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India and West Africa: A Burgeoning Relationship

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Bollywood in Freetown

- India's involvement in West Africa is expanding beyond its traditional Commonwealth partners. Although Nigeria is India's largest trading partner (worth \$3 billion in trade – mostly oil), Indian investment in Côte d'Ivoire will grow to \$1 billion during the period 2006–11 – 10% of what Indian companies have invested abroad in the last decade.
- India faces fierce competition from the West and other Asian countries to secure West African resources. India's quest for energy in West Africa is not a core component of the government's energy security policy; rather, it is part of its bid to diversify energy sources. India is prepared to offer package deals offering infrastructural investments in addition to cash bonus payments on signature of contracts. There has also been controversy in Liberia over a \$900 million deal to mine ore with Mittal, whose contract allowed the company to opt out of national human rights and environmental laws. The contract is currently being reviewed by the Liberian Senate.
- Indian companies are not blindly entering into business relationships in West Africa. The Indian Cabinet's Committee on Economic Affairs prevented a planned \$2 billion deal in late 2005 at the last moment because of due diligence concerns. A Nigerian licensing round for 45 oil blocks was announced on 3 April 2007. India's ONGC-Mittal is likely to be offered rights of first refusal for additional blocks but has insisted that some of these have proven reserves. However, they seem to be less tough than their Chinese and South Korean rivals on specifics about the infrastructure packages offered in exchange. The winners are announced on 3 May 2007.
- Beyond oil and infrastructure development, India is well placed as a soft power to enhance the relationship in the future. The mechanics of India's democracy in a post-colonial setting may provide relevant lessons. Moreover, India can offer West Africa important insights into agricultural expansion, clean water management and how to confront the growing threat of climate transformation.

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Introduction

During the India–Africa trade conclave organized by the Confederation of Indian Industries in Delhi in November 2005, African businessmen eyed ‘investment opportunities in India’ from ‘agri-processing to infrastructure to chemicals’.¹ At the meeting, the two most sought-after African investors were from West Africa: the CONDICAF group, based in Côte d’Ivoire, and Benin’s agri-processing major SOCAFA Sarl. ‘Besides being smitten by the Indian growth story, African businesses have been motivated by policy makers on both sides, who have been actively trying to patronise trade between the two partners.’²

Indian companies are placed to do well in the next Nigerian oil licensing round of 45 blocks that Abuja announced on 3 April 2007. ONGC-Mittal Ltd (OMEL), the joint venture between India’s state Oil and Natural Gas Corp. and steel-maker Mittal, is reportedly getting up to three additional blocks. There have been hard-nosed negotiations: the Indians have insisted on blocks with proven reserves and additional blocks. However, industry sources also report that they are less demanding on detail about the infrastructure packages they offer in exchange.

In August 2006 Ivorian Foreign Minister Youssouf Bakayoko led a 110-member delegation, comprising top Ivorian entrepreneurs and government ministers, to the Indo-Ivorian trade commission meeting in New Delhi, where they drafted dozens of agreements to be signed later in the year. India reckons that Indian investment in Côte d’Ivoire, mainly in the mining and hydrocarbons sector, will total \$1 billion during the period 2006–11. Describing this as both ‘remarkable and unusual’, Indian Commerce and Industry Minister Kamal Nath said the ‘unusual part’ was that while in the last ten years Indian companies have committed investments totalling \$10 billion worldwide, the commitment to Côte d’Ivoire alone represents just over 10% of that figure.³

India, the world’s second most populous country, is already the fourth largest economy in the world in terms of purchasing power parity and a *de facto* member of the nuclear club. The world perceives India, along with China, as the next engine of world economic growth. Historically, India, though widely acknowledged as a leader of the developing world, has had no distinct policy towards West Africa; the countries of this region came under its broader Africa policy. But things have changed in recent years, and new Indian policies towards the region have led to a marked improvement in ties between India and West Africa.⁴

This paper concentrates on India’s relations with West Africa. It places these relations in a wide

historical context and traces their evolution to the present day, focusing on the trade and economic framework that forms the core of this burgeoning relationship. It examines the importance of the region for India’s energy needs and analyses other factors of India’s current policy. And it compares the role of India in West Africa with that of the other Asian giant, China, and defines the contours of a broad roadmap with which India can engage the region in globally relevant terms

India and West Africa

Colonial expansion in West Africa – as in India – was a competition among the colonizing powers to gain access to land, to control supplies of raw materials and to find markets and profitable avenues of investment. However, there were inherent differences between the relationships that the colonial powers formed with their colonies and between the ways in which they adapted to local situations. At the same time, the responses to colonial rule, the nature of protest and resistance and the dynamics of the liberation movements varied from colony to colony.

In a sense, West Africa’s colonial experience lagged behind that of India; indeed, in some ways the Indian experience assisted the colonial system in West Africa. The birth of the Indian National Congress in Bombay in 1885 coincided with the period during which European merchants, explorers, adventurers and missionaries laid the foundation for the partition of West Africa. By the time Mahatma Gandhi assumed the mantle of the leader of the freedom struggle in India in the early 20th century, colonial rule in West Africa had become deeply entrenched.

By the 1920s, however, the Indian National Congress had inspired a number of educated West Africans to establish the West African Congress. Later, Kwame Nkrumah, paying tribute to Gandhi for helping initiate resistance to racism in South Africa through the philosophy of Satyagraha, or non-violent resistance, advocated a policy of ‘positive action’. He wrote that ‘after months of studying Gandhi’s policy and watching the effect it had, I began to see that when backed by a strong political organisation, it could be the solution to the colonial problem’.⁵ Nigerian nationalists, too, drew considerable inspiration from the activities of the Indian National Congress. For example, Chief Awolowo wrote in his autobiography that in the early 1930s, he was a fanatical admirer of the Indian National Congress and its leaders – Gandhi, Nehru and Bose.⁶ Moreover, the boycott movement launched in Nigeria by Mbone Ojke was inspired by the Swadeshi movement in India.

After independence India looked towards African countries within the context of the emerging Afro-

Asian solidarity between Third World countries. The Bandung conference of 1955, which paved the way for the Non-Aligned Movement (NAM), consolidated this Afro-Asian solidarity. For Nehru, advocating decolonization was part of the Afro-Asian resurgence, and India's policy was wholly influenced by his missionary zeal to end racial domination and discrimination in the African territories. By the time the Organization of African Unity was established, a broad consensus had developed in favour of non-alignment, the principle of which was enshrined in the organization's charter to guide the external policy of the member states' governments.⁷ Ghana, India and Nigeria were leading members of the NAM, the Commonwealth and the Group of 77 (see below) and supported one another at international forums on various issues.

India's ties with West Africa were heavily biased towards Ghana and Nigeria. In 1958, one year after Ghana had become the first West African state to gain independence, Nkrumah paid a historic visit to India. New Delhi established a diplomatic mission in Nigeria in 1958, two years before that country gained independence; and Nehru's visit to Lagos in September 1962 paved the way for close bilateral political and economic relations. Thousands of young students from Ghana and Nigeria attended Indian universities, and a large number of Indian teachers worked in remote towns in those countries; official visits by Nigerian and Ghanaian leaders to India had helped promote such exchanges. In the field of defence cooperation, almost the entire top stratum of the Ghanaian defence forces has attended at least one defence training course in India. For its part, India helped set up the Nigerian Defence Academy and other training institutes for the Nigerian defence forces. The Chief of Army Staff, General J.J. Singh, visited Nigeria in November 2005 and held wide-ranging talks aimed at strengthening cooperation in the defence sector. A former Nigerian head of state and the current Nigerian president himself have undergone extensive military training in India.

By August 1961, when the francophone West African states celebrated the first anniversary of their independence, India was represented in almost every capital in the region by a special envoy. But in most cases, the envoy was based in a neighbouring anglophone country, highlighting India's stronger affinity with the member states of the Commonwealth; indeed, Nehru had been instrumental in keeping the independent English-speaking countries in West Africa under the umbrella of the Commonwealth. India's weak relations with the region's francophone countries is to be understood within the context of this affiliation, but independent

India's pursuit of freedom and self-government for all countries and nations in Africa and Asia brought the French-dominated territories in West Africa within the ambit of the foreign policy and UN activities of New Delhi. The fact that India's anti-colonial pronouncements on French imperialism were generally muted can be attributed, on the one hand, to the peculiar legal status and constitutional evolution of the African colonies that had belonged to France and, on the other, to India's delicate negotiations with Paris about the handover of the sovereignty of former French settlements in India.

