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# Before and Beyond Energy: Contextualising the India–Africa Partnership

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## ABSTRACT

Although the India–Africa relationship is not new, what is relatively new is the range of areas now covered by the partnership, in particular energy. Energy has played, and will play, a critical role in bringing India and Africa closer together in the future. However, while synergy in the field of energy is an incredibly important aspect of the partnership, it cannot alone seal the deal. Forces, both within and beyond the area of energy, simultaneously drive and thwart the larger relationship. Four such forces help contextualise the India–Africa partnership, and analysing how these forces interact and diverge helps to explode some of the myths that surround the geopolitics of energy in Africa and identify the issues that require both deeper analysis and determined policy interventions.

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**ABBREVIATIONS AND ACRONYMS**

AU	African Union
CNOOC	China National Offshore Oil Corporation
EU	European Union
DRC	Democratic Republic of Congo
ICT	information and communication technology
IEA	International Energy Agency
IT	information technology
LNG	liquefied natural gas
LOC	Line of Credit
Nepad	New Partnership for Africa's Development
OECD	Organisation for Economic Co-operation and Development
TAPI	Turkmenistan, Afghanistan, Pakistan and India
TERI	The Energy and Resources Institute
UN	United Nations
US	United States

## INTRODUCTION

India's growing economy and the increasing demand for energy to support its development have opened a new dimension to India–Africa relations. Long couched in the language of anti-colonialism, diasporic linkages, UN peacekeeping operations and South–South co-operation, the relationship has slowly widened to include broader trade relations and, more recently, energy linkages. As India's economy grows, its dependency on imports is growing apace. An important aspect of India's energy security strategy is to diversify its energy basket, both in terms of choice of fuel as well as country of origin. Africa is important to India because it offers an alternative to India's current dependence on West Asia and provides a source for not only oil, but also coal (South Africa, Mozambique), natural gas (Algeria and Egypt) and uranium (Niger, Malawi, South Africa and Namibia).

While the India–Africa relationship is not new, the partnership has expanded into new, diverse areas, with energy being foremost among them. The nature of India's energy ties in Africa, and the countries where India has been present for the past few years, show that India's involvement in Africa has widened as well as deepened. India's ties with the African continent need to be placed in the broader context of: India's energy needs and ties with other key energy-producing countries; India's involvement in other sectors in Africa (trade, peacekeeping, education, and others); the role of other important energy consumers in Africa, primarily China, the US and the Organisation for Economic Co-operation and Development (OECD) countries; and the need for a sustainable and transformative energy sector development that takes into account energy poverty as well as the troubling issue of the 'resource curse'. Without losing sight of the fact that their energy ties are part of an inclusive, transformative, equitable and sustainable energy order, how can India and Africa continue deepening and widening their energy co-operation?<sup>1</sup>

## THE INDIA–AFRICA ENERGY TIES: A FAST-BROADENING HORIZON

India's energy ties with Africa are relatively new and still developing. At the heart of India's interest in Africa's energy resources is a growing dependency on energy imports, due to increased demand for energy and a lack of domestic resources to meet that demand.<sup>2</sup> This import dependency is projected to rise and, according to the *Integrated Energy Policy* report, published in August 2006, if India is to maintain an 8% growth rate, its import dependency could reach 90% for oil, about 50% for natural gas and an upper limit of 45% for coal by 2030.<sup>3</sup> While India has been importing coking coal for years, it has also recently begun to import thermal coal. Currently, India imports about 70% of its crude oil demand, mainly from West Asia, from where it also began importing natural gas in 2004.<sup>4</sup> Even in the area of nuclear energy, India is going to be dependent on uranium imports. Sourcing uranium is a necessary first step to meeting the country's stated targets of 20 000 megawatts electric by 2020, which will not be attainable through indigenous fuel supplies that are not only modest in terms of availability but also of lower quality.<sup>5</sup>

Faced with a growing dependency on energy imports, India is keen to diversify its sources in order to ensure its energy security, primarily in response to the continuing

instability of its primary energy-supplying region, West Asia. As a result, Africa, with its proximity and abundant energy supplies, is of immediate and primary interest. Until recently, India's energy trade in Africa focused mainly on two countries: Nigeria for oil and South Africa for thermal coal.<sup>6</sup> However, over the last decade India's energy ties have moved beyond Nigeria and South Africa to other parts of Africa, as well as other sources of energy such as uranium. Table 1 shows India's energy interests in African countries. Although India imports more coal from Australia and Indonesia,<sup>7</sup> from 2008–09 imports from these countries fell by about 12% and 10% respectively, while South Africa's exports of coal to India grew by 35%.<sup>8</sup> India's year-on-year coal imports from South Africa almost tripled in 2009 and, according to James O'Connell, managing editor of the *International Coal Report*, India is likely to emerge as South Africa's biggest coal importer in the coming years.<sup>9</sup> South Africa is by far India's biggest trading partner for coal in Africa: in 2009–10, India imported coal worth \$1,314.38 million (almost 21% of India's total coal imports), while Egypt was in second place with \$33.75 million.<sup>10</sup>

