



## **India-EU Cooperation in Africa: Challenges and Prospects**

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### **Introduction**

European Union (EU) and India have been consistently making a sustained effort in improving its overall cooperation with Africa. With increasing economic engagement, the prospects for EU-Africa and India-Africa would depend on not just quantitative factors such as trade and investment, but also a strategy that convinces the African people that economically engaging with EU and India would be mutually beneficial.

The research study has outlined issues and challenges Africa has been confronting with and what EU-India cooperation would mean to Africa. EU-India cooperation in Africa will create a positive atmosphere at all dimensions including political, economic, diplomatic and strategic. These will basically be completely independent of China's growing profile in Africa. In addition to these multifaceted dimensions, India and EU together can help improve the overall status of Africa in all the major multilateral institutions. Among the African nations, the East African region has the largest number of Regional Economic Communities (RECs) and inter-governmental bodies.

The select East African Countries such as Burundi, Ethiopia, Kenya, Rwanda, United Republic of Tanzania and Uganda have their strategic relevance and importance. All these countries are the members of the African Union. Both India and EU have evolved constructive engagement with these countries in African Union. The needs of these states are varying and different. The questions relating to stability and security in Africa also are gaining momentum.

Burundi, Kenya, Rwanda, Tanzania and Uganda are the members of the East African Community (EAC) with which EU and India have been engaging with seriousness and there is a keenness from both sides EU and Africa and India and Africa showing positive signs of bilateral acceptance. India and EU can work together to enhance cooperation at all levels. Ethiopia, Kenya and Uganda are members of the Inter-Governmental Authority on



development. Kenya and Tanzania are also the members of the Indian Ocean Rim Association for Regional Cooperation (IOR – ARC).

Burundi, Ehiopia, Kenya, Rwanda and Uganda are members of the Common Market for Eastern and Southern Africa (COMESA).

It is generally believed among the members of academic and strategic community that Africa has been a combination of mutually exclusive phenomena: economic growth and poverty, wars and conflicts and attempts to create a regional security system. The position of African countries in the international political and economic system will largely depend on which element will gain the upper hand<sup>1</sup>.

The Economist, in one of its 2000 issues, on its cover dedicated to Africa had the words: "Continent of hopelessness". Only a few years later, in the 3<sup>rd</sup> of December 2011 issue, the cover already proclaimed something completely different: "*Africa Rising*". The growing importance of Africa in the world economy is confirmed by data and analyses prepared by the World Bank, IMF, UNDP, UNECA and Ernest & Young reports.

At the same time, Africa, despite the positive trends mentioned above, remains the poorest region of the world - which is primarily seen in development indicators (HDI). Added to this are the weakness of state institutions and structures in Africa, as well as the fact that this continent remains a source of threats - terrorism, armed conflicts and the resulting waves of migration directly impacting Europe. This applies to both the economy as well as security.

Initially, after 1989, the region was marginalised in the international arena. However, the turn of the century brought some significant changes. In the emerging dynamics of geopolitics, all the major powers such as US, EU, China and India have significant presence in Africa.

The research paper has made a modest attempt in understanding the complexities of multidimensional problems being confronted by Africa and how EU and India together can help Africa in overcoming the larger issues impacting development. It will also map the areas of cooperation and analyse the emerging trends by taking certain specific country level perspective. The assessment on why India and EU can work together to optimise the tangibles in Africa has also been done.

This research paper also analyses the dynamics, nature and scope of changes taking place in Africa. On the one hand, the essence of the phenomenon of Africa as a prospective

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<sup>1</sup> C. Clapham, *The Evolution of Africa's International Relations*, w: U. Engel, G.R. Olsen (red.), *Africa and the North Between Globalization and Marginalization*, London-New York 2005, pp. 20, 36.



market is presented, on the other hand, it is depicted as a continent of challenges and threats. Against this background, the conditions and rationale for India's and the EU's involvement in this continent are assessed and how their cooperation together would help address the issues in Africa. It also examines the main focus of EU and India's engagement towards Africa in terms of development aid and trade cooperation.

### **Africa's Potential and Weaknesses - An Outline of the Issues**

Since the first decade of the twenty-first century, African countries have been experiencing a stable and systematic economic growth (the average growth in 2002–2008 was 5.6 per cent).<sup>2</sup> To an extent, this average is being maintained even during the last one decade. Despite many unsolved development problems, Africa is becoming an attractive partner in global economy, especially the sub-Saharan part – according to the IMF, the average growth in this part of the world in 2004–2008 was 6.4 per cent;<sup>3</sup> after a decline to 2.8 per cent in 2009, the region has again been showing high economic growth. The sub-Saharan region's economic outlook shows its healthy resilience to internal (Arab Spring) and external shocks (global economic crisis) and its role as a growth pole in global economy.<sup>4</sup> It should also be noted that compared to other developing regions or regions undergoing transformation, Africa has higher economic growth than Latin America and Southeast Asia<sup>5</sup>.