The French and Portuguese colonies in West Africa were largely unaffected by the Indian freedom movement. Unlike their Indian counterparts, most of the leaders of the French colonies worked closely with their colonial masters to achieve a smooth transfer of power. Amilcar Cabral's measures against the Portuguese in Cape Verde went entirely against the grain of Gandhian non-violence. Gandhi thus remained a significant point of ideological contact only in the British colonies of West Africa. Furthermore, the francophone countries displayed a lukewarm attitude towards the NAM: most stayed away from the inaugural NAM summit in Belgrade in 1961, and only Guinea and Mali attended the Cairo summit in 1964.

The francophone states institutionalized their special relationship with France in order to protect their economic and security needs. France was – and still is – able to maintain a considerable degree of influence in francophone West Africa through cultural, linguistic, military and economic cooperation. The francophone states gave higher priority to cooperation with France than involvement in the NAM and were generally reluctant to participate actively in the movement. In addition, they were committed to supporting France politically, especially within the UN, on almost every major issue of the day. Their stance was most evident during the Cold War, when their perceptions and policies differed considerably from those of India. Most of these states maintained ties with Israel and enjoyed indirect investment from South African companies. This contrasted with the strongly pro-Palestine and anti-apartheid policies enunciated by India and other NAM members.

During the Cold War India had few cultural or trade agreements with the francophone countries of West Africa. It established diplomatic relations with most of these countries, but through concurrent accreditation. Of the non-anglophone countries in the region, only Côte d'Ivoire and Senegal have Indian resident missions today. Financial constraints, rather than political considerations, have prevented the francophone states from opening missions in India; only Côte d'Ivoire and Burkina Faso have a resident

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mission in New Delhi. Thus the low level of diplomatic representation that existed between India and francophone West Africa during the Cold War continues to this day.

At the same time, popular Indian culture has been exported to the whole of West Africa. 'Bollywood', as it is popularly called, constitutes a fundamental part of the Indian diaspora experience. However, Indian films became popular in West Africa in the absence of an Indian audience, enjoying a wholly African following throughout the region. Dubbed or subtitled in French in the francophone countries, they were screened at Sunday theatres and regularly broadcast on state-run television. Their popularity has been attributed to the strong visual, social and even political similarities between the two cultures.⁸ However, the Indian government failed to recognize the potential of this 'soft power', which could have been used to establish stronger ties.

One of the major problems that West Africa faces today is economic marginalization. French and British economic influence is declining, and West African countries are seeking to diversify their international relations. In recent years, the French public has shown its distaste for France's presence in Africa, and military costs have increased as more French troops have been deployed to the Balkans and elsewhere. Successive French governments have responded by cutting troops and investments in Africa by one-third over the last decade and shifting the focus of engagement to the economies of Eastern Europe and the concerns of the European Union.⁹ Except for its oil and gas reserves, West Africa is not seen by the West as strategically important. African leaders have noted this attitude and are seeking to attract emerging players such as India and China. It is a process that is likely to gather momentum in the coming years.

Trade and economic ties

By the mid-1960s post-decolonization and economic relations between India and the newly independent West African countries began to attract more attention, while the concept of South-South cooperation and collective self-reliance among the developing countries started to take shape. Like most of the West African states, India was a founder and leading member of the Group of 77, which, established in 1964, was instrumental in encouraging economic cooperation and formulating a common position on international issues that reflected the states' shared economic interests. India also became a member of the African Development Fund and the African Development Bank, which was set up in 1964 under the aegis of the UN Economic Commission for Africa.

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India's main partnership in West Africa is Nigeria. India established a diplomatic mission in Nigeria in 1958, even before Nigeria became independent in 1960. Nigeria has become India's largest trading partner in Africa. Bilateral annual trade turnover exceeds \$3 billion. India's exports to Nigeria have shown a healthy upward trend and grew from \$293.71 million in 1990 to \$607 million in 2004-05. Oil constitutes more than 96% of Indian imports from Nigeria. Indian exports include pharmaceutical products, rice, cereals and manufactured goods. According to the Indian High Commission in Nigeria, the Indian community in Nigeria numbers some 30,000 engaged in trading and manufacturing, industry and management.

Indo-Nigerian relations gained momentum with the State visit of President Obasanjo to India in 2000 followed by a series of additional lower-level visits. President Obasanjo paid a second working visit to New Delhi on 3 November 2004, and held discussions with Prime Minister Shri Atal Behari Vajpayee, on the hydrocarbon sector and subsequently sent a group of Cabinet Ministers to continue discussions.

India's interest in Nigeria's oil sector has three components: term contract for crude purchase, participation in the upstream sector and refineries. In 2005 there were several significant developments in India-Nigeria hydrocarbons cooperation.

An Inter-Ministerial Task Force of the Government of India visited Nigeria in November 2005 which resulted in an MOU between ONGC-Mittal Energy Ltd and the Nigerian government for a \$6 billion oil infrastructure deal. Indian companies are placed to do well in the next Nigerian oil licensing round of 45 blocks that Abuja announced on 3 April 2007.

Source: India High Commission, Abuja, Nigeria Fact Sheet, India-Nigeria Relations, sections 6-10, dated August 2006. Accessed 2 April 2007 at: <http://www.hicomindlagos.com/docs/Nigeria-Fact-Sheet.doc>.

Even after regaining independence, West African countries continued to export mainly raw materials and agricultural products and to import manufactured goods from the former colonial powers. Indian importers, for their part, continued to purchase raw materials through European exchanges, rather than buying directly from the producers in West Africa, owing to infrastructural problems, the long distances between West Africa and India, communication difficulties, linguistic differences and the paucity of transportation channels such as direct shipping lines. Thus, India-West Africa trade was initially restricted to West African exports of minor commodities such as raw cotton, cashew nuts, non-ferrous metals, ivory and rock phosphate. This pattern began to change in the mid-1970s, when Indian exports of engineering goods as well as of iron, steel, chemicals and

pharmaceuticals started to exceed Indian imports of traditional items. By the 1980s, trade in non-traditional items had increased significantly between India and West Africa.

The recent growth of West Africa's exports worldwide is narrowly correlated with the growth of its major commodity exports – oil, industrial goods, precious metals, tropical woods and cotton – to the two Asian giants, China and India. However, Chinese and Indian trade patterns with West Africa differ significantly. China's imports from West Africa are clearly consistent with the latter's advantage in commodity production. By contrast, West Africa's exports to India are much more diversified and labour-intensive than those to China.

India's trade with the West African region currently stands at \$3.061 billion and accounts for around 1.2% of India's world trade. West Africa accounts for 0.779% of its total imports and 28.75% of those from Africa (valued at \$1,161.99 million) and exports to West Africa are 1.8421% of its total exports and 34.86% of those to Africa, (valued at \$1,898.99 million). These figures do not include \$2.1–2.3 billion for the petroleum products and the crude oil that India imports mainly from Nigeria.¹⁰

TABLE 1: INDIA'S TRADE WITH INDIVIDUAL WEST AFRICAN STATES, 2005–6

(excluding petroleum products and crude oil)

Country	Amount (US\$ million)	% share of total trade
Benin	174.09	0.07
Burkina Faso	22.62	0.01
Côte d'Ivoire	300.06	0.12
The Gambia	29.70	0.01
Ghana	279.75	0.11
Guinea	74.51	0.03
Liberia	147.80	0.06
Mali	30.47	0.01
Niger	23.01	0.01
Nigeria	946.50	0.38
Senegal	386.06	0.15
Sierra Leone	22.10	0.01
Togo	170.35	0.07

Source: Government of India, Ministry of Commerce and Industry, Department of Commerce, Export Import Data Bank (<http://commerce.nic.in/eidb/default.asp>).

After decolonization, India's trade tended to follow the trading pattern between British India and the former British colonies and was heavily skewed in favour of the Commonwealth members Ghana and Nigeria. For Indian entrepreneurs and businessmen to overcome their unfamiliarity with the region, the

linguistic difficulties and the lack of commercial information about the francophone West African countries, the Indian government would have had to make a considerable effort. However, it failed to provide the necessary breakthrough, as a result of which these states continued to be closely tied to both French aid and French economic policies. Benin accounted for more than half of India's exports to francophone Africa in the 1980s; its main import – the so-called real Madras handkerchief or 'Madras George' – was, in fact, handloom material cut in strips measuring 8 yards x 1 yard, which were used to make women's dresses.¹¹

To understand India's uneven trade with the individual West African countries, it is necessary to comprehend the relationships between these states and the developed countries – above all, their former colonial masters. To some extent, these relationships are part of the fallout from the history of the administration of the West African states before they gained independence: France administered the francophone West African countries centrally, while the British administration of anglophone West African countries was decentralized. The French system of governance not only led to closer cultural, political and economic links between the francophone states; it also led to closer ties with France. Most of the French-speaking countries of West Africa still have military pacts with France, while links continue to exist between their own currencies and the currency used in France (originally the franc, now the euro).