**Table 1: India's energy imports from Africa**

S.NO.	Coal	Oil	Natural gas	Uranium/nuclear deal
1	South Africa	Nigeria	Egypt	Namibia
2	Mozambique	Angola	Nigeria	Malawi
3	Egypt	Egypt	Algeria	South Africa
4	Algeria	Algeria	South Africa	Niger
5	–	Libya	Guinea	Madagascar
6	–	Sudan	–	Gabon
7	–	Congo	–	–
8	–	Equatorial Guinea	–	–
9	–	Guinea	–	–
10	–	Democratic Republic of Congo (DRC)	–	–
11	–	Cameroon	–	–
12	–	Gabon	–	–
13	–	Guinea Bissau	–	–
14	–	Côte D'Ivoire	–	–
15	–	Morocco	–	–
16	–	Liberia	–	–
17	–	Tanzania	–	–
18	–	Tunisia	–	–
19	–	South Africa	–	–

Source: Government of India, Ministry of Commerce and Industry, Department of Commerce, Export Import Data Bank, 2009–2010

In 2009–10, India imported oil from almost 50 countries, compared to 35 countries in 2006.<sup>11</sup> The top 13 countries accounted for 95% of India's crude oil imports in 2006/07, but only 86% in 2009/10.<sup>12</sup> It is interesting to note that in 2006–07, India imported oil from only two African countries: Nigeria and Egypt, but by 2009–10, the top 13 slot included Angola and Egypt, accounting for 5.4% and 1.5% of India's total crude oil imports respectively.<sup>13</sup> This shows how the importance of other African countries, primarily Angola, has grown over the last few years. In 2009–10, of the top 13 countries, Africa provided about 20% of India's total crude oil imports, compared to 16% in 2006–07. However, in terms of total exports of crude oil from Africa to India, the rise since 2006–07 has been less significant – from about 18% to 20.6%, as shown in Table 2. Nonetheless, Table 2 shows how India's crude oil imports from Africa have been rising steadily and have not only deepened, but also widened. India imported crude oil from seven African countries in 2006–07, but by 2009–10 the number had risen to 15. All but three registered a positive growth rate in oil imports in 2009–10 compared to 2008–09, with Algeria registering a growth rate of almost 375%.<sup>14</sup>

**Table 2: India's crude oil imports from Africa (\$ millions)**

	2006–07	2007–08	2008–09	2009–10
<b>Imports of crude oil from Africa</b>	8,441.75	11,788.84	12,968.82	15,967.73
<b>Total imports of crude oil</b>	47,018.75	64,052.50	77,310.75	77,506.56
<b>Percentage of total</b>	17.9%	18.4%	16.77%	20.6%

Source: Government of India, Ministry of Commerce and Industry, Department of Commerce, Export Import Data Bank, 2009–10

Africa is also becoming a more important supplier of liquefied natural gas (LNG) to India. In 2005, Africa did not figure in India's import basket for natural gas, but today accounts for 3% of India's total natural gas imports (2009–10 figures),<sup>15</sup> with Egypt and Nigeria being the two most important trading partners. Although Africa is playing a bigger role in LNG exports to India, its contribution has diminished over the years: in 2008–09 Africa accounted for almost 11.9% of India's total natural gas imports, but in 2009–10, India's focus appears to have shifted more to West Asia and Australia.

A fairly recent development is the string of nuclear deals that India has signed in the last few years with African countries, particularly since the Nuclear Suppliers Group waiver and the US–India Nuclear Deal. India's entry point to Africa has been Namibia with whom India signed an Agreement on Co-operation in Peaceful Uses of Nuclear Energy in August/September 2009, when Namibian President Hifikepunye Pohamba visited India.<sup>16</sup> Under the agreement, Namibia will supply uranium oxide to India, along with copper and diamonds.<sup>17</sup> Apart from Namibia, India has already been involved in uranium exploration and exploitation in Niger. Private Indian companies that have been prospecting for uranium in Africa include Taurian Resources Private Limited in Niger<sup>18</sup> and Varun Energy Corporation in Madagascar.<sup>19</sup> In addition to those mentioned above, countries such as South Africa, Gabon and Malawi have also offered to sell uranium to India.

