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## **India, Africa revise 2015 trade target upwards to \$100 bn**

PTI

New Delhi, 18 March 2013: Notwithstanding the gloomy global economic environment, India and Africa today revised upwards their bilateral trade target for 2015 to US\$ 100 billion.

The decision to revise the target by US\$ 10 billion was taken here at the India-Africa Ministers Round Table conference chaired by Commerce, Industry & Textiles Minister Anand Sharma.

He conveyed to the visiting ministers that despite the gloomy global environment, where there has been a contraction of trade, and with India's own trade contracting with major trading blocks, US\$ 100 billion trade by 2015 is achievable.

"We are upwardly revising the target to at least US\$ 100 billion by 2015...We may end up achieving it by the end of 2014 if we continue working together in the same spirit in which we have been working," said an official release quoting Sharma.

Trade between India and Africa totalled US\$ 70 billion in 2011-12.

The Indian investments in Africa are now close to US\$ 50 billion, Sharma said.

He informed further that India has taken a decision to open dialogue with the Common Market for Eastern and Southern Africa (COMESA), the largest economic group in Africa.

A Joint Study Group for examining the feasibility of a Free Trade Agreement between India and COMESA has been set up. Besides, the Preferential Trade Agreement talks with Southern African Customs Union (SACU) countries are underway.

The developments made by India-Africa Business Council (IABC) were also discussed.

Sharma expressed the hope that the new economic partnership will present India and the African countries with substantial opportunities to increase trade and investment activities, enhance market access and develop greater competitiveness by leveraging their respective strength.

He said India has approved expansion of the Technical Assistance Program on cotton for Africa to cover Mini-Mission III (development of Market yards) and Mini Mission IV (development of cotton ginning and pressing factories) to be implemented by Ministry of Textiles.

African countries were also asked to avail the facilities of the Duty Free Tariff Preference Scheme, announced by India for the Least Developed Countries (LDCs).

Under the Scheme, India grants duty-free access on 85 per cent of tariff lines and preferential access on 9 per cent of tariff lines, covering 92.5 per cent of global exports of all LDCs.

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## Major constraints to trade and investment between India and Africa

The Hindu

New Delhi, 9 July 2013: Lack of proper financing mechanism and poor infrastructure facilities are the major constraints to trade and investment between India and Africa, according to a report jointly released by the Confederation of Indian Industry (CII) and the World Trade Organization (WTO) here on Tuesday.

The trade between India and Africa has grown to around \$50 billion in 2011-12 from \$1 billion in 2001. Both together account for a huge market of 2.2 billion people with a combined GDP of more than \$3 trillion. There has also been a surge in Indian private investment in Africa with big ticket investments in the telecommunications, IT, energy and automobiles sectors, the joint report states.

“Lack of financing and poor infrastructure facilities are the two key constraints in India-Africa trade and investment. African traders’ concerns include poor access to Indian buyers and trade finance. On the other hand, transport and logistics costs and poor business environments are cited as major difficulties by Indian traders,” the report states.

Suggesting a number of steps to be taken to boost trade and investment between India and Africa, the report says that to sustain trade growth, there is an urgent need to broaden the trade basket and increase cooperation between small and medium enterprises. “The commercial wings of Indian embassies in Africa can play a facilitating role by providing in-country research on market expansion opportunities available to Indian exporters,” the report adds.

The report is of the view that India’s investment-led trade approach could help sustain the dynamic trade growth between India and Africa, and help extend trade in terms of the number of partners involved and also the range of goods and services traded. Investments for joint ventures between India and African countries would best open up the route for enhancing goods trade. In addition, it says, greater cooperation in agriculture and agro-processing would have a great bearing on the food security situation in India and African continent.

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## Engineering exporters train focus on Africa

Express news service

New Delhi, 16 July 2013: Engineering exporters are trying to tap African countries to beat slowdown in the West Asian and European markets.

The meeting on Tuesday will be expected to provide opportunities to make up for dip in India's engineering exports to Europe that has been shaved off by five per cent.