Relations among the francophone countries of West Africa, which are closer than ties among the anglophone countries, must be seen within the context of their relationship with France. Indeed, the differences between the anglo- and francophone countries of West Africa, which remain evident to this day, are linked to their respective relationships with Britain and France. Inevitably, India's close ties with London further distorted its uneven trade in the West African region.

A panorama of present trends

Historically, 'India has been a long-standing provider of aid, primarily through the use of its manpower assets and the provision of training'.¹² The Indian Technical and Economic Cooperation (ITEC) scheme, which provides an institutional framework for enhancing cooperation with developing countries, was launched in 1964. It offers technical assistance and utilizes India's strengths in certain types of education provision. ITEC, along with the Special Commonwealth African Assistance Programme (SCAAP), which targets African countries in the Commonwealth, comprises training, projects and project-related activities,

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deputations of experts and study tours. The vacancies allotted to African countries on the ITEC and SCAAP programmes have been filled almost entirely by West African countries (Niger and Guinea being the exceptions), and several important projects in Senegal, Burkina Faso and Benin have been carried out as ITEC projects.

The recent economic reconstruction and development initiatives of West African countries are creating a new investment climate that is very attractive to Indian investors. India has sought to gain a foothold in these countries by writing off debts owed under the Heavily Indebted Poor Countries Initiative and by restructuring commercial debts. At the same time, the Export-Import (EXIM) Bank of India has extended lines of credit to governments, commercial banks, financial institutions and regional development banks in West Africa. In 1987 it provided credit worth \$4 million to the West African Development Bank (BOAD), whose operations cover eight French-speaking West African countries, for purchases of plant and machinery from India. In 2004, it awarded a \$10 million loan to BOAD to enable companies in francophone countries of West Africa to import capital goods, plant and machinery, industrial goods, consumer durables and services from India. In addition, it acquired equity in BOAD.¹³

In a bid to expand its economic reach, India launched an initiative in 2004 called Techno-Economic Approach for Africa-India Movement (TEAM-9), together with eight energy- and resource-rich West African countries, including Senegal, Mali, Guinea-Bissau, Côte d'Ivoire, Ghana, and Burkina Faso. According to the Indian Ministry of External Affairs, the initiative was part of a broader policy to engage the underdeveloped, yet resource-wealthy countries of West Africa,¹⁴ which required both low-cost technology and investment to develop their infrastructure. In particular, India wanted to play an important role in helping them channel their energy resources more efficiently. The joint statement issued after the talks between the Economic Community of West African States (ECOWAS)¹⁵ and the Indian delegations in New Delhi in April 2006 highlighted the enormous potential for increased economic cooperation.¹⁶ (ECOWAS, which was established to promote an economic and monetary union that would stimulate economic growth and development in West Africa, has had to tackle many problems, including the political instability and lack of good governance that have plagued many member countries, the insufficient diversification of national economies, the absence of reliable infrastructure and the multiplicity of organizations that are similarly promoting regional integration.)

Within the framework of TEAM-9, India extended lines of credit totalling \$500 million to the eight West African countries. These countries lacked both the capital and the technology that India was able to provide on favourable terms. Launched in March 2004, the credit programme set up a cooperation mechanism for bilateral as well as regional projects and has become so successful that at least six other countries are interested in joining. Projects worth \$280 million have already been approved 'against concessional lines of credit'.¹⁷

Under TEAM-9, countries such as Senegal, which is rich in phosphate, and Côte d'Ivoire, which has abundant supplies of energy, sought investment in core infrastructure areas. India, on the other hand, wanted to foster a long-term economic partnership with these countries – one that could translate into improved energy security over time and a wider market for Indian goods. Such a partnership also meant a political presence in a part of the world where India had hitherto had little influence. According to the Ministry of External Affairs spokesman, 'it was a conscious effort from our side that with countries in West Africa, countries in francophone Africa with which we have not had a very close relationship in the past, we should go the extra mile to forge a relationship'.¹⁸

India's new economic diplomacy in Africa

Clearly, Indian expertise in sectors such as infrastructure, pharmaceuticals, health care, information technology and car manufacturing may benefit West African countries. At the same time, Indian companies' increased activities overseas have spurred the government to link its diplomacy more explicitly to its economic requirements. In tandem with this policy change, India's commercial ties with West Africa have grown. Similarly, existing Indian companies in West Africa have stepped up their operations in the region. Much of the assistance provided by India under its current policy is linked to purchases of Indian goods and services. India's aid policy, like that of many other countries, is driven not by pure altruism but, above all, by the domestic and international political and economic benefits that accrue from it.¹⁹

The recent controversy in Liberia over a \$900 million deal to mine ore with Indian firm Mittal is an example of the hard-nosed business reality of these deals. In its 2004 contract with the Transitional Government of Liberia, Mittal obtained the right to be allowed to opt out of national and human rights laws. The contract attracted controversy when it came to light in 2006 during a dispute and in April 2007 was being reviewed by the Liberian Senate Committee on Concessions. On 21 March 2007, President Ellen

Johnson-Sirleaf urged the national legislature to hasten the process of the Mittal Steel Mineral Agreement as it had implications for jobs, and economic expansion.

India's present-day economic policy towards West Africa is based on several main considerations. Having significantly changed their stereotypical ideas about Africa, New Delhi's policy mandarins have dropped the approach of 'one size fits all'. India is also taking cognizance of the broad trend in West Africa towards democratization and halting the large number of long-standing civil wars or ethnic conflicts. Following their experience of major conflicts, Sierra Leone and Liberia are today relatively peaceful, secure and stable countries that offer an environment conducive to business.

Moreover, of the twelve fastest-growing emerging markets in the world, six are in Africa and no fewer than five are in West Africa.²⁰ India is taking a closer look at countries that have double-digit growth rates. Although such growth rates are from a relatively low base, India believes that they are sustainable and of enormous potential for Indian businesses.

The most significant change in India's approach towards West Africa has been a concerted policy by various government ministries.²¹ The Ministry of Commerce and Industry's Focus Africa initiative aims at promoting projects in and creating market access to specific countries. The India Development Initiative provides a funding mechanism – namely, lines of subsidized credit – to encourage Indian businesses to expand into Africa. The success of this conjunctive approach is evidenced by the expressed desire of other countries to join the TEAM-9 initiative.

India appears to be making a cautious effort to focus not only on regional groupings, such as the African Union and ECOWAS, but also on sectors in which it has a core competence and that offer the prospect of mutually beneficial commercial cooperation. Like India, West Africa is a huge market that has growing aspirations, rising incomes and a low penetration of services in rural and remote areas. Because both the middle and the low end of the market are price-sensitive, Indian companies are keen to exploit the untapped demand of this constituency using their low-cost technologies. Indian companies believe that they can replicate their success in difficult, low-income home markets characterized by immature logistics, ambiguous legal situations and poor distribution environments in West African markets that display similar attributes.

Another similarity between India and West Africa is the availability of cheap, skilled labour, which makes it worthwhile for Indian companies to set up manufacturing operations in West African countries;

indeed, the saving on shipping and inventory costs boosts the attractiveness of such an arrangement even further. SENBUS Industries, an Indo-Senegalese joint venture that assembles Tata buses and is 40%-owned by the Indian partner, was launched in 2003. An assembly plant for three-wheeled vehicles is expected to begin operations in Senegal in the near future, while a Malaysian subsidiary of an Indian company has established Indo-Sen, a textile joint venture that involves a Senegalese company and an investment of more than \$2 million. Similar investments in the automobile and pharmaceuticals sector by Indian companies are planned in Côte d'Ivoire and Liberia.