The rather high level of economic growth, especially in the sub-Saharan part, prevailing despite falling oil prices and a fairly unstable financial situation in the euro zone (for most African economies being one of the key economic partners), is determined primarily by internal demand, including private consumption and public infrastructure investments as well as the ever-closer trade ties between Africa and the emerging markets.

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<sup>2</sup> *African Economic Outlook 2011. Africa and its Emerging Partners*, African Development Bank (AfDB), OECD Development Centre, UN Development Programme (UNDP), UN Economic Commission for Africa (UNECA), OECD Publishing, Paris 2011, p. 21.

<sup>3</sup> *Regional Economic Outlook. Sub-Saharan Africa. Building Momentum in a Multi-Speed World*, IMF, Washington 2013, p. 2; *World Economic Outlook 2013. Hopes, Realities and Risk*, IMF, Washington 2013, pp. 67–69.

<sup>4</sup> *African Economic Outlook 2012. Promoting Youth Employment. Pocket Edition*, African Development Bank (AfDB), OECD Development Centre, UN Development Programme (UNDP), UN Economic Commission for Africa (UNECA), OECD Publishing, Paris 2012, pp. 11, 16; *Regional Economic Outlook. Sub-Saharan Africa. Building...*, op.cit., p. 2;

<sup>5</sup> *Economic Report on Africa 2015: Industrializing through trade*, United Nations Economic Commission for Africa, Addis Ababa 2015, s. 5; *African Economic Outlook 2014. Global Value Chains and Africa's Industrialisation. Pocket Edition*, op.cit., s. 7-8; *African Economic Outlook 2015. Regional Development and Spatial Inclusion. Overview*, op.cit., pp. I-II.



The consumer market of Sub-Saharan countries is increasing two to three times faster than in OECD countries, and its value is estimated at 1 trillion USD. The African middle class is predicted to increase to 1.1 billion people by 2060, which is approximately 50% of the continent's population<sup>6</sup>. By that time, people living below the poverty threshold will be a minority (33%). The number of young inhabitants of cities is increasing as well. Economists believe that demography is one of the keys to Africa's economic success. Educated young people are the continent's driving force. To investors, they are a huge sales market, but also a workforce<sup>7</sup>. Cities are also starting to play an increasingly important role in the entire economy. It is estimated that by 2030 the 18 largest cities of the continent will reach 1.3 billion USD in cumulative spending power and that the number of cities above 3 million inhabitants will increase from 16 in 2012 to 34, becoming thriving urban agglomerations<sup>8</sup>.

Analyses of the World Bank point out that many among the world's economies that have most improved the conditions for business are countries of Sub-Saharan Africa; in its latest report, the World Bank commends such countries as: Benin, Ivory Coast, the DRC, Senegal, and Togo<sup>9</sup>.

Africa's dynamic development is confirmed by its systematic advance in Ernest & Young reports, primarily due to the economic results of Sub-Saharan Africa; in the last report, for 2014, the institution's readers and analysts awarded this region the second place in the most attractive market category, right after North America<sup>10</sup>.

In the early 2010s, the African market was being characterised by considerable growth of FDI and foreign trade. These factors also affect the economic growth in Africa and the continent's development.

In the last 15 years, Africa's global trade has increased. According to the UNCTAD report, lately 'African merchandise trade has been rising faster than those of the developed and developing economies.' The level of African merchandise trade (exports and imports)

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<sup>6</sup> *Economic Report on Africa 2015...*, op.cit., p. 7; *African Economic Outlook 2012. Promoting Youth Employment*. Pocket Edition, op. cit., p. 12.

<sup>7</sup> The UNECA report observes that urbanisation and dynamic demographic changes constitute both a challenge and a huge opportunity for the continent. It emphasises that African governments should take advantage of, among others, the increase in labour costs in China and throughout Asia, as well as actively encourage investments in Africa. By 2100, Africa's population in working age will rise to more than 2 billion and will constitute 41% of total global working age population (in 2010 it was 12.6%). *Economic Report on Africa 2015...*, op.cit., p. XXIV, s. 58.

<sup>8</sup> *Ernst & Young's attractiveness surveys. Africa 2014...*, op.cit., s. 34.

<sup>9</sup> *African Economic Outlook 2015. Regional Development and Spatial Inclusion. Overview*, op.cit., p. II.

<sup>10</sup> *Ernst & Young's attractiveness surveys. Africa 2014...*, op.cit., s. 34.



with the world rose from USD 251 billion in 1996 to USD 1,151 billion in 2011<sup>11</sup>. Despite its fast growth in merchandise trade, Africa accounts for only about 3 per cent of world trade. However, economists highlight the dynamics of trade and Africa's significant potential in this respect with a greater focus on increase in the number of developing middle class).<sup>12</sup>.

