due to the fact that India's imports are mostly regionally, rather than bilaterally, focused.

India's Trade Priorities in Africa and the Regional Process

Both Indian and African economies are very much aligned to regional processes, even though they strongly adhere to the multilateral process. According to India's Ministry of Commerce and Industries, India is engaged with 28 regional/bilateral trading arrangements (RTA/BTA), which are in different stages of negotiations and implementation. Africa has a similar situation. In a recent study, Mohanty and Arockiasamy[7] found empirical evidence that India's trade with Africa had followed a regional pattern despite there being no formal arrangement with most of these RTAs. In terms of exports to India, the Common Market for Eastern and Southern Africa (Comesa) is the largest regional bloc while other important sources

Table 4: Indian Exports to Africa (1995-2005)

Region	Exports (Rs. Lakh)			Share in Total Exports			1999-01	2003-05
	1995-97	1999-01	2003-05	1995-97	1999-01	2003-05	1995-97	1999-01
Western Africa	104957	250740	545443	1.1	1.6	1.8	24.3	21.4
Eastern Africa	183936	265761	507901	1.9	1.7	1.7	9.6	17.6
Northern Africa	68621	186230	410728	0.7	1.2	1.3	28.4	21.9
Southern Africa	86917	139744	318920	0.9	0.9	1	12.6	22.9
Central Africa	4617	23441	76657	0	0.1	0.3	50.1	34.5
Africa	449048	865916	1859648	4.6	5.4	6.2	17.8	21.1
Total Exports	9721186	16069855	29901877	100	100	100	13.4	16.8

Source: Mohanty and Arockiasamy (2007).

of India's imports are the Economic Community of West African States (Ecowas), the Southern African Development Community (SADC) and the EastAfrican Community (EAC).

India's export growth to these RTAs has been high over the past two decades. Recently India's Cabinet took a decision to enter into a Framework Agreement with the Southern African Customs Union (SACU)[8] and there are plans to extend this to cover other SADC countries. Using a Computable General Equilibrium analysis, Mohanty and Arochiasamy[9] observed that India is interested in having close linkages with seven RTAs *in* the developing world to improve *its* gains from regionalism. Of these, three are in Africa - SACU, Comesa and EAC. The trilateral initiative[10] of India-Brazil-South Africa (lBSA) has been picking up in recent years. Taking into account the technical difficulties in pursuing IBSA, a more comprehensive approach has been adopted to cover more countries in the new economic grouping. The expanded grouping of IBSA is SACU-India-Mercosur (SIM), which is more feasible to implement[11] than the original initiative (see article on IBSA by Refilwe Mokoena in this volume). Similar initiatives may improve the current economic engagement between India and Africa.

Evolving a Southern Perspective

At the multilateral level, India worked closely with South Africa and other African countries to draw up a profile representing perspectives from the South at international trade forums. India and several African countries have submitted joint proposals to the WTO along with other developing countries (see Table 5). The G-20 was formed to leverage collective gains for developing countries and it was, in a way, a culmination of South African and Indian efforts to deepen their relationship since the WTO's Seattle meeting in 1999. That Ministerial gathering ended in disarray when developing nations stood firm against the agenda of the major industrialised nations.

The G-20 forum has emphasised that protecting the interests of farmers, including food and livelihood concerns, should be the primary focus at the WTO Doha Round of negotiations on agriculture. However, a much more important achievement of this arrangement was to unite countries of the South.

Table 5: Key Proposals Jointly Moved by India and Select African Countries

Symbol/Ref.No.	Title	Countries
JOB(03)/162/Rev.1	Agriculture Framework Proposal	India, South Africa and other developing countries
WT/COMTD/W/145	Reclaiming Development in the WTO Doha Development Round	India, Namibia, South Africa and other developing countries
JOB(03)/150	Working Group to examine the relationship between trade, debt and finance.	Egypt, India, Kenya, Tanzania, Uganda, Zimbabwe and other member countries
IP/C/W/308/Rev.1	Extension of the protection of geographical indications	India, Kenya, Nigeria, and other member countries
IP/C/W/247	Extension of the Protection of Geographical Indications for Wines and Spirits to Geographical Indications for other Products	Egypt, India, Mauritius, Nigeria, and other member countries
IP/C/W/474	Relationship between TRIPs ad CBD	India , Tanzania and other member countries

Source: Compiled by the authors.