India's quest for energy in West Africa

An important feature of India's new policy towards West Africa is the recognition that the region is an attractive source of energy. India is a growing giant that faces the critical challenge of meeting a rapidly increasing demand for energy. With more than 1 billion people, or one-fifth of the world's population, India ranks sixth in the world in terms of energy demand. Its economy is projected to grow by 8–9% annually over the next two decades, leading to a significant increase in demand for oil to fuel land, sea and air transportation.

While India has substantial reserves of coal, its oil and gas resources are relatively small. Its proven oil reserves total 5.9 billion barrels (0.5% of global reserves) and its proven, probable and possible reserves nearly 11 billion barrels. Owing to stagnating domestic crude production, India imports approximately 70% of its oil, largely from the Middle East. The International Energy Agency projects that India's dependence on oil imports will increase to 91.6% by the year 2020.²²

Concerned about its growing reliance on oil from the Persian Gulf – 65% of its energy is imported from the region – India is following in the footsteps of other major oil-importing economies by seeking supplies from elsewhere. The Indian petroleum minister has laid great emphasis on 'diversifying our sources'.²³ Indian firms' investments in overseas oil fields are projected to reach \$3 billion over the next few years. They are focusing their attention on West Africa, especially Nigeria, with which India has reached a long-term deal on the purchase of about 44 million barrels of crude oil annually.

Africa has about 8% of the world's known oil reserves, while 70% of its oil production is concentrated in West Africa's Gulf of Guinea. West African crude is of particular strategic importance owing to its low sulphur content. According to the Cambridge Energy Research Association, the region's

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oil production capacity is projected to reach 8.2 million barrels per day (bpd) by 2010, up from its current capacity of 4.9 million bpd.²⁴ This means that West Africa could account for one-fifth of the growth in global production. Statistics released by the Organization of Petroleum Exporting Countries (OPEC) put Nigeria's estimated proven crude reserves at 31.5 billion barrels, which constitutes 96% of the region's estimated proven crude reserves. Smaller reserves are located in the Gulf of Guinea (offshore Benin, Côte d'Ivoire and Ghana), in the Atlantic Ocean (offshore Mauritania and Senegal) and in landlocked Niger. Over the next few years Nigeria, the region's largest producer, has the potential to increase significantly its crude oil production as recent discoveries come on stream.

Despite months-long community unrest provoked by separatist guerrillas, which has cut its 2.4 million bpd production by a quarter, Nigeria continues to attract companies and investors because of its enormous oil and gas reserves. Major independent and national oil companies are still investing billions of dollars in exploring for oil and gas in the region. Their stubborn perseverance reflects the shift away from more mature reserves and the rush to find substitutes for existing reserves.

India's interest in Nigeria's oil sector has three components: term contract for crude purchase, participation in the upstream sector and refineries. In 2004 the Indian Oil Corporation (IOC) signed a memorandum of understanding with Nigeria's Edo State to erect an oil refinery. Petroleum India International, in association with its local partners, has prepared a feasibility report on erecting an oil refinery in Lagos State.

The overseas arm of India's state-run Oil and Natural Gas Corporation, ONGC Videsh (OVL), has acquired a 15% stake in Block II of the joint development zone established by Nigeria together with São Tomé and Príncipe. Separately, OVL and other Indian oil companies made bids for some of the 63 new oil blocks announced by Nigeria in the bidding round of August 2005. Despite offering \$485 million – a bid that exceeded all other offers – OVL failed to acquire two large deepwater blocks. The Indian Ministry of External Affairs 'strongly protested to the Nigerian government about the unfair treatment'.²⁵ The Indian government had 'thrown its weight behind ONGC Videsh's bid to secure oil assets in Nigeria', and Prime Minister Manmohan Singh had complained to Nigerian President Obasanjo about 'unfair treatment meted out to the oil major'.²⁶

In 2005 ONGC teamed up with Mittal Steel, the world's largest steel company, to form ONGC Mittal Energy Ltd (OMEL). Since its incorporation, OMEL has

successfully been awarded two prosperous blocks in Nigeria – OPL-279 and OPL-285; the production-sharing contracts are expected to be signed shortly. OMEL won oil blocks 209 and 212 in a mini bid round in May 2006 and also hopes to be offered rights of first refusal for additional blocks in the April 2007 bid round.

India is offering West African countries up to \$1 billion towards power or infrastructure projects in exchange for oil exploration rights and supplies. A senior official of the Indian Oil Ministry, Talmiz Ahmad, said in 2005 that India would invest in 'everything from railways to ports and even computer networks'.²⁷ The \$6 billion infrastructure agreement concluded the same year by OMEL is seen as one of the first examples of India's new approach in West Africa. 'The ONGC deal is just the beginning of India's entry into West African oil exploration,' said Ahmad.²⁸

Besides Nigeria, the West African countries targeted by India include Burkina Faso, Côte d'Ivoire, Equatorial Guinea, Ghana, Guinea-Bissau and Senegal. One block in Gabon has been acquired by the public-sector company Indian Oil (IOL), which is investing \$15 million in the project. Another Indian public-sector company, the Indian Oil Corporation–Oil India Limited (IOC–OIL) combine, is set to complete the acquisition of 90% stake in an exploratory oil block in Gabon in West Africa. Each partner will hold 45% and the combine has already entered into an MoU with the Government of Gabon in this regard.²⁹ The block was offered to the duo by the state authorities of Gabon through a farming-in offer.³⁰ The consortium will invest \$12.5 million to buy the stake and will spend another \$50 million on its development. The Indian Oil Corporation, for its part, has signed a deal on a deep offshore block in Côte d'Ivoire (Vanco's CI-1120), while India's Oil and Natural Gas Commission has invested \$12 million to explore one Ivorian offshore block, which it is now drilling. And, despite initial setbacks, OVL is on the way to acquiring more offshore blocks in Côte d'Ivoire.

'Financial assistance is not new in the oil industry, but India's willingness to offer such help to countries that struggle to secure credit privately is a positive step,' according to Praveen Martis of the British consulting firm Wood Mackenzie.³¹ 'These kinds of assistance are no doubt helpful. The Chinese have been doing it in countries like Sudan and Kazakhstan, where they have a substantial oil equity investment in the region, for quite a while now,' Martis noted, adding that 'there is a risk factor in this, but it could be worth it if it helps Indian oil companies in strengthening relationships with the host countries and, in turn, offering a better chance in securing assets in these countries'.

However, India recently seems to have begun reviewing its strategy for acquisitions of energy assets

abroad. In 2005 the Indian Cabinet's Committee on Economic Affairs prevented OVL's planned \$2 billion deal to buy a 45 per cent share in Nigeria's Akpo Field (OPL-246) off South Atlantic Petroleum Ltd., a company controlled by former Nigerian Defence Minister General Theophilus Danjuma. OPL-246, located 200 km offshore, at depths of 1,100 to 1,700 metres, with estimated reserves of 600 million barrels of oil and 2.5 trillion cubic feet (tcf) of natural gas, was one of the few major oil deals in Africa to which India beat China, but owing to the Indian government's refusal to sign off, China was once again victorious.³²

There are also significant reserves of natural gas in West Africa, accounting for approximately 32% of Africa's total reserves. Nigeria boasts the ninth largest natural gas reserves in the world and is developing several projects to utilize its vast reserves of both associated and non-associated gas. Field discoveries have been confirmed and reserves proved in Benin (43 billion cubic feet [bcf]), Côte d'Ivoire (1.1 tcf), Ghana (840 bcf); Nigeria (124 tcf) and Senegal (106 bcf).³³

By exploring these oil fields, India has entered into direct competition with fellow Asian countries such as China, South Korea and other ASEAN states. Indeed, India seems to be emulating the United States and China in targeting West Africa's energy resources. The United States currently derives 15% of its oil supplies from Africa, as compared with 22% from the Persian Gulf. Within the next ten years, according to the US National Intelligence Council (NIC), the United States could be depending on Africa for a quarter of its oil supplies. Nigeria alone is the fifth biggest source of US oil imports, with the United States accounting for half of Nigeria's oil exports. In recent years, China's political, economic and military relations have been subordinated to its quest to secure energy resources in the African continent as energy resources are being secured in exchange for aid, arms or infrastructure investment.

Nevertheless, it should be emphasized that India's quest for energy in West Africa is not a core component of the Indian government's energy security policy; rather, it is part of its bid to diversify energy sources. At the same time, India's demand for West Africa's energy forms the basis of its renewed economic cooperation with the region.