## ACTORS, FORCES AND DEBATES INFLUENCING THE INDIA–AFRICA ENERGY PARTNERSHIP

India's energy ties with Africa are both well-established and expanding. According to the *World Energy Outlook 2010*, 'India is the second largest contributor to the increase in global energy demand to 2035, accounting for 18% of the rise in energy'.<sup>20</sup> Given this basic fact, India's presence in Africa's energy sector is founded on simple supply–demand complementarities.<sup>21</sup> However, India–Africa energy ties need to be located within a wider context that takes into consideration important realities, debates, forces, pressures and processes, which have the power simultaneously to thwart, propel, and/or reinforce the India–Africa partnership in the energy sector. The following four crucial processes, from both within and beyond the energy sector, must be kept in mind when analysing India's energy interests in Africa:

- the location of Africa in India's energy calculus;
- India's engagement with Africa beyond the energy sphere;
- the presence of other actors in Africa's energy sector; and
- the need for the development of a sustainable, inclusive and mutually beneficial energy sector in Africa.

### India's energy calculus: the Africa position

To achieve its economic and development goals, India needs access to secure sources of energy, as 'energy services underpin almost all aspects of human activity'.<sup>22</sup> At present, India faces an immense shortfall in terms of its demand for energy in all sectors. Along with growing demand and a supply shortfall is the fact that about 400 million people remain without access to electricity, and many depend on traditional, inefficient and unhealthy sources of energy (75% in rural areas and 22% in urban areas). In order to ensure its future energy security concerns, India needs to explore all options – not only a diversified energy basket but also a diversified energy import basket. As a result, in recent years, India has scouted for energy sources in not only Africa, but also in faraway Latin America and the Central Asian region. According to India's *Integrated Energy Policy* of 2006, the Americas and Central Asia respectively account for 3.55% and 4.74% of India's oil imports. India's most tangible presence in Central Asia's energy sector has been in Kazakhstan when the two countries signed a civil nuclear deal in January 2009 for the supply of uranium and a comprehensive agreement on civil nuclear energy co-operation.<sup>23</sup> India has been holding talks with its neighbouring countries (Afghanistan and Pakistan) to pipe natural gas from Turkmenistan<sup>24</sup> and is looking at the possibility of tapping the gas of the Caspian Sea region through Israel and Turkey.<sup>25</sup>

Apart from the Caspian Sea region and Central Asia, India has also been trying to expand its energy linkages with Latin America and the Caribbean. However, Latin America is perhaps the least preferred source for India's energy needs because of the vast distances involved. Nevertheless, around 26% of India's total imports from the Latin American region are related to energy. For India, the most important country in Latin America is Brazil, largely as a result of the similarities in their socio-economic agendas, their political ambitions at the global level, as well as greater trilateral and regional



economic engagement (such as India, Brazil and South Africa). However, most of India's actual energy interests in Latin America have taken the form of equity investments in oil and gas fields and efforts to build capacity in the renewable energy sector.

Notwithstanding India's efforts to expand energy linkages with Central Asia and Latin America, West Asia remains the main region from which India meets its energy needs. So long as India's energy basket is fossil fuel centric, West Asia's predominance as an import destination will not wane. According to the New Policies Scenario spelled out in the *World Energy Outlook 2010*, India will become the third largest spender on oil imports by 2020,<sup>26</sup> implying that the primacy of West Asia will remain a reality, despite India's objective to diversify its import sources. The reliance upon, and primacy of, West Asia will persist even for natural gas, which India is planning to turn to as a bridge fuel, as part of a long-term shift to renewable energy. India already imports up to 26% of its total gas consumption, of which about 74% is sourced from Qatar. By 2021, it is estimated that India would need to import about 25% (24 billion cubic metres) of its total natural gas requirement.<sup>27</sup> Therefore, West Asia and/or Australia will be primary sources of natural gas for India in the future.

Notwithstanding the growing importance of Africa in India's energy calculus, West Asia accounts for almost 70% of India's total oil imports and more than 80% of India's natural gas imports (mainly Qatar, Saudi Arabia and the United Arab Emirates), due to geography and the continued dependence on fossil fuels (oil and natural gas).<sup>28</sup>

### **Before and beyond energy: the Africa–India collaboration**

There is a tendency to see India's presence in Africa as something new. However, while the extent of its presence in Africa's energy sector is indeed comparatively new, India's relations with Africa are not new. Mahatma Gandhi's legacy, a similar struggle for independence by India and African states and the movement towards non-alignment and South–South co-operation are critical aspects that have shaped this long-standing relationship since the Bandung Conference in 1955. India's recent co-operation efforts with Africa are part of a broader approach that emphasises soft issues such as capacity building, training, education, health and other social sectors, while strategic initiatives include defence co-operation, trade and industrial linkages (see Annexure 1 on page 20).<sup>29</sup>

