

PM in Africa amid a fall in trade

Prime Minister Narendra Modi will encounter challenges of Chinese competition as well as declining Indian trade and investment figures on his three nation, five-day tour to Africa, part of what officials called an “unprecedented engagement” with the continent by his government.

High-level visits

“Our engagement with Africa has clearly intensified over the last four years,” said Secretary (Economic Relations), External Affairs Ministry, T.S. Tirumurti, listing visits by more than 40 heads of state and governments from 54 African Union countries since 2014.

“The visit of the Prime Minister to these three countries is a reflection of the intensity of our engagement and the priority we attach to our relations with African countries,” he said.

Despite the ramping up of high-level visits, various studies and statistics show that Indian interest in the Africa growth story has not kept pace, and even declined through most of the period. The greatest slump appears to have been in investment figures.

According to the “World Investment Report for 2018”, issued by the United Nations Conference on Trade and Development (UNCTAD), Indian FDI in Africa in 2016-17 at \$14 billion was even lower than it was in 2011-12 at \$16 billion. In fact, with the exception of the 2015 figures, which jumped due to a single investment of \$2.6 billion by ONGC Videsh Ltd. for a stake in the Rovuma gas field of Mozambique in 2014, Indian investment in Africa has steadily decreased year-on-year since 2014.

“On investment, apart from our traditional investors, few companies are looking at the African continent with any degree of seriousness. So while the government remains gung-ho, it has found it difficult to take the private sector along,” said Harsh Pant, Professor at King’s College in the U.K. and scholar at think-tank Observer Research Foundation.

While one of the issues has been the investment climate in African countries itself, which has seen FDI flows drop 21% in 2016-17 according to UNCTAD, India is the only one of the big investors in Africa to have reduced its investment.

China, for example, increased from 2011-12, when its investment levels were identical to India’s at \$16 billion, to a massive \$40 billion in 2016-17.

Narrow focus

A similar slump both in actual and comparative terms has been seen in India-Africa trade figures from 2013 to 2017, when export and import figures fell from \$67.84 billion to \$51.96 billion. The China-Africa bilateral trade, in comparison, has hovered around the \$170 billion mark. In 2017-18, where only April-October figures have been released, the figure was \$34.65 billion, indicating this year may finally see an increase.

One of India’s biggest problems has been its concentration on East African trade and investment opportunities, as well as a dependence on petroleum and LNG, say experts. India’s exports to African countries have also been dominated by petroleum products, and a diversification is needed to broaden economic engagement.

When asked by *The Hindu*, however, the MEA denied the problems and rejected comparisons,

invoking India's historical ties with African countries, particularly South Africa.

"I don't think we see ourselves in competition with China at all. Our relations with African countries goes back a very long way... and now it is on very solid foundation of development cooperation and security and other cooperation which is enlarging," said Mr. Tirumurti, adding that Mr. Modi's visit to Rwanda is the first by an Indian PM.

Sign up to receive our newsletter in your inbox every day!

Please enter a valid email address.

Our existing notification subscribers need to choose this option to keep getting the alerts.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

crackIAS.com