China in West Africa

India is currently competing with China to secure stakes in oil fields and blocks in West Africa. 'There is big, big competition ... between India and China for oil blocks in the region,' according to Narendra Taneja, an energy expert associated with the international oil

and gas newspaper *Upstream*.³⁴ While China's historical relations with Africa were once rooted in support for anti-colonial struggles in the 1960s, today they have shifted from ideology towards market forces and natural resource development. Beijing is now employing a less political and more pragmatic approach. China has primarily invested in Africa to secure access to the region's natural resources with which to fuel its expanding economy. Beijing is outbidding Western and Indian contractors on infrastructure projects, providing soft loans, and using political means to increase its competitive advantage in acquiring natural resource assets in the region. China's renewed engagement with Africa has been welcomed enthusiastically in capitals across West Africa. China has expended significant resources in foreign assistance toward these states, forgiven debt and embarked on an unprecedented peacekeeping mission in Liberia – activities that are all bolstered by a steady stream of high-profile diplomatic and commercial missions.

China, now the world's second largest importer of oil, imports approximately one-quarter of its oil from West Africa. In each of these countries, a similar pattern emerges: China moves in after Western companies are forced to pull out because of domestic pressure, thus undermining the ability of Western countries to use economic isolation and economic aid to influence the policies of the oil-producing countries. China's advantage is that it is willing to invest in countries off-limits to many multinational corporations, and its state-owned companies can afford to invest at a loss in order to better Beijing's positioning. Chinese oil investments are part of a large infrastructural package.

China's presence is strongest in resource-rich countries like Nigeria, Angola and Sudan. But it is also establishing itself in less obvious places. In Sierra Leone, Chinese companies have built and renovated hotels and restaurants, while in Mozambique they are investing in soybean processing and prawn production.

The Chinese model poses some obvious risks. In a region where unemployment or underemployment is endemic, reliance upon imported Chinese labour for infrastructure projects, and even some manufacturing ventures, does not serve the interests of democratic societies in West Africa. While stability is recognized as a prerequisite for development, the proximity of Beijing or its parastatals to African governments that systematically abuse the rights of their citizens only compromises the achievement of this long-term aim.³⁵

A major deal that India lost to China in 2004 illustrates the intense Chinese–Indian competition over energy in Africa. Angola's state-owned Sonangol

reportedly blocked an Indian move to buy Anglo-Dutch energy giant Shell's 50% share in Block 18 for about US\$620 million. According to Taneja, India's state-run Oil and Natural Gas Corporation (ONGC) had almost closed with Shell, 'but the Chinese evidently cut a deal with the Angolan government at the last minute', resulting in Sonangol exercising its pre-emption rights. This stymied Shell's move to sell its stake to ONGC, a deal which would have yielded about 5 million tonnes of crude oil daily for New Delhi from 2008 to 2009. Taneja added that 'China managed to swing the deal by offering aid to the tune of US\$2 billion for a variety of projects to Angola, compared to India's offer of US\$200 million for developing railways.'³⁶

Aid-for-oil is part of a deliberate strategy adopted by the Chinese leadership across West Africa. China uses its geopolitical position in order to gain access to natural resources around the world without regard to the domestic political situation where these resources are located; making China an attractive partner for many countries beset with and marginalized by the Western powers for internal strife, corruption, and human rights violations.³⁷ Or as the economist Jeffrey Sachs put it at a conference in Beijing in the summer of 2006, 'China gives fewer lectures and more practical help.'³⁸

Indian officials admit India does not have the resources to compete barrel for barrel with China in West Africa. 'Today it is money that speaks and China has deeper pockets than India,' Taneja commented.³⁹ Barry Morgan of *Upstream* magazine stresses the difference between the two Asian giants: 'India evidently wants to expand its interests in West Africa but is not throwing as much money at it as is China. India also has to work the politics better, keep people on the ground on a long term basis, representative offices, courting local politicians etc.'⁴⁰ Thalia Griffiths of *African Energy* believes that China has an advantage over India because it has had long-standing diplomatic relations with West African countries. 'All those football stadiums and office blocks are now bearing fruit,' she added succinctly.⁴¹

China, moreover, has an asset that India does not have – a permanent seat on the UN Security Council. Beijing's willingness to use its seat to protect states from international sanctions is welcomed in a region not lacking in egregious violations of international law. Evidently impressed with China's successes, India seems to be trying to replicate the Chinese model. The recent formation of the ONGC-Mittal joint venture and its infrastructure project in Nigeria are wholly in keeping with the *modus operandi* of cash-rich Chinese companies. But both India and China have limited technical expertise and thus are unable to bid for oil fields such as those in Angola's ultra-deep waters.

Recently, India and China have discussed cooperation on energy security. Former Indian Petroleum Minister Mani Shankar Aiyer is a strong proponent of such cooperation. Indeed, both countries hold equity stakes in Iran's Yadavaran oil field. Most experts believe, however, that cooperation between India and China will be restricted to a development consortium, as the two Asian giants are directly competing to maximize their energy imports.

China's non-ideological, non-interventionist attitude towards West Africa contrasts with India's stuttering and dogmatic approach that until recently was laced with concerns about democracy, governance and human rights. China's emphasis on economic freedom before political freedom has served it well in some areas, especially in the context of delivering sustained and methodical growth, although this approach may backfire *vis-à-vis* unpopular governments that are increasingly propped up by Beijing.

A multi-faceted relationship

The realities of the post-Cold War era

Historically, India identified with West Africa in its struggle against colonialism and its quest for independence. Economically, it acknowledged the region's developmental concerns and extended support and assistance to a limited degree. However, following the end of the Cold War and the emergence of a new world order, issues such as disarmament and non-alignment, which India embraced passionately, have taken a back seat in the new era of globalization.

In the early 1990s the Indian Ministry of External Affairs annual reports reiterated that 'in the future, new relationships based on concrete economic, technological and educational cooperation will assume enhanced significance'. In fact, ever since economic liberalization started in 1991 India's foreign policy has been increasingly driven towards finding export markets, and attracting foreign capital and technological know-how. This policy shift is echoed across West Africa as most of the economies are going through economic reforms and liberalization. They are looking for partnerships to ameliorate their economic woes and have keenly sought India's help.

The Indian government suggests that ideology has been influenced by 'a sober realization of new challenges facing both India and Africa'.⁴² Indeed, the increasingly large number of recent media reports about India and West Africa reflect these new realities.

India's diplomatic thrust

The noted Indian commentator C. Raja Mohan acknowledges that 'Africa has generally been

neglected in India's foreign policy over the decades' and 'West Africa was virtually a blind spot'.⁴³ He also notes that 'India's renewed engagement with West Africa is no longer built on political rhetoric'.

According to Raja Mohan, most West African states believe that in the past, 'India got in touch with West African chancelleries only when it needed votes in international fora'.

There are only four small Indian missions in West Africa: in Côte d'Ivoire (the mission is also responsible for Liberia, Guinea and Sierra Leone), Ghana (Burkina Faso, Togo, Central African Republic and Niger), Nigeria (Benin, Chad, Equatorial Guinea, Cameroon as well as Sao Tomé and Príncipe) and Senegal (Mali, The Gambia, Guinea-Bissau, Cape Verde and Mauritania). India closed its missions in Guinea and Burkina Faso because of economic constraints and the political turbulence in both of these countries in the 1990s, although Prime Minister P.V. Narasimha visited Burkina Faso and Ghana in November 1995.

Recent events suggest that there is a strong desire on India's part to reverse the institutional neglect that has crept into its policy towards West Africa. Over the next two years Indian missions will open in Mali, Gabon, Niger and Burkina Faso. Until 2003 the Indian Foreign Ministry had a single joint secretary overseeing its Africa division. Now it has three Africa divisions: West and Central Africa, East and Southern Africa and West Asia and North Africa. This restructuring at the ministry has helped sharpen its focus and led to an improved assessment of factors such as political stability, economic performance and energy issues. The goal is to increase significantly India's role in the region.

Navdeep Suri, joint secretary for West Africa at the Indian Foreign Ministry, confirmed recently that most countries in the region have committed either 'officially or privately' to support India on 'key political issues like the UN Security Council reforms'.⁴⁴ Earlier, the unequivocal support of India's candidature for the UN Security Council was expressed publicly by the ECOWAS ministerial delegation to India: 'Each ECOWAS country has expressed its will to support India,' said Aichatou Mindaoudou, the chairperson of the ECOWAS Council of Ministers, adding that the organization's members 'have done all they could and will continue to do so within the African Union to achieve that objective'.⁴⁵ While the plans of the so-called G4 (Brazil, Germany, India and Japan) and the African Union to expand the UN Security Council are now redundant, India's desire to exploit this diplomatic initiative was evident when it sought support for Shashi Tharoor's candidature for the post of UN secretary-general in 2006.