### **The trade and economics dimension**

The 2008 India–Africa Summit, and other state and high-level visits between India and African countries, was marked by the extension of grants, Lines of Credit (LOCs) and loans to various African countries. The Africa–India Framework for Co-operation signed in April 2008 highlighted a range of areas where greater collaboration between the two could emerge, such as agriculture, trade, industry and investment, small and medium scale industries, regional integration, poverty eradication, tourism, infrastructure, energy and environment, transport, culture, sports, education, water, sanitation and health.<sup>30</sup>

Over the past few years, Indian private companies have made headway in various African sectors than previously. One of the most talked-about Indian ventures is the Bharti Airtel acquisition of Zain Africa, which has a communications network in 15 African countries. Pharmaceuticals, horticulture, biofuels, fast-moving consumer goods, and the power sector are some of the many areas where Indian companies have shown

keen interest. Companies such as Reliance, TATA and Essar have also successfully started ventures in Africa's energy sector. Although India's trade and energy presence in Africa is still in its early stages, it will undoubtedly diversify and deepen in the future, given the great potential for growth and closer collaboration.

Regional co-operation between India and Africa has focused on several areas, such as healthcare and banking. The Pan-African e-network aims to develop Africa's information and communication technologies (ICTs) by eventually connecting all 53 African countries to a satellite and fibre-optic network for tele-medicine and tele-education.<sup>31</sup> Regional groupings, such as the Common Market for Eastern and Southern Africa, have received credit lines for banking, while India has extended opportunities for enhancing capacity building in the Africa Union (AU) and the Economic Commission for Africa.

Notwithstanding these efforts, the Africa–India trade relationship falls short of its potential. Africa accounted for only 7.5% of India's total export earnings in 2009–2010.<sup>32</sup> The top five commodities that India exports to Africa are refined petroleum, pharmaceuticals, vehicles, electrical machinery and nuclear reactors. Nevertheless, the focus remains on deepening the strategic partnership, in the hope that future free trade agreements between India and select regions of Africa will enable greater economic ties and trade.<sup>33</sup>

### ***Defence and security of the Indian Ocean region***

In addition to trade, defence and Indian Ocean geopolitics are a driving interest for India vis-à-vis Africa. India continues to emphasise defence and policing co-operation in various countries such as Botswana, Lesotho and Namibia. India has consistently provided troops for peacekeeping efforts in Africa and is one of the largest troop contributors to UN peacekeeping operations.<sup>34</sup> Indeed, India's peacekeeping efforts in Africa are one of the reasons why several African countries have been supportive of India getting a permanent seat in the UN Security Council.

Defence co-operation with East and Southern African countries is crucial to India's efforts to safeguard its sea lines of communication. India's strategic interests in the Indian Ocean have led to greater naval ties with countries of the Indian Ocean Rim such as Mauritius, Seychelles, South Africa and Egypt, which is a dialogue partner of the Indian Ocean Rim Association for Regional Co-operation.<sup>35</sup> For India, safeguarding the Indian Ocean is a vital national security issue, not only because of the Ocean's centrality to global trade and prosperity, but also because India needs to play a larger role in the region in order to be in a better position to regulate and manage its security.<sup>36</sup>

### **Locating India in Africa's energy trade**

India is neither the first nor the only country interested in Africa's energy sector. Many reports that highlight China and India's rapid economic growth and their need for resources, tend to project China and India as the neocolonialists in Africa, interested only in the continent's mineral riches.<sup>37</sup> However, India and China are both fairly new entrants in Africa, where traditional energy partners have been the US and European countries. Therefore, a more nuanced view is required. Although Africa's total exports to Asia have increased significantly, Asia accounts for 27% share of Africa's exports, whereas the European Union (EU) constitutes 32% and the US 29%.<sup>38</sup>

Table 3 shows, in order of importance, the principal energy partners of select African countries. The figures reveal that, for most of the African countries identified in Table 3, India comes a distant second or third to other energy-trading partners such as the US, China or the UK. For example, Nigeria may provide almost 10% of India's total oil imports, but almost 30% of its total oil exports go to the US, its top crude oil importer;<sup>39</sup> Again, the DRC exports almost 70% of its energy to the US, whereas India stands at a distant second position, with about 27%; Angola's top energy partner is China, which imports about 40% of its total oil exports, whereas India imports only 9%.<sup>40</sup> These figures show that, while no doubt a player in Africa's energy sector, India is far from the only or most important player. India's energy linkages with the African continent are still in their formative years, and the presence of other developed countries such as the US, Italy, the UK and developing countries such as China, will remain an abiding reality of Africa's energy market in the future.