As a member of the G-20, South Africa also asserted that industrialised nations should do more than poorer nations to cut trade barriers.[12] This assumed importance as South Africa emerged as a major force and a linking factor for the rest of the African continent in this body. The fact that the G-20 has raised development issues such as food security and rural development (also raised by the G-34 and others), erosion of preferences and the special needs of least developed countries (LDCs), shows how closely the G-20 is working with other developing countries in the G-90 - a grouping of the smallest and least developed member states of the WTO.

South-South co-operation has facilitated linkages between Africa and large countries such as India, Brazil and China and also within regional groupings such as SADC. This has enabled the African countries to playa decisive and important role when it comes to issues related to market access, trade and investment benefits, special and differential arrangements, and aid for trade. India and South Africa also jointly released documents in the run-up to the Hong Kong WTO Ministerial meeting on issues of mutual concern.

Cooperation in Agriculture

This is one sector in which most of the developing countries have key concerns, not only about their performance in external markets but also at the domestic level. The export of primary commodities is an important source of foreign exchange revenues for these countries. The high agriculture subsidies across Organisation for Economic Cooperationand Development (OECD) countries have consistently depressed global commodity prices, particularly of commodities that are of interest to the developing world.

In the period 1998-2003, the fall in peak prices was about a quarter and the fall in troughs about 40%. In Africa, 36 countries fall into the category of countries primarily exporting only three to four agricultural commodities.[13]

More than a dozen sub-Saharan African countries face terms of trade shocks which are permanent in nature. They include Uganda, South Africa, Nigeria, Mauritania, Kenya, Gabon, Cote d'lvoire, Congo, Cameroon, Botswana, Angola, Liberia, Sudan, Tanzania and Zambia. At the meeting of the G-20 in New Delhi in March 2005, the organisation recommitted itself to protecting the interests of developing countries in the agriculture sector.[14] The Delhi Declaration emphatically suggested putting an end to the trade-distorting policies in agriculture maintained by developed countries that adversely affect developing countries and their integration into the world trading system.

In the subsequent processes in Hong Kong and then Geneva, several African countries and India worked closely to guard their collective interest in agriculture. India has made a particular case of issues related to cotton. In West and Central African countries, more than 10 million people depend directly on cotton production, with about 30% of total export earnings and more than 60% of agriculture export revenues coming from this crop. Government support given to US cotton growers has promoted a glut in the

world market. According to the International Cotton Advisory Committee, 73% of global production was financed by government support.[15]

TRIPs/IKS: Health and Access to Drugs

India and African countries have common interests in several areas under intellectual property provisions in TRIPS, which prompted them to submit joint or similar proposals at the WTO. In fact intellectual property rights at the WTO is one area that has been strongly influenced by the initiatives emanating from India and Africa at different stages of TRIPs-related debates. They have also tried to influence debates about intellectual property in other forums and have attempted to bring in a development dimension. For example, India, South Africa and Brazil initiated an important proposal at the World Intellectual Property General Assembly suggesting that a development dimension be integrated into policy making on intellectual property protection, in the specific context of the draft Substantive Patent Law Treaty. The proposed treaty will considerably raise patent protection standards, creating new obligations that developing countries will find difficult to implement.

Another issue raised by India and some African countries in the Doha Round of trade talks is the relationship between the TRIPS Agreement and the Convention on Biological Diversity, which has yet to be implemented. There have been extensive discussions on the introduction into the TRIPS Agreement of a mandatory requirement for the disclosure of origin of biological resources and/or associated traditional knowledge used in il1vtntions that require applications for intellectual property rights.