India has also taken a leadership role at the WTO negotiations on behalf of the developing and least

developed countries. Most of the West African states are affected by agricultural subsidies and have not only accepted but lauded the role and position adopted by India on the Doha round of negotiations, which have stalled over a divide between the European Union and the United States, on the one hand, and the major developing countries, on the other.⁴⁶ The decision by Indian Commerce and Industry Minister Kamal Nath to walk out of the July 2006 talks in Geneva – which failed to reach an agreement on reducing farming subsidies and lowering import taxes – was hailed by policy-makers and commentators in Africa and India as well as by the Western media, which called it an 'astringent Indian attitude'.⁴⁷ Indeed, India's protest in Geneva not only reconfirmed the close alignment of West African and Indian strategic economic interests but also encouraged the West African countries to seek increased economic cooperation with India.

Shared interests

West African countries hold India in high esteem – in particular, on account of its democratic institutions and the manner of its economic growth. India, as a democratic developing country, serves as a role model for these countries and is a source of support in various sectors, especially agriculture, services and small- and medium-scale manufacturing. At its Farmers' Day celebrations on 29 June 2006, Mali acknowledged India's contribution towards bringing about the agricultural revolution in Africa.⁴⁸ The Indian project in Senegal, which, worth \$27 million, will help double the country's rice production in three years, has created enormous goodwill towards India. And the enthusiastic response to the conclaves that took place in March and November 2005 in New Delhi under the banner 'India-Africa Project Partnership 2005: Expanding Horizons' underscored India's high degree of interest in promoting the developmental priorities of the West African countries.

In all West African countries, there is a growing demand for English-language instruction and technical education courses, which pave the way to the overseas job market in North America and countries other than France. There is also a growing demand for courses run by ITEC and SCAAP on information technology, rural credit, small- and medium-scale industries, women's entrepreneurship and quality control, which is creating a 'constituency of interest' in India.⁴⁹ This interest is fuelled by the intensifying interest in Indian films and the growing industry of their dubbing/subtitling in French and evidenced by the increase in West African 'tourism' to India (from 1,850 visitors in 1999 to more than 10,000 in 2004).⁵⁰ Although Indian diplomats repeatedly emphasize that this 'constituency of interest' seems overstated, recent

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media reports have highlighted the significance of India's 'soft power' in re-energizing relations with West African countries.⁵¹

The road ahead

India's strong appetite for energy and metal has boosted international prices and the volume and value of these exports.⁵² It is making its presence felt in West Africa through increased visibility in the business arena. Above all, it is able to offer technology and services with a triple 'A' tag – appropriate, adaptable and affordable (that is, at competitive prices).⁵³

Unlike Western powers, which are perceived as either hegemonic, neo-colonial or paternalistic, India can provide both technology and entrepreneurship unencumbered by any historical or diplomatic baggage. It should make a pragmatic assessment of the opportunities offered by West Africa and put in place mechanisms with which to exploit the potential gains. India can help strengthen the region's production systems, which have few links between the primary and secondary sectors – for example, between agriculture and industry or between mining and manufacturing. It must move beyond the simple concept of trade and look at specific projects.⁵⁴ In partnership, Indian industry and the Indian government must identify and target high-value projects that will have both sustainability and a lasting impact.⁵⁵ They must build capacity in the target country while simultaneously increasing India's exports.⁵⁶

Indeed, India should proceed in this direction without fear of any adverse impact on its own industries and population. The US National Intelligence Council, which in January 2005 convened a group of leading US experts on sub-Saharan Africa to discuss likely trends in the region in the medium term, believes that it is unclear whether the 'traditional cycle of industrial migration that caused textile and electronic firms to move from Japan, to East Asia, to Southeast Asia in search of cheap workers – as their own workforces became richer – will hold [in the region over the next 15 years] given that China and India seem to have essentially an infinite number of low-skill workers. The international economy had considerable space for countries to begin export drives in the past, but China and India may now clog markets for many years to come.'⁵⁷

Above all, it is the new image of India – that of a leader in the information technology industry, biotechnology and telecommunications – that has attracted West Africa to India.⁵⁸ A study by the Federation of Indian Chambers of Commerce and Industry in 2005 identified five main sectors that can act as 'engines of growth' to boost Indo-Africa trade:

pharmaceuticals and the health sector, information technology, water management, food processing and education.⁵⁹

Given the present stalemate in the Doha round of negotiations, West Africa must learn from India's experience in increasing its agricultural output through the 'green revolution'. The NIC believes that 'African agriculture could become more productive if it was the beneficiary of the kind of scientific advances that helped Asian agriculture in the 1960s and 1970s'.⁶⁰ Many countries in the region have already adopted from India the new technological package of improved seeds, soil nutrition methods and soil-based irrigation facilities. India should also provide expertise in administrative areas such as land tenures and production incentives to revitalize and restructure the system of agricultural development in West Africa.

With a constellation of more than a dozen remote sensing and telecommunications satellites, India is a leader in remote sensing applications. West Africa would benefit from data collected by its remote sensing satellites and from an earth station to access the data. India could also offer its expertise to utilize the data applications in such diverse fields as sustainable agricultural production, environmental auditing, monitoring of coastlines, management of floods, droughts, forest fires and other natural disasters, oceanography, infrastructure development and weather forecasting.

Another important, albeit controversial, area is defence cooperation, which may not be welcomed by the already established players in the region. India has enabled several countries in Africa to set up training establishments and has also participated in various UN missions. Notwithstanding its 'bitter' experience during the UN mission in Sierra Leone – the West African states that contributed to a regional peacekeeping force took exception to India's playing the lead role in their backyard, and Indian peacekeepers were seized, prompting New Delhi to withdraw its forces after the operation to free the hostages⁶¹ – India has earned enormous goodwill while participating in other UN missions in the region. Now it needs to make use of this goodwill and deploy its expertise in military training and supplies in the West African countries.

India should also put more emphasis on West Africa's social problems, in particular HIV/AIDS, not least because of India's widely recognized capabilities in developing low-cost retrovirals. The West African region looks to India as a potential source of these medicines (Indian supplies are WHO-approved).⁶² Moreover, there is substantial funding by WHO and the World Bank to fight AIDS in West Africa. It is a sector that offers ample possibilities, in terms of both

joint ventures or co-production and exports of pharmaceuticals.

In addition, India should consider other policy initiatives to boost its already burgeoning relations with the countries of West Africa. A long-term vision of its ties with the region needs to be clearly defined, encompassing all measures that will enhance the economic framework management capacity of the government and create the necessary conditions for long-term private-sector investment. It will require a systematic and selective nurturing of market-related economical and technical measures that take into account the geopolitical, historical and cultural dimensions of its relations with the countries of the region. India's role cannot be restricted to monitoring trade expansion, investments and other forms of production cooperation; rather, it should focus on building and institutional ties to put these relations on a sound footing.

The NIC report emphasizes that some of the traditional powers that have engaged West Africa are likely to leave the scene gradually.⁶³ Other powers, notably China and India, see the region as an inviting arena and will fill the vacuum. Thus, the two Asian giants will constantly be compared in terms of influence in the region – that is, if they are not directly competing for such influence. Currently, observers agree that China is far ahead of India in eliciting a more enthusiastic and positive response from the West African countries. Over time, however, African states may begin to realize that China's interest is motivated less by altruism than by hard-nosed business concerns. Tensions may be exacerbated by the flooding of African markets by cheap Chinese goods, with a consequent effect on weak domestic manufacturing bases, and by the presence of larger numbers of Chinese workers in Africa.

To date, African leaders have responded positively to China's interest in West Africa, seeing it as an alternative source of investment and countervailing force to Western interests and influence. But when the tide turns against China, India may be more welcome in the region for similar reasons to those that favoured China *vis-à-vis* the Western powers. India also has the relative advantage that English is one of its official languages. While the 'softness' of the Indian state and its democratic procedures as well as its incoherent approach are considered liabilities today, they may prove its biggest assets. Indeed, India should guard against blindly copying the Chinese model in West Africa and allow its own distinct policy towards the region to evolve.⁶⁴

Conclusion

The recent improvement in India's economic relations with West Africa can be attributed largely to the new focused approach of the Indian government. Another factor is the 'outward-looking' attitude of India's private sector. Tempted by the easy availability of capital and driven by the search for new markets, Indian companies have been eagerly targeting the region of West Africa, in which they had shown little interest until recently. The economic boom in India and the success of both home-grown and NRI/PIO (Non-Resident Indian/Person of Indian Origin) companies in Eastern Europe, East and South Africa and parts of South America have given Indian businesses the confidence to venture into West Africa.