**Table 3: Principal energy partners of select African countries**

Country	Leading partners in exports (in order of importance)
Algeria	US, Italy, Spain, France, Netherlands
Angola	China, US, India, France, South Africa
Botswana	Zimbabwe, Zambia, Nigeria
Cameroon	Italy, China, US, Portugal, India
Chad	US, France, China
DRC	US, India, Zimbabwe, Honduras, Madagascar
Egypt	India, Italy, US, France, Germany
Nigeria	US, India, Brazil, Equatorial Guinea, France
Côte d'Ivoire	Germany, India, US, UK, Senegal
Congo	US, China, France, Chinese Taipei, India
Sudan	China, Indonesia, India, Malaysia, Ethiopia

Source: International Trade Centre, 'Trade Performance', 2010

Many analyses and reports also tend to gloss over the fact that India and China have simply joined the US and other countries as energy partners of African countries. India and China's quest for energy resources in Africa is portrayed as an inherently conflictual and competitive 'contest' between these two countries alone. This zero-sum view of China and India's search for secure sources of energy draws sustenance from projections such as the one by the International Energy Agency (IEA) that asserts the two countries will account for 43% of the global increase in oil demand between 2005 and 2030. India's trade in resources with Africa is substantial, yet comparably less than China's trade with Africa. Mineral products have the largest share, accounting for around 79% of China's total African imports.<sup>41</sup> China's exports vary within the region, from less than 1% with countries such as Cameroon, Uganda, Mauritius, to more than 10% with Zambia, Ethiopia, Angola, Sudan and Congo.<sup>42</sup> China has invested in 33 mining projects in Africa, primarily in the

Southern African Development Community countries.<sup>43</sup> While China has also invested approximately \$55 billion in Africa (mostly in oil and infrastructure projects), 80% of its capital investments have been in the three largest oil-producing countries: Angola, Nigeria and Sudan.<sup>44</sup> Therefore, the fact that India and China both have energy needs that compel them to turn increasingly to energy imports, and that China is far superior to India in terms of its financial capabilities and economic ties with Africa, has meant that the two countries have had to contend with each other more and more. This is true of not only Africa, but also other regions of the world and in other arenas.

Equity investments in oil and gas fields are one example of where India and China have brushed up against each other in Africa's energy sector. For instance, in 2006, India's Oil and Natural Gas Corporation was a contender for a deepwater block in Nigeria, a \$2.6 billion deal that the China National Offshore Oil Corporation (CNOOC) eventually acquired through a 45% stake in oil mining license 130.<sup>45</sup> India also lost a major deal to China in Angola, when state-owned Sonangol blocked India's move to buy Shell's 50% share in Block 18 for about \$620 million, primarily because China offered aid of \$2 billion for various projects. Cash-rich Chinese companies have an advantage over Indian companies: availability of finance allows China to offer better deals than other countries and undertake and absorb financial and commercial risks. Nonetheless, while China has been able to outbid India for oilfields in Africa, to infer that the India–China search for resources is inherently competitive is somewhat exaggerated, as is the view that China's oil companies are intent on locking out Western companies in a scramble for African oil.<sup>46</sup> It is true that India and China have unsettled boundary and territorial disputes and eye each other with suspicion, rendering 'Chindia' a mere 'fantasy', and that, apart from a few steps forward, relations have by and large been sour.<sup>47</sup> However, both countries continue to stress that their growth is not mutually antagonistic and that the 'polycentric' world of the future has space for both India and China to prosper.<sup>48</sup>

### **Inclusive and sustainable development in the energy sector**

Union Minister of Commerce and Industry Anand Sharma recently reiterated what India has been saying for years about its partnership with Africa, that the relationship is aimed at sharing each others' experiences and resources for mutual benefit.<sup>49</sup> As emerging economies of the South, both India and China stress that their growth is not at the cost of Africa's development, which in the area of energy resources implies being cognisant of two things: the energy needs of Africa itself, and the risks and costs that the energy-rich countries of the continent incur when developing their energy resources.