Both India and Africa have common interest in such patents as both the regions are rich in Indigenous knowledge systems (IKS) and have longstanding local practices of using medicinal plants and related knowledge for medical purposes. The current TRIPs regime does not acknowledge contributions from the IKS. As a result, the Doha Development Agenda proposed establishing a relationship with the UN Convention on Biological Diversity, which explicitly acknowledges IKS. India, Brazil, South Africa and China joined various groupings to advance debate along these line.[16] In order to protect biodiversity and related IKS, developing countries have suggested mandatory disclosure of the source and country of origin of any, biological resource or traditional knowledge used in an invention while a patent application is being filed. It is also suggested that informed consent be obtained beforehand from a competent authority in the country of origin.

The other important achievement that resulted from India and Africa working together is in terms of access to drugs. The WTO intellectual property regime almost blocked access to drugs at reasonable cost. At the Doha WTO Ministerial conference in 2001, India and African countries were among the foremost supporters of adopting a TRIPs and public health-related declaration recognising the supremacy of public health concerns over intellectual property rights. The first was to do with LDCs and countries lacking production capacity. The second was to allow developing countries to export generic drugs to fellow LDCs.

In recent times the geographical indication (GI) has emerged as an important instrument of intellectual property protection and has evoked interest both in India and Africa.[17] Products such as Darjeeling Tea from India and Rooibos Tea from South Africa are being discussed in world trade circles. The African Intellectual Property Organization Agreement recognises the protection of GIs and it covers all products including natural, agricultural as well as industrial and craft products.[18] As the term itself indicates, the GI relates to whether a product originates from a country, region or locality. It generally covers agricultural goods but includes industrial goods. There are discussions about extending it to include services. The product coverage so far has remained confined to wines and spirits, which are generally of interest to European countries only.

Several developing countries have been highly critical of this approach because of its limited coverage and scope in the agreement to expand and add GIs from other countries. This is now being addressed in the Council for TRIPs.[19] The Doha Declaration also called for the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits.

Emerging Areas of Cooperation

There are several new areas in which India and Africa are participating at different levels of government, institutions and private firms. These include

Table 6: Upcoming Select Areas in India's Collaboration with Africa

Country	Amount	Objectives
Ethiopia	$ 640 million	Improving sugar production facilities
Botswana	-	Agriculture research, farm machinery production.
Ghana	$27 million	Finance projects with poverty alleviation
	$2 million	India-Ghana Kofi Annan Centre of Excellence in Information and communication technology
Tanzania	$ 4 million	Small Scale Industry Development
NEPAD	$200 million	Pan-African Satellite/Fiber Optic Network
Senegal	$15 million concessional line of credit.	Production of agricultural equipments
Zimbabwe	$2.8 million	Indo-Zimbabwe Technology Centre at the Harare Institute of Technology and at Bulawayo Polytechnic
Benin	US$ 10 million	Telecommunication Consultants India Limited (TCIL) has executed projects to provide telecom network in Porto Novo and twin-cities of Abomey and Bohicon.

Source: Compiled by the authors.

co-operation in energy, agriculture, telecommunications and other areas related to development co-operation (see Table 6, next page). India has identified six major African countries for co-operation in the energy sector; together these have 95% of Africa's oil reserves. They are Libya, Nigeria, Algeria, Angola, Sudan and Egypt. The Indian Oil Co-operation (IOC) and Gas Authority of India Limited (GAIL) have initiated joint venture partnerships with several agencies in different African countries. 10C is working in collaboration with agencies from Egypt, Libya and Nigeria in oil exploration while GAIL is importing Liquefied Nitrogen Gas (LNG) from Libya and Egypt.[20] GAIL and Egypt's EGas are also exploring possibilities as part of which GAIL would help to set up distribution pipelines.