Today, the growth in economic ties between India and West Africa seems dramatic because it started from a very low base; indeed, it is likely to flatten in the coming years. India is in direct competition not only with the old colonial masters in the region (such as France) but also with cash-rich China for a share of the West African pie.⁶⁵ The unstable security climate, the patterns of conflict, the fragile political state, weak democratization, religion, terrorism and the high prevalence of HIV/AIDS all have the potential to derail the Indian success story.

India should not view West Africa simply as a source of raw materials and a market for its goods and services. Indeed, India's caution in Nigeria in 2005 and in April 2007 not to be rushed into oil and infrastructure investments is prudent. It should also invest in the region's human capital and share Indian know-how – both commercial and political – with West African business people and leaders. The mechanics of India's democracy in a post-colonial setting may provide relevant lessons. Moreover, India can offer West Africa important insights into agricultural expansion, clean water management and how to confront the growing threat of climate transformation. For their part, the region's political leaders would like their constituencies to believe that India and West Africa are making a joint effort to improve the well-being of their peoples and societies. But the realities on the ground in the era of globalization and multilateralism are very different from this utopian view. Current global equations and recent Indian policies confirm that India's engagement with West Africa has shifted from the old issues of colonialism, non-alignment and South–South cooperation to issues of trade and energy.

Whatever role India ultimately plays in West Africa, perhaps the most important element it introduces is competition. 'For Africans, it is quite a

welcome change from the approach they get from Western governments that manages to be both patronizing and demeaning at the same time,' Duncan Green, head of research at the British aid organization Oxfam, commented recently.⁶⁶ A strengthening of institutional contacts across a wide spectrum of human activity will be needed to reorient and replace the old linkages between colonial metropolises and

their colonies and to usher in an era of genuine multilateralism. Having initiated the process successfully, a resurgent and confident India has to engage with the West African region on globally relevant terms. It is an opportunity that India must seize fully, not least because of the region's immense diplomatic and economic potential.

Endnotes

¹ Mayur Shekhar Jha, 'African business eyes investment openings in India', *The Economic Times* (New Delhi), 9 November 2005.

² Ibid.

³ Peter Murphy, 'India to Invest \$1 bln in Ivory Coast Mining, Oil', Reuters, 14 August 2006; and 'India, Ivory Coast to expand bilateral trade', *The Business Line* (Chennai), 5 August 2006. India's plan is to invest in offshore oil exploration along the Ivorian stretch of the prized Gulf of Guinea coastline, which is believed to hold large (as yet untapped) reserves. Indian companies are also seeking to mine gold, diamonds, manganese, bauxite, iron ore and chrome, either by opening new mines or by forming partnerships to exploit existing ones. In addition, there are plans to open five plants to process Ivorian cashew nuts locally, while Indian pharmaceutical firms want to build two factories that produce more affordable medicines in Côte d'Ivoire. Nath said that, as the world's largest cutter/polisher of rough diamonds, India was keen to make a concrete offer to help establish a 'strategic partnership' with Côte d'Ivoire to develop diamond mining, cutting and polishing.

⁴ For the purpose of this paper, West Africa is considered to comprise Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

⁵ K. Nkrumah, *Ghana – The Autobiography of Kwame Nkrumah* (London: Panaf Books, 1957).

⁶ O. Awolowo, *The Autobiography of Chief Obafemi Awolowo* (Cambridge: Cambridge University Press, 1960).

⁷ Article III of the Charter of the Organization of African Unity.

⁸ Brian Larkin, 'Bollywood Comes To Nigeria', *Samar*, August 1997 (<http://www.samarmagazine.org/archive/article.php?id=21>).

⁹ Under the French plan, troops currently based in five French-speaking countries – Côte d'Ivoire, Senegal, Gabon, Chad and Djibouti – would be reorganized into three bases that correspond to three sub-regions of the African Union: in Senegal (sub-region of West Africa), Gabon (Central Africa) and Djibouti (East Africa). Soldiers stationed on the French island of Réunion (in the Indian Ocean) would be deployed to work with the South Africa sub-region. Thus troops currently based in Chad would operate out of Gabon and those serving alongside UN peacekeepers in Côte d'Ivoire would return to Senegal once peace was re-established in that country. According to French officials, the number of troops on the ground and existing defence agreements with individual countries would not be affected. See 'France tinkers with its African troop deployment', IRINnews.org, 30 September 2005 (<http://www.irinnews.org/report.asp?ReportID=49310>).

¹⁰ See <http://commerce.nic.in/eidb/default.asp>. At present Nigeria is the main trading partner of India (and the third largest export destination for Nigeria after the United States and Spain), and India is the largest investor in Ghana and the second largest trade partner of Senegal. More than half of India's imports of cashew nuts are from Côte d'Ivoire and Guinea-Bissau, while Mali, Benin and Burkina Faso export high-quality cotton to India.

¹¹ 'India and Africa: Partners in Peace and Progress', Indian Ministry of External Affairs (New Delhi: Government of India, 2005).

¹² Gareth Price, 'India's Aid Dynamics: From Recipient to Donor?', Asia Programme Working Paper, Chatham House, September 2004. In addition, India provided a \$50 million grant in 2005 for the establishment of a pan-African satellite/fibre optic network to establish effective communications and connectivity with all African countries. These states' socio-economic developmental needs are to be met by providing 'tele-medicine, tele-education and supporting e-governance, e-commerce, infotainment, resources mapping and meteorological services'. See <http://www.indiahc-ghana.com/business.htm>.

¹³ In 2004 the Indian government chose to use its public-sector banks (the State Bank of India, the Bank of Baroda and the Indian Overseas Bank) to channel credit to these countries and extended credit lines worth \$200 million to the New Partnership for Africa's Development (NEPAD).

¹⁴ 'Target Africa: India launches fresh initiative', *The Indian Express* (New Delhi), 25 February 2004.

¹⁵ ECOWAS, founded in 1975, comprises the West African countries listed in note 4 above, as well as important West African regional bodies.

¹⁶ The joint statement read: 'Both sides underlined the immense potential for increased economic cooperation, particularly in sectors such as railways, telecommunications, agriculture, small and medium enterprises and IT.' See *Indo-Asian News Service*, 5 April 2006.

¹⁷ Rao Inderjit Singh, 'India, Africa Ready to Embrace Global Destiny', article published on 25 January 2006 on <http://meaindia.nic.in/interview/2006/01/25in01.htm>. At the time of publication, Singh was Indian Minister of External Affairs.

¹⁸ See 'Target Africa: India launches fresh initiative'.

¹⁹ Price, 'India's Aid Dynamics: From Recipient to Donor?'.

²⁰ 'GDP growth forecasts 2005', *The Economist*, 27 January 2005.

²¹ Indian government ministries are notorious for working at cross-purposes, especially during the current era of weak coalition governments in India. Significantly, India's policy on West Africa has been consistent, despite a change in the ruling alliance in 2004

(the right-wing National Democratic Alliance was replaced by the centre-left United Progressive Alliance). Nor has the changing of the guard at the Indian Foreign Ministry, which followed the resignation of the cabinet minister and the appointment of new junior ministers, led to any shift in this policy.

²² *World Energy Outlook 2004* (Paris: International Energy Agency, 2004).

²³ R. Prasanna, 'Take risks for energy interests', *The Week* (India), 13 November 2005.

²⁴ Yemie Adeoye, 'West African oil output to reach 8.2million b/d by 2010 – CERA', *Daily Vanguard* (Lagos), 15 August 2006 (<http://www.vanguardngr.com/articles/2002/features/energy/en115082006.html>).

²⁵ 'Govt steps in, tells Nigerians to be "fair" to ONGC's oil bids', *The Economic Times* (New Delhi), 21 September 2005.

²⁶ Ibid.

²⁷ 'Indian cash eyes West Africa oil', BBC News online, 24 November 2005 (<http://news.bbc.co.uk/1/hi/business/4465962.stm>).