#### **Energy poverty: scope for co-operation**

Africa's energy milieu is characterised by the use of traditional biomass such as wood and charcoal, a lack of affordable electricity, a great gulf in electricity usage between the urban and rural populations, and a very low percentage of the population with access to modern electricity. High-income households and sub-sectors of commercial and industrial enterprises that are highly energy intensive are the key sectors with access to electricity. The rural and urban poor both have inadequate access to electricity, with rural areas being the most affected. Recognising these energy challenges, many countries have started implementing policies to increase access to modern sources of energy such as kerosene

and gas. What is needed is a reform of energy regulatory frameworks to promote and develop energy services in Africa and to meet the target of the New Partnership for Africa's Development (Nepad): to provide access to electricity to at least 35% of Africa's population by 2015, and to provide half the population with modern energy for cooking, such as improved cooking stoves and gas.<sup>50</sup>

India has many lessons to offer in energy governance and how to pursue energy reforms in a political environment marked by internal dissent and multiple power centres. India is perhaps further along the path towards a more sustainable energy future, which is distinguished by the use of renewable sources of energy such as solar, wind and geothermal. Scope exists, therefore, for greater collaboration between India and African countries in the area of renewable and more sustainable sources of energy, community participation, technical know-how, putting in place regulatory reforms, sharing technologies and policy experiences.<sup>51</sup>

### ***Good governance norms and frameworks for enduring energy relations***

Apart from ensuring that growth in the energy sector is inclusive in terms of access to energy by all, equally vital is that energy resources are developed in a way that minimises negative externalities. This is particularly relevant to the energy-rich countries of Africa, several of whom are trapped in conflicts, often around resources itself – the conflict in the Niger Delta being the most discussed case in this respect. Similar situations exist in countries that are rich in non-energy resources such as diamonds, gold and other minerals. Studies have shown that a high dependence on resources for wealth generation in a nation is a source of conflict.<sup>52</sup> However, the 'paradox of mineral wealth',<sup>53</sup> which is the linkage between mineral riches and underperformance on political and economic indicators such as good governance, income equality and democracy, is a 'curse' not only for mineral-rich countries, but also for countries and companies that have energy linkages with them. For example, militant violence is responsible for keeping more than a quarter of Nigeria's normal production of 2.5 million barrels a day off the market. In 2008, Royal Dutch Shell was forced to shut down production at its Bonga field in the Niger Delta region of Nigeria after an attack by militants on a rig. In October 2007, 11 Indian expatriate staff were abducted; several Chinese company employees have suffered a similar fate in Nigeria and Sudan.

Transnational companies do not consider most African countries as attractive for investments.<sup>54</sup> Concerns, especially in resource-rich countries, include high reliance on external revenues, lack of economic diversification, poor or inadequate governance and stringent regimes. And yet, many corporations continue to be involved in exploration and production in politically fragile countries of Africa, despite the impact of violence, kidnapping, oil bunkering and an overall decline in production rates on their business activities.

Most of the energy-rich nations in Africa have poor ratings, according to the World Bank's political stability rankings. The negative trends, which highlight the vulnerabilities of some of Africa's major exporters, include a politically unstable environment that is injurious not only to the African people, but also to the accountable, efficient and sustainable development of the resource sector in African countries. However, trade logic will continue to bring countries that are dependent on energy imports to the doorstep of energy-rich countries everywhere in the world. Such countries (and their companies) will

not be deterred by weak governance structures, lack of regulation, corruption and the lack of compensation to local communities impacted or left out of the resource development process. Therefore, a more realistic objective is for the energy-importing countries of the world to encourage African countries to strengthen their governance frameworks, which should be seen not as Western sermonising, but as being in the long-term strategic interest of both the energy-rich countries of Africa and the energy-importing countries of the developed and developing world. It is in the interest of the African nations to ensure that their energy riches reap benefits for them in as efficient and durable a manner as possible. Indeed, being aware of the need to ensure better governance of their energy sectors, several countries in Africa (such as Ghana, Nigeria, Congo, Gabon and Equatorial Guinea) have become members of the Extractive Industries Transparency Initiative and Publish What You Pay.<sup>55</sup> Recognising the importance of economic and corporate governance to Africa's development, the AU, through Nepad, is working to strengthen the capacity of member states to ensure good corporate governance and management of development programmes.

## LOOKING AT THE FUTURE: ISSUES FOR POLICY AND ANALYSIS

Undoubtedly, energy is a critical aspect of the India–Africa partnership. If the past decade is any indication, the role of energy will only grow in importance for India and the African continent. As has already been pointed out, this is not only because Africa has energy resources to offer, but also because India's own demand for energy will continue to rise and diversification will remain an integral part of the country's energy-security strategy. India of course is only one of several players in Africa; China and the developed countries of the West will jostle for space in Africa's energy sector. However, as a key energy consumer and hence an importer, India's importance for Africa's energy-rich countries will remain vital in the years to come. Furthermore, the growing importance of India's private sector (the Mahindras, TATA, Ranbaxy, NIIT) and trade interests suggest that the partnership between India and the countries of Africa will continue to expand beyond the energy sector, indicating that India's ties with the African continent are bound to both deepen and broaden.