Agriculture and Rural Development

At the bilateral level, several agreements have arisen in the agriculture sector for improving production capacity. India and Ethiopia signed an agricultural agreement to increase annual sugar production from 0.3 million tonnes to 1.3 million.[21] Of the project value of $1.3 billion, India will provide $640 million in credit through India's Export Import Bank as well as technical know-how. The remaining $660 million will come from the Ethiopian government. Similarly, Botswana has signed an agreement for research and development co-operation in the field of agriculture.[22] India and Ghana have reached an agreement for a $1.2,8 million credit to Ghana for rural electrification and water supply.

ICT and Telecommunication

India assisted Ghana with $2 million and technical know-how to set up an ICT Centre in Ghana. The centre has been successfully conducting training courses and establishing linkages not only in Ghana but also in other Ecowas countries. Another key initiative is the Centre of Excellence in ICT in Tanzania, which is being supported by the Centre for Development of Advanced Computing, New Delhi. India will also provide technical support for the preparation of a cyber city project in Tanzania's Arusha region. In Senegal, India has helped to establish the Entrepreneurial Training and Development Centre at an estimated cost of $ 4.49 million to provide technical training in mechanical maintenance, civil engineering, electrical, electronics, metal-plating, refrigeration and air-conditioning. India has set up the Indo-Zimbabwe Technology Centre at the Harare Institute of Technology and at Bulawayo Polytechnic and has provided machines worth nearly $2.8 million. In Benin, Telecommunication Consultants India Limited (TClL) has executed two World Bank-assisted projects worth about $10 million to provide a telecoms network in Porto Novo and twin the cities of Abomey and Bohicon. Benin has also engaged TCIL in the Pan African Network Project.

Other Emerging Areas

There are several emerging areas in which Indian companies are investing as part of their global plans. Tata Steel, for -example, has invested $1.5 billion in a joint venture company established to develop iron ore deposits at Mount Nimba in Cote d'lvoire. This investment will help to meet the requirements of Corus, a Tata company that requires 28 to 30 million tonnes of iron ore every year.[23] There are initiatives at the government level as well. Senegal recently invited India to invest in phosphate mines. The Indian consortium led by the Indian Farmers' Fertiliser Co-operation has a phosphoric acid production plant in collaboration with Industries Chimiques de Senegal (ICS) in which India has invested $300 million.[24] In Tanzania alone during 1990-2006, 118 Indian companies invested a total of $825 million.

Support for infrastructure development has rapidly increased over the years. In September 2007 Tanzania Railways Limited, in which Indian public service company Rail India Technical and Economic Services (RITES) holds 51% of the shares, was given the concession to run Tanzania's railways for 25 years. As part of these efforts, India has also joined the African Capacity Building Foundation, an independent initiative based in Harare, Zimbabwe. RITES has been engaged to provide technical assistance to railway authorities in Kenya and Mozambique. It is also involved in the design and construction of roads in Uganda and Ethiopia and is planning to undertake fresh initiatives in other sectors such as power, construction and quality assurance.

Conclusion

It is likely that India will emerge as an important export destination for several African countries in future. Though this will help to generate income and employment through export opportunities, much more needs to be done to transform the production capacity of African economies to allow them to take advantage of India's growing interdependence with the global economy. India has strongly pursued regionalism as a trade policy to boost its external sector performance, despite being fully committed to the multilateral process.

African countries are growing rapidly, irrespective of levels of income, resource endowment and location.[25] The synergies emanating from Africa and India need to be harnessed to augment the potential mutual gains. Though the pattern of trade between the two has improved remarkably in the new millennium, radical policy initiatives are required to tap the existing economic synergies between them and change .the current trend of a growing asymmetry in bilateral trade flows. As has emerged from the paper, trade flows have been hampered by the fact that several African countries are constrained by supply capacity limitations. Addressing this problem requires stronger linkages on the investment front and faster technology transfer.