An assessment by EEPC India (formerly Engineering Export Promotion Council) shows geo-political trouble in Sudan, Egypt, Syria, Iran and Iraq are coming in the way of finding new markets in the West Asian regions too.

The meeting with the diplomats of key African missions will also bring together senior officials of ministries of commerce, external affairs, power and steel. Engineering exports to Africa has moved up to 16 per cent in the same period, coming close to the EU figure.

EEPC India chairman Aman Chadha said exports to EU dipped to 19 per cent last fiscal. "A fall in 5 per cent is a substantial loss of market share. This is more so for engineering goods that has long gestation periods works on long term contracts and it takes time to develop markets and credibility. The same is the case in North America, where our share is 11-13 per cent."

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## The call of Africa

T S Vishwanath, Business Standard

17 July 2013: India Inc is discovering the potential of the African continent. Companies across sectors are looking to set shop on the continent and tap the enormous potential of a growing market for goods and services. The Indian hunger for a piece of the African pie is in line with the global trend, with several companies from across countries looking to enter Africa.

The realisation of a large market is not one sided. African companies, too, are looking to tap the large middle-class market for goods and services in India. This growing interest in bilateral trade and investment has meant that companies and governments are realising the barriers to the markets and are voicing their views at different platforms.

The World Trade Organisation (WTO)'s "Fourth Global Aid For Trade Review" at Geneva last week was one such platform where there was deep interest among countries in building linkages with Africa and helping the exporters there reach out to global markets.

The Confederation of Indian Industry (CII) released a report at an event in Geneva on the sidelines of the Aid For Trade Review. The CII produced this report titled "India-Africa: South-South, Trade & Investment for Development" in collaboration with the WTO.

Sunil Munjal, Joint managing director of Hero MotoCorp and former president of CII, who released the report at Geneva is one of the recent investors in Africa. Hero recently set up a two-wheeler plant in Kenya and is looking to invest in a few more countries to tap the market completely.

The report, which is based on a survey of companies in India and Africa, brings out some pertinent issues that need to be addressed for taking the relationship forward. An important aspect that has been highlighted in the report is the point on African investment in India. Mauritius, of course, is the largest investor in India, accounting for 40 per cent of African investments in the country since most US companies have chosen that route for investments.

Some of the other large African investors include South Africa and Morocco. The report states that Morocco and South Africa have investments worth \$137 million and \$112 million, respectively.

Investments from South Africa have been growing at a steady pace with Tiger Brands, Airports Company South Africa & Bidvest, SABMiller, FirstRand Bank, Standard Bank, Old Mutual, Balela Leisure, Anglo-American, Sasol and Nando's Group Holdings, having made investments in the Indian market. Shoprite, the second-largest retailer in South Africa, that withdrew its India operations in 2005, is looking towards the Indian market again after the recent announcement by the Indian government to liberalise the retail sector.

Morocco has also invested in the manufacture of phosphate in India. Zuari Maroc Phosphore holds a 74 per cent stake in the earlier state-run Paradeep Phosphate Ltd.

Interestingly, the thrust on the investment side of the India-Africa relationship has, until now, focused more on enhancing Indian investments towards African destinations rather than vice versa. This may change in the years ahead since outward foreign direct investment (FDI) from African countries has been growing rapidly. Outward FDI flow from African countries has steadily grown from \$1.5 billion in 2000 to \$7 billion in 2010, before falling to \$3.5 billion in 2011.

A substantial portion of the outward FDI is intra-African and emanates from a few countries, including Zambia, Angola, Egypt and South Africa. As African companies diversify further, they too will look towards emerging growth markets like India, the report states.

This approach in the report brings forth the view that has been expressed by the private sector that the need for engagement with Africa has to be investment for trade and not aid for trade alone. There is a growing feeling among industry circles that the best engagement strategy for Africa would be to build linkages for investment between the two sides.

But at the same time there is also a need for addressing some key concerns that have been put forward in the survey. These include access to trade finance; poor business environment; transport and logistics costs, and informal controls.

Africa certainly provides a large opportunity for Indian and global business. The CII has over the years built close linkages with the continent. The results are showing with large and medium Indian corporations building sustainable investment and trade partnerships in various African countries.

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