While much has been made of the rise of China and India and the limited space and resources at their disposal to chart that rise without straying into each others' path, the reality is much more complex. On the one hand, although Africa is a vital source of energy supplies, it is likely to remain less important to India than West Asia and Australia, with the exception of coal from South Africa. This means that Africa, although a key component of India's energy security strategy, is not the country's only supplier of energy. The same is true for China because, although China's presence in Africa's energy sector (and beyond) is greater than that of India, its principal energy-supplying region is also West Asia, namely Saudi Arabia, Iran and Oman. In Africa, India has tended to focus on Nigeria and lately Angola, whereas Angola is of primary importance for China. Hence, Africa will not necessarily be a site for resource competition between India and China.

This does not mean that India and China do not brush up against each other. The two countries still have several outstanding issues to resolve, with their territorial and boundary issue being the most intractable. India has lost out to China in several

instances not only in Africa's energy sector, but also elsewhere in the world, for example in Sri Lanka.<sup>56</sup> However, this does not mean that China and India are in a 'contest' or 'competition' with each other, as the two countries are not only at markedly different levels of economic development, but also face different realities and environments. Hence, there is a need to de-hyphenate India and China. Furthermore, China's 'gains' in a country's energy sector are often reported by the media as out and out victories, whereas the reality is much more nuanced and complex. China does not escape several negative externalities attached to the choices made in the energy sphere, nor is its presence in Africa always seen as more altruistic than that of the West or India. Indeed, India's development model within a democratic and pluralistic framework might be of more relevance and use to African nations.

The view that Africa has emerged as a new arena for India and China to corner strategic resources tends to rob African nations of their 'agency' in determining the tone and tenor of the geopolitics of energy. Rather, the rise of a polycentric world gives the countries of Africa a chance to pick and choose between several countries interested in their mineral wealth – not only from the developed world of East and West, but also from the emerging and developing world. It gives them a chance both to extend their engagement in multiple directions and to open themselves to worldviews and socio-economic programmes that are drawn from a broader cross-section of the world. The emergence of Africa as a collective voice with a vision and understanding of its problems, concerns, interests and challenges also needs to be recognised. African nations have been individually as well as collectively involved in promoting themselves as viable destinations for business and commerce; and to this end, they have looked not only West, but also East.

The last issue of concern regarding the Africa–India partnership is that India's policy towards Africa is considered 'reasonably successful', 'one that reflects a balance between our values and interests. It takes into account the diversity of Africa as well as the policies of other key players – the US, EU, China and Japan'.<sup>57</sup> As Annexure 1 shows, India has multifaceted relations with Africa and plays a role that extends across a wide range of issues and concerns. The table offers a broad overview and takes into account meetings, talks, agreements and memoranda of understanding that India has with a host of African countries. Two areas of mutual interest and concern can be identified as the security of the Indian Ocean and governance in the energy sector. India's presence in Africa is seen as inclusive at an economic, social and cultural level. India emphasises on utilising African human resources for its business ventures, and the emphasis has continuously been on capacity building and technological collaboration. There is also a great need to share research and policy experience, particularly in the energy sector.

Several factors undoubtedly bring India and Africa close, for example, the historical legacy, the Indian diaspora in Africa and a South–South standpoint on several global challenges and concerns. However, to prepare for a future that has moved away from old moorings, equations and growth patterns, needs the development of a more nuanced grammar for co-operation and collaboration. A holistic understanding of energy security is important not only for energy-importing countries such as India, but equally so for energy-exporting countries of Africa. Therefore, both India and the African continent need to push for norms and values that frame energy relations and concerns in ways that make space for good governance practices, learning from each others' experiences and plurilateral alliances for making their voices heard at the international level.

The short term offers opportunities for India and African states to strengthen and put in place mechanisms at bilateral and regional levels to address concerns arising from the energy sector. At the same time, energy must be seen as part of a larger partnership that seeks to expand mutual benefit in the area of security and trade. The Indo–Africa Summit in 2011 will enable the expectations of both countries to be consolidated, while concrete steps and a concerted foreign policy that focuses on the common linkages and interests between India and Africa will ensure that the Africa–India partnership will grow in a polycentric world. India’s foreign policy towards Africa needs to evolve continuously and take into consideration not only the larger geopolitics, but also the peculiarities that are specific to each African nation. Therefore, this would include not only enhancing bilateral relations but also being part of regional organisations in the African continent, either as an observer member or as a full partner, where permissible, such as the African Capacity Building Foundation of which India is a member. Participating proactively in Africa’s development process would make India a much more effective partner, through not only helping countries to identify their common challenges and issues of concern, but also broadening the dialogue to include the actors involved in the partnership – governments, the private sector and civil society organisations.