The role of South Africa and India in promoting Southern consensus on international trade issues holds the key for the promotion of intra-South trade and for protecting the interests of developing countries at international trade forums, particularly in the areas of agriculture, rural livelihood security and health care. The proposed trade initiative of SACU-India-Mercosur (SIM) is an important experiment for evolving a new credible regional grouping within the South.

This initiative is expected to open up trade among a large number of emerging countries in the South. As has emerged from the discussion above, the real success of the vision articulated at Bandung depends on how economies of the South tap into the vast economic potential generated in this region. With increased economic prosperity, it may be easier to resurrect the spirit of collaboration across developing countries, facilitating the transfer of technology and improving standards of living.

Endnotes

[1] RIS (2003a).
[2] Rodrik, Dani and Arvind Subramanian (2005).
[3] Subramanian, Arvind and N T Tamirisa (2003).
[4] Farwell Gift for Kalam (2007).
[5] Mohanty S. K. (2006).
[7] Mohanty, S. K. and Robert Arockiasamy (2007).
[8] Available at http://commerce.nic.in/india_rta.htm#h6.
[9] *ibid*
[10] For a detailed feasibility of the IBSA initiative, see RIS (2008)
[11] *ibid*
[12] Draper P & N Khumalo (2003).
[13] RIS (2003).
[14] See RIS (2003).
[15] RIS (2003).
[16] Kumar, N. and S. Chaturvedi (2007).

[17] RIS, *op. cit*.
[18] Otieno-Odek J (2003a.).
[19] RIS (2007).
[20] *Asian Age* (2007).
[21] *Hindu Business Line* (2008).
[22] *Hindu Business Line* (2007).
[23] *Business Standard* (2007).
[24] *Business Standard* (2008).
[25] IMF, *Regional Economic Outlook* (2007).

References

Asian Age (2007), 'India focuses on Africa for energy' (December 2007), 12 December.
Business Standard (2007), 'Tata Steel to hold 75% in JV for African mine', 13 December.
Business Standard (2008)'Senegal to offer phosphate mine to Indian entrepreneurs', 26 January.
Draper P & N Khumalo, RIS (2003), 'Role of WTO Misunderstood', *BusinessDay*, 8 March 2005.
Economic Times (2007), 'Farwell Gift for Kalam Nod for Pan African E-network Plan', 6 July.
Hindu Business Line (2008), 'India to give $640 million credit to Ethiopian sugar industry', 15 January.
Hindu Business Line (2007), 'Farm pacts with Botswana, Serbia likely', 7 December.
IMF (2007), *Regional Economic Outlook* (2007) : Sub-SaharanAfrica.Washington DC: IMF.
Kumar N. & S. Chaturvedi (June 2007), 'Rise of Large Developing Countries and Negotiating Dynamics at Multilateral Trade Fora: An Overview of Impact and Implications'. Paper presented at the International Workshop on Emergence of Large Developing Countries (BICS) and Implications for International Development, Research and Information System for Developing Countries, New Delhi, 28-29 June 2007.
Ministry of Commerce and Industries, Government of India. Available at http://commerce.nic.in/india_rta.htm#h6.
Mohanty S. K. (2006), 'South Asia as a Global Force in Trade', in Khan I (ed.),Trade, Tariffs and Customs in South Asia. Lahore: South Asia Policy Analysis Network.
Mohanty S. K. & R. Arockiasamy (2007), *Prospects for Making India's Manufacturing Sector Export Oriented*, New Delhi: Research and Information System for Developing Countries (RIS).
Otieno-Odek J (2005), 'The Way Ahead: What Future for Geographical Indications?'. Paper presented at the Worldwide Symposium on Geographical Indications jointly organised by the Ministry of Productive Activities of Italy and World Intellectual Property Organization, Parma, Italy, 27-29 June.
RIS (2003a), *Globalization and the Non-Aligned Movement: An Economic Agenda for Action*, a background document for the XIII NAM Summit, Kuala Lumpur, Malaysia, 20-25 February 2003. New Delhi: Research and Information System for Developing Countries.

