

A belated summit in Delhi

For cultivating contacts with Africa, India has distinctive advantages over China, which have been reflected in several areas of investment, comments
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In March Prime Minister Manmohan Singh personally played host to the first-ever India-Africa Forum Summit in Delhi. Almost immediately, comparisons were drawn with the far grander and more glittering China-Africa Forum in Beijing in November 2006. Only 15 African heads of state and government were present at the Delhi summit (other African countries being represented by ministers or officials), while the number of top African leaders at the Chinese forum was thrice as large.

Manmohan Singh, of course, had taken care to declare that in holding the Delhi summit to accelerate multi-faceted cooperation with the African continent, India was 'not in competition with China or any other country'. But few believed this. To make matters worse, the Indian media – preoccupied with the hazardous march of the Olympics torch due to widespread protests against China's treatment of its supposedly autonomous Tibet – gave scant coverage to the Africa Summit, despite its great long-term implications. The plea of the Prime Minister's Office for 'proper play' to it evidently fell on deaf ears. By contrast, China's Africa initiative was an international sensation.

It was left to Laurence Kabila, President of the Democratic Republic of Congo, to put the matter in perspective. He made no bones about declaring that the summit was 'four years too late', but hastened to express his confidence that the two sides would 'make up for the lost time'. His punch line that gladdened many hearts in the host country was, 'Sky is the limit to India-Africa cooperation. India's democracy is an

inspiration to African nations, which are today in the state in which India was half a century ago.' This was no empty rhetoric. It not only reflected significant reality but also vindicated Manmohan Singh's repeated claim that there is 'enough space' in Africa, as in the world at large, to accommodate both of Asia's fastest growing countries, also in search of wider areas of influence. Remarkably, he had made this statement most emphatically during a visit to Japan two years ago, and he repeated it in the context of Africa during the summit. Indeed, the needs of Sub-Saharan Africa (which is the part of the continent relevant to this discussion) are so great that these cannot be met fully even if India and China – its two main trading partners and investors – compete with each other feverishly.

Most Indians (also perhaps most Chinese) are unaware of the major change in the pattern of Africa's trade with the outside world that has taken place in a few years. The United States and the European Union have ceased to be Africa's main trading partners. This role has shifted from them to Asia as a whole but primarily to China and India, in that order. These two Asian giants have eclipsed Japan and South Korea, until recently the principal exporters to and importers from the African continent. Chinese trade with Africa is increasing two and a half times as fast as that between Africa and the US, and four times faster than the trade between Africa and the EU. India's performance is a close second to China's. Yet, one must not exaggerate the overall



situation. Africa's burgeoning trade with China and India put together is still a small fraction (less than 2 per cent) of the world trade.

Another feature of the triangular pattern is bound to surprise the uninitiated. While Chinese dynamism in every other area and sector exceeds India's, in relation to Africa, this country has some distinct advantages over China. For one thing, India's close contacts with Africa go back to the days of the Silk Road, and the Indian Ocean has always provided useful connectivity between the two. China is a latecomer on the African scene. No wonder, at the end of 2004, Indian investments in Africa amounted to \$1.8 billion; China reached \$1.3 billion a year later.

Even before Independence India had started a vigorous campaign against apartheid in South Africa, where Mahatma Gandhi had first experimented with truth and devised the weapon of satyagraha. After Independence, India lent support to anti-colonial movements in various parts of the continent. On the negative side, in the 1960s and '70s, long-established Indian businessmen were thrown out of several African countries. But time seems to have assuaged the hurt sentiments. Overall, there is much greater rapport between Indians doing business in or with Africa than the Chinese have been able to establish so far.

For another thing, in today's ambience, Indian business methods and investment policies apparently suit the African

partners better than those of China. For example, China, focusing on its needs of oil and minerals, is making large investments only in these industries. All Chinese ventures in Africa are state owned, and the Chinese bring their own work force. Most Indian projects are in the private sector or in joint public-private sector, and cover a diverse field of agro-industries, irrigation, small power stations, tourism and communications, etc. Indian investors rely largely on local labour. While China concentrates on five countries that are rich in oil and minerals, such as Sudan, Equatorial Guinea, Nigeria and so on, Indian efforts are spread over a large number of countries, and this widening process is still on.

A visible proof of this was the bonhomie between the visiting African leaders and captains of Indian trade and industry, who virtually surrounded President Kabila and other African leaders. The latter showed a keen interest in such industries as are either exporting items like tractors, water pumps, equipment for small irrigation or power stations, road-building machinery, etc. or plan to produce such goods within Africa itself. Representatives of Tatas visiting African leaders and officials had installed at their hotel a model of Nano, the Rs. one-lakh (\$2500) car that their company has just developed.

China's involvement in some African countries is causing it political and diplomatic embarrassment. For instance,

so deep is China's commitment to Sudan's oil industry that it is drawing flak for the massacres by Sudan of the people in Darfur. Mercifully, India has no such difficulty. But China scores heavily over India in keeping warm its contacts with top-level leaders of Africa. Before the 2006 summit in Beijing, President Hu Jintao and Prime Minister Wen Jiabao had paid official visits to a host of the continent's 54 countries. Chinese foreign ministers follow an unvarying rule: to start their foreign travels in each calendar year with a visit to an African country. Prime Minister Manmohan Singh has visited South Africa several times, Nigeria once, and no other African country. Incidentally, South Africa alone accounts for 68 per cent of India's imports from Africa.

One major problem that both India and China face is the multiplicity of tariff and other obstacles to trade. Africa has many overlapping, intersecting and even contradictory trade agreements with many countries that experts despairingly talk of a 'spaghetti basket of agreements'. African customs authorities are also at sea.

Both Beijing and New Delhi have offered tariff and other concessions to Africa. At the Delhi summit the Prime Minister generously offered free trade. The assembled African leaders applauded this. But privately they asked whether the free trade agreements would be implemented more effectively than with some of its neighbours.