What is important to note is that the India–Africa partnership is greatly expanding and deepening. An effort is required so as not to slow down, but rather to gear up for the future, by building a relationship that is multi-dimensional and takes into consideration the viewpoints and interests of the relevant stakeholders across the different sectors.

## ENDNOTES

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## ANNEXURE 1

## INDIA'S CO-OPERATION WITH AFRICA: LOOKING BEYOND ENERGY

Country	LOC	Grant /aid	Technology/ knowledge sharing	Training/ capacity building/ expertise	Field of co-operation/ Investment	Defence co-operation/ domestic law & order	Energy related investments (public & private)
Algeria				√		√	3 Indian companies awarded projects in power transmission lines
Djibouti				√		√	
Egypt					Trade, renewable energy, industry	√	
Morocco					Trade		
Libya						√	
Somalia				√		√	
Sudan				√			Bilateral meetings and visits of delegation. Ministerial visit
Tunisia				√	ICT, industry, pharmaceutical		Tunisian delegation visited India
Botswana				√	Diamonds trade, pharmaceutical, agriculture, education	√	
Burundi				√	Opening of resident mission		
Comoros	√		√	√			
Eritrea	√			√	LOC: agricultural and educational equipment		
Ethiopia				√	Health, enhancing democratic institutions, trade	√	

Country	LOC	Grant /aid	Technology/ knowledge sharing	Training/ capacity building/ expertise	Field of co-operation/ Investment	Defence co-operation/ domestic law & order	Energy related investments (public & private)
Kenya				√	Trade, industries, pharmaceuticals, enhancing democratic institutions, information technology (IT), agriculture		Essar 50% acquisition Kenya petroleum refineries
Lesotho	√	√	√	√	Infrastructure for training, IT, trade	√	
Madagascar	√		√		Agriculture & food security, telecomms, trade		Reliance, Essar among others have shown interest in investing
Malawi	√	√	√	√	LOC: rural projects, agriculture, telecomms, industries		
Mauritius			√	√	Agriculture, trade, telecomms	√	
Mozambique	√			√	Pharmaceuticals, trade		Delegation visit for coal & energy sources, Coal India acquired prospecting licence. LOC: Infrastructure for rural power project
Namibia	√	√	√	√	LOC: education and health, establishing faculty for mining engineering, IT, enhancing democratic institutions	√	Civil nuclear energy agreement, co-operation on geology and mineral resources
Rwanda	√						LOC: hydropower project

Country	LOC	Grant /aid	Technology/ knowledge sharing	Training/ capacity building/ expertise	Field of co-operation/ Investment	Defence co-operation/ domestic law & order	Energy related investments (public & private)
Seychelles				√		√	
South Africa				√	Trade, pharmaceutical, mining	√	Ministerial visit Coal India
Swaziland	√			√	LOC: science & technology		
Tanzania			√	√	Communications & IT, trade, agriculture, food security, enhancing democratic institutions, health		
Uganda				√	Agriculture, fisheries, trade & industry		Ministerial visit to discuss oil exploration and production in Uganda
Zambia	√	√		√	Pharmaceuticals, trade, Industry, telecomms. LOC: development projects. Grant: health, education and social sector	√	LOC: Hydropower project joint venture (TATA & ZESCO)
Zimbabwe			√	√	Delegation visit for trade & investment opportunities		
Benin					Ministerial visit		
Cape Verde	√	√	√		LOC: technological; park. Grant: education		
DRC	√		√	√	LOC: power & railways		
Congo		√			Consignment of medicines		

Country	LOC	Grant /aid	Technology/ knowledge sharing	Training/ capacity building/ expertise	Field of co-operation/ Investment	Defence co-operation/ domestic law & order	Energy related investments (public & private)
Liberia		√	√	√	Grant: health & education	√	
Mali	√				LOC: Electricity Inter-connection project, agriculture, scientific and technical co-operation agreement signed		
Niger					Opening of resident mission		
Senegal					Foreign office consultations		
São Tomé and Príncipe	√	√			LOC: agriculture, capacity building & infrastructure. Grant: technology and industry, education, health		
Togo					Consignment of medicines		

Note: There could be overlaps between ‘technology/knowledge sharing’ and ‘training and capacity building’. The ‘field of co-operation/investment’ includes both governments as well as private or institutional engagements.

Source: Government of India, Ministry of External Affairs, *Annual Report, 2009–10*

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