RIS (2003) *World Trade and Development Report: Cancun and Beyond*. New Delhi: Research and Information Systems for Developing Countries in association with Academic Foundation.

RIS, (2007), *World Trade and Development Report 2007: Building a Development-Friendly World TradingSystem*. New Delhi: Research and Information System for Developing Countries (RIS) and Oxford University Press.

RIS (2008), Trinity of the South: Potential of India-Brazil- South Africa (IBSA) Partnership. New Delhi: Research and Information System for Developing Countries in association with Academic Foundation.

Rodrik, Dani and Arvind Subramanian *(2005)"From "Hindu Growth" to Productivity Surge: The Mystery of the Indian Growth Transition*", *IMF Staff Papers*, Vol. 52, Number 2, International Monetary Fund, Washington DC.

See http://www.agtradepolicy.org/output/resource/G20_delhi_declaration.pdf.

Subramanian, Arvind and N T Tamirisa (*(2003)* "Is Africa Integrated in the Global Economy", *IMF Staff Papers* (2003), Vol. 50, Number 3, International Monetary Fund, Washington DC.

RIS Discussion Papers

Available at http://www.ris.org.in/risdiscussion_papers.html

DP#133-2008 *Towards An Asian "Bretton Woods" for Restructuring of the Regional Financial Architecture* by Ramgopal Agarwala

DP#132-2008 *The WTO's Doha Negotiations: An Assessment* by Bhagirath Lal Das

DP#131-2007 *Regional Cooperation and Integration Prospects in Asia* by Rajat Nag

DP#130-2007 *Deepening India–Bangladesh Economic Cooperation: Challenges and Opportunities* by Prabir De and Biswa N. Bhattacharyay

DP#129-2007 *Intellectual Property Regime, Indigenous Knowledge System and Access and Benefit Sharing: Drawing Lessons from Kani Case* by Sachin Chaturvedi

DP#128-2007 *WTO and Trade in Electronically Delivered Software (EDS): Emerging Challenges and Policy Options - An Indian Perspective* by Sachin Chaturvedi and S. K. Mohanty

DP#127-2007 *Economy: Recent Evolution and New Perspectives for South-South Cooperation* by Maria Lúcia L.M. Pádua Lima

DP#126-2007 *Welfare Gains from Regional Economic Integration in Asia: ASEAN+3 or EAS* by S.K. Mohanty and Sanjib Pohit

DP#125-2007 *Investment Provisions in Regional Trading Arrangements in Asia: Relevance, Emerging Trends, and Policy Implications* by Nagesh Kumar

DP#124-2007 *Indian Innovation Systems and Emergence of Biopharmaceutical Sector: Issues and Prospects* by Sachin Chaturvedi

DP#123-2007 *Regional Economic Integration, Foreign Direct Investment and Efficiency-Seeking Industrial Restructuring in Asia: The Case of India* by Nagesh Kumar

DP# 122-2007 *Community-based Rights and IPR Regime: Revisiting the Debate* by Srividhya Ragavan and Jamie Mayer

DP#121-2007 *India's Rising Role in Asia* by Mukul G. Asher

DP#120-2007 *Relevance of 'Policy Space' for Development: Implications for Multilateral Trade Negotiations* by Nagesh Kumar and Kevin P. Gallagher

DP#119-2007 *India-Sri Lanka Bilateral Free Trade Agreement: Six Years Performance and Beyond* by Saman Kelegama and Indra Nath Mukherji

DP#118-2007 *Trade Facilitation Measures in South Asian FTAs: An Overview of Initiatives and Policy Approaches* by Sachin Chaturvedi

DP#117-2006 *Emerging Multinationals: Trends, Patterns and Determinants of Outward Investment by Indian Enterprises* by Nagesh Kumar

DP#116-2006 *Addressing Global Growth Asymmetries through Regional Trade Integration: Some Explorations* by Ram Upendra Das and Ramaa Sambamurty.