²⁸ Ibid. However, recent reports suggesting that the joint venture between ONGC and Mittal is about to collapse have been strongly rebutted by both the partners. See press release by OMEL on 16 December 2006, 'ONGC Mittal (OMEL) JV poised for significant growth', at www.oilvoice.com.

²⁹ 'IOC-OIL combine earmarks \$3 b for acquiring oil equity', *The Hindu Business Line* (Chennai), 2 May 2006.

³⁰ 'Farming-in' means that IOC-OIL would initially finance the development of the oil and gas blocks. Later the investment would be converted into an equity stake in the assets.

³¹ See <http://www.gasandoil.com/GOC/company/cna54966.htm>.

³² 'India blocks West Africa oil deal', BBC News online, 16 December 2005 (see <http://news.bbc.co.uk/1/hi/business/4534412.stm>). The Indian government thought the deal was too risky, but its cancellation dealt a blow to Indian oil companies' image in Africa. The Nigerian newspaper *This Day* stated that 'ONGC was reckoned in the international market as the only serious competition to the Chinese prowl for overseas oil and gas properties, but with the [Indian] government shooting down the Nigerian proposal, it has lost considerable credibility in the market'.

³³ See <http://www.eia.doe.gov/emeu/cabs/ecowas.html>.

³⁴ See 'China, India fight for African oil', AFP, 15 October 2004 (<http://www.energybulletin.net/2614.html>).

³⁵ Chris Alden, 'Leveraging the Dragon: Toward "An Africa That Can Say No"', *eAfrica*, 1 March 2005 (<http://yaleglobal.yale.edu/display.article?id=5336>).

³⁶ See 'China, India fight for African oil'.

³⁷ It was reported in early 2006 that Nigeria is shifting its sourcing for military equipment to China because US concerns about corruption within the Nigerian security forces have delayed the delivery of equipment (*Financial Times*, 28 February 2006). In July 2005 China signed an \$800 million crude oil agreement with Nigeria, and Beijing is considering \$7 billion worth of investments in Nigeria. Angola has delayed implementing IMF recommendations after receiving a \$2 billion soft loan from China. China recently won the rights to oil-exploration blocks in Angola away from Total and Shell.

³⁸ See Lydia Polgreen, 'China makes Africa its business', *The New York Times*, 18 August 2006.

³⁹ See 'China, India fight for African oil'.

⁴⁰ Email exchange with author.

⁴¹ Email exchange with author.

⁴² See Singh, 'India, Africa Ready to Embrace Global Destiny' (note 17 above).

⁴³ C. Raja Mohan, 'India, China and the "London club"', *The Hindu* (Chennai), 1 March 2004.

⁴⁴ 'India is a role model for Africa', *Rediff India Abroad*, 9 August 2006 (<http://ia.rediff.com/money/2006/aug/09inter.htm>). Suri added that 'most countries have told us ... that [it] is no issue at all, it is an automatic gesture for them to support India'.

⁴⁵ 'West African countries back India for Security Council', *Indo-Asian News Service*, 5 April 2006.

⁴⁶ In Benin, Mali, Burkina Faso, Chad and Togo, cotton accounts for 37–71% of agricultural export earnings. The West African governments of Benin, Chad, Mali, Senegal and Burkina Faso, supported by active producer associations, have been in the forefront of efforts to persuade the industrialized countries, above all the United States, to reduce cotton subsidies and to provide interim compensation for the damage that their economies are enduring.

⁴⁷ See http://www.indiacause.com/columns/OL_060707.htm.

⁴⁸ V. Sudarshan, 'Banjul to Bamako', *The Outlook Magazine* (New Delhi), 4 September 2006.

⁴⁹ Author's interview with the Indian ambassador to Côte d'Ivoire, Amarendra Khatua, in March 2006.

⁵⁰ Ibid.

⁵¹ Indian media reports have stressed that the wife of Malian President Amadou Toumani Toure is very fond of Indian films. Amarendra Khatua, the Indian ambassador to Abidjan, has emphasized that both the ruling leaders and the rebels in Côte d'Ivoire have respect for and an interest in Indian history, spirituality, art and culture (ibid). Nigerian President Obasanjo always refers to the 'wonderful memories' that he cherishes of his stay in India, during which he attended various military training courses.

⁵² Andrea Goldstein, Nicolas Pinaud and Helmut Reisen, 'The Rise of China and India – What's in it for Africa?', in *Policy Insights*, No. 19 May 2006, OECD Development Centre (www.oecd.org/dev/insights).

⁵³ This triple 'A' tag was referred to in a speech delivered by Mrs Shashi U. Tripathi, Secretary in the Indian Ministry of External Affairs, at India-Africa Conclave on 8 November 2005, organized by CII at New Delhi (see <http://ciionline.org/Common/282/Images/Secy's%20speech%20at%20IIC%20on%208.11.2005.pdf>).

⁵⁴ See Goldstein et al., 'The Rise of China and India'. The OECD has been extremely critical of both India's and China's approach to trade with Africa. It believes that both the Asian giants are mainly interested only in securing raw materials and energy from Africa and finding new markets for their cheap goods and services. Since this could lead to 'Dutch disease' in the West African countries, it is not to their advantage in the long run.

⁵⁵ Barry Morgan of *Upstream* magazine commented that in many ways 'Indians are perceived [today] to be part of the colonial legacy in these countries ... China is already being accused of putting local entrepreneurs/factories out of business (some of them ex-pat Indian businesses). That's been going on for 10–15 years. If India brings big guns [industries] down to Africa, the opposition will be strong because there'll be no honeymoon period like the [albeit brief] one China had.'

⁵⁶ All West African countries, except Guinea-Bissau, Liberia and Niger, are members of the Multilateral Investment Guarantee Agency (MIGA), which is part of the World Bank Group. The three exceptions are currently seeking to fulfil MIGA's membership requirements. The agency provides a secure basis for Indian investments in specific high-value, inter-sectoral projects in the region.

⁵⁷ See <http://www.utexas.edu/conferences/africa/ads/728.html>. The group discussed several 'major issues or drivers that will affect Africa, including globalization and its impact on political development and economic growth, patterns of conflict, terrorism, democratization, AIDS, evolving foreign influences and religion'.

⁵⁸ A Côte d'Ivoire trade delegation to India in August 2005 requested India's help in setting up an information technology park in Côte d'Ivoire, which is to be named after Mahatma Gandhi. The Indian commerce and industry minister told the delegation that the two countries could cooperate in new areas such as pharmaceuticals, transportation, water supply and telecommunications.

⁵⁹ See 'Destination Africa: India's Vision', Federation of Indian Chambers of Commerce and Industry (FICCI), New Delhi, July 2005.

⁶⁰ <http://www.utexas.edu/conferences/africa/ads/728.html>.

⁶¹ Ashok K Mehta, 'India's Other Men in Blue', *The Hindustan Times* (New Delhi), 4 October 2004. From 1999 to 2001 the UN force in diamond-rich Sierra Leone was led by India's Major-General V. K. Jetley, who became embroiled in controversy. The Nigerian and other governments of the West African coalition demanded his removal after he had accused senior African military commanders of the UN peacekeeping force of colluding with the rebels to mine diamonds illegally.

⁶² Murphy, 'India to Invest \$1 bln in Ivory Coast Mining, Oil' (note 3 above). Indian pharmaceutical firms are to build two factories producing more affordable medicines in Côte d'Ivoire. Amarendra Khatua, India's ambassador to Côte d'Ivoire, is quoted by Murphy as saying, 'There will be Indian drugs which are world class but are cheap ... When [Indian-made drugs] come via western countries, it becomes costly. This is about direct access to the market.'

⁶³ See <http://www.utexas.edu/conferences/africa/ads/728.html>. The report notes that 'The generation of French leaders who saw their country's destiny intertwined with Africa has now retired and their successors see their future in Asia and Central Europe. The United Kingdom has been progressively disengaging since independence, even though it will continue to influence the policies of international institutions toward Africa.'

⁶⁴ *Ibid.* Interestingly, the NIC report assumes that India has no Africa policy: 'Over the next 15 years, there is probably a greater possibility of India developing a distinct foreign policy with political interests toward Africa.'

⁶⁵ See 'India is a role model for Africa' (note 44 above). The joint secretary for West Africa at the Indian Foreign Ministry does not consider India to be one of the primary players in Africa in terms of business and other ties. He contends that many countries 'still have very close ties with their former colonial masters'.

⁶⁶ Polgreen, 'China makes Africa its business' (note 38 above).

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