DP#115-2006 *Trade Facilitation and Customs Valuations in India* : *Identifying the Gaps* by Sachin Chaturvedi

DP#114-2006 *India's Regional Trading Arrangements* by Rajesh Mehta and S. Narayanan

DP#113-2006 *FDI and Spillover Effects in the Indian Pharmaceutical Industry* by Annika Bergman

DP#112-2006 *Regional Cooperation for Asian Energy Security* by Vipul Tuli

DP#111-2006 *Demographic Complementarities and Outsourcing: Implications and Challenges for India* by Mukul G. Asher and Amarendu Nandy

DP#110-2006 *Reinventing UNCTAD: Some Proposals for the UNCTAD Mid-term Review* by Muchkund Dubey

DP#109-2006 *Trade Facilitation Priorities in India and Commitments at WTO: An Overview of Current Trends* by Sachin Chaturvedi

DP#108-2006 *Towards Comprehensive Economic Co-operation between India and Central Asian Republics* by Dr. Ramgopal Agarwala

DP#107-2006 *Monetary and Financial Cooperation in Asia: Emerging Trends and Prospects* by Ramkishen S. Rajan

DP#106-2006 *Japan and an Asian Economic Community* by Masanori Kondo

DP#105-2005 *India-Vietnam Trade:Current Relations and Prospects* by Rajesh Mehta

DP#104-2005 *Trade in IBSA Economic Cooperation: The Role of Transportation Linkages* by Prabir De

DP#103-2005 *Trade and Environment in the WTO: Negotiating Options for Developing Countries* by Sanjay Kumar and Nupur Chowdhury

DP#102-2005 *Prospects for Environmental Trade under the Regional Process in South Asia: Evidence from SAPTA and Proposals for SAFTA* by S. K. Mohanty and Sachin Chaturvedi

DP#101-2005 *Emergence of China and India in the new Millennium: Will it facilitate Market Access for LDCs and Developing Countries?* by S. K. Mohanty and Sachin Chaturvedi

DP#100-2005 *Towards a Broader Asian Community: Agenda for the East Asia Summit* by Nagesh Kumar

DP#99-2005 *Biosafety Protocol, International Trade and Agricultural Biotechnology: Policy Inferences for India* by Sachin Chaturvedi and Lian Chawii

DP#98-2005 *The WTO Negotiations on Industrial Tariffs: What is at Stake for Developing Countries?* by Yilmaz Akyüz

DP#97-2005 *Non-tariff Barriers Affecting India's Exports* by Rajesh Mehta

DP#96-2005 *Advancing the ASEAN-India Partnership in the New Millennium* by Ong Keng Yong

DP#95-2005 *The Search for Regional Architecture: The Role of ASEAN as Strange Attractor* by Djisman S. Simanjuntak

DP#94-2005 *India-Central Asia Economic Relations: A Report of RIS/CII Seminar*

DP#93-2005 *Asian Energy Outlook to 2020: Trends, Patterns and Imperatives of Regional Cooperation* by Kokichi Ito, Li Zhidong and Ryoichi Komiyama

DP#92-2005 *Regional Trade and Investment Architecture in Asia-Pacific: Emerging Trends and Imperatives* by Tiziana Bonapace

DP#91-2005 *India-East Asia Integration: A Win-Win for Asia* by Mukul G. Asher and Rahul Sen

DP#90-2005 Strategic Relevance of Asian Economic Integration by Eric Teo Chu Cheow

DP#89-2005 *China's Role in the Asian Economic Unification Process* by Yao Chao Cheng

DP#88-2005 *Strategic Approach to Strengthening the International Competitiveness in Knowledge Based Industries: Electronics*