The Sub-Saharan region is particularly attractive to investors. The FDI inflows to Sub-Saharan Africa increased from around USD 27 billion in 2007 to USD 42.5 billion in 2014.<sup>13</sup> It is worth stressing that not so long ago, in 2006, over 50 per cent of all FDI inflows to Africa went to North Africa, and since 2007 a gradual change of the trend to Sub-Saharan Africa has been observed. According to the authors of the report titled *Africa–Europe on the Global Chessboard: The New Opening*: 'Sub-Saharan Africa now offers the greatest overall investment potential of all frontier markets, beating East and South Asia, Eastern Europe, and Latin America.'<sup>14</sup>

In the recent years, Africa – especially its sub-Saharan part – has been experiencing a significant economic success in the form of constant and systematic economic growth, growing foreign trade and increasing interest of foreign investors in this part of the world. At the same time, we need to note the challenges and threats faced by the African economy, both the local (internal) and the global ones. The local ones include: the lack of stability in the Sahel and the Horn of Africa and its consequences, including the rise of international terrorism and the wave of illegal migration on the continent; development disparities, as well as social policy weaknesses and insufficient regional integration in Africa, both in political and economic terms (the share of intra-African trade goes only up to 13% of total African foreign trade). Global challenges, in turn, include the possible further decrease in fuel prices in the world markets, the global economic slowdown (it is estimated that the economic growth of the G20 countries between 2010 and 2060 will amount to 2.7%, compared to 3.4% between

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<sup>11</sup> *Economic Development in Africa Report 2013. Intra-African Trade: Unlocking Private Sector Dynamism*, UNCTAD, New York and Geneva 2013, pp. 8–10; *African Economic Outlook 2014. Global Value Chains and Africa's Industrialisation*, Chapter 3, p. 75; *African Economic Outlook 2015. Regional Development and Spatial Inclusion*, Chapter 3, p.75

<sup>12</sup> *African Economic Outlook 2012...*, op. cit., p. 12; *Economic Report on Africa 2013. Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation*, United Nations Economic Commission for Africa, Addis Ababa 2013, p. 47.

<sup>13</sup> The WIR defines North Africa as: Algeria, Egypt, Libya, Morocco, Sudan, and Tunisia. *The World Investment Report 2013...*, op. cit., pp. 39–40, 213.

<sup>14</sup> *Africa-Europe on the Global Chessboard: The New Opening*, Central and Eastern Europe Development Institute (CEED Institute), Warsaw 2013, p. 28.



1996 and 2010)<sup>15</sup>, in particular the uncertain macroeconomic situation in the euro zone, as well as the possible too rapid and greater-than-expected economic slowdown in China – which could result in a decrease in Beijing’s imports of African oil and other raw materials – and in other emerging markets<sup>16</sup>.

### **EU and Indian activity in Africa - determinants and premises**

The increasing importance of Africa on the one hand, and the still unresolved political, structural and developmental problems on the other hand, as well as the transformations taking place in international relations (which also directly or indirectly affect this continent), all these require new models of mutual cooperation with this part of the world. In this context, it is worth exploring the deepening of cooperation between the EU and India on the African continent. It seems that there is still room for such an initiative. Each of the parties, i.e. the EU and India, has the appropriate potential and instruments for this purpose. The EU is Africa's most important political and economic partner. India, on the other hand, like China, has intensified its relations with Africa since the beginning of the 21st century. For the EU, like India, the African continent is important for several reasons:

- a) geopolitical and strategic,
- b) global development and humanitarian challenges,
- c) political and military-military, and
- d) economic.

African countries, a total of 54 - 49 in the sub-Saharan area and 5 in the north, are becoming increasingly important (collective) actors in international institutions such as the UN and the WTO. This is due to their size and their alliances with other countries in the South on various global or regional issues (e.g. climate change or financial assistance). South Africa is the African representative in the 20 largest economies in the world (G-20) and of the BRICS group (since 2011). The distinctive location of parts of African regions should also be mentioned. One of the most important sea routes runs along Somalia, in the western Indian Ocean, through the Gulf of Aden, from where it leads to the Red Sea and the Suez Canal (considered one of the gateways to world trade). Annually, 30,000 ships pass through (i.e.

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<sup>15</sup>*African Economic Outlook 2015. Regional Development and Spatial Inclusion. Overview*, op.cit., p. X.

<sup>16</sup>“Africa’s Pulse”, April 2015, volume 11, World Bank, Washington, DC, pp. 2, 15, 17; Baffes, John, M. Ayhan Kose, Franziska Ohnsorge, and Marc Stocker. 2015. “The Great Plunge in Oil Prices: Causes, Consequences, and Policy Responses.” Policy Research Note PRN/15/01, World Bank, Washington, DC, March





15% of global trade), of which more than 80% are destined for Europe. 95% of EU Member States' trade (by volume) transported by sea passes through the Gulf of Aden. A significant part of European energy and commodity supplies and exports thus depends on transit through the Gulf of Aden (30% of world's supply of crude oil passes through this route)<sup>17</sup>. In addition, "there is another important route for transport from Qatar, Kuwait through the Gulf of Ottoman, the Strait of Hormuz and the Gulf of Persian to many other parts of the world in the immediate vicinity". It is also worth noting that currently about 95% of India's foreign trade passes through the Indian Ocean. In recent years, broadly understood connections have become an important dimension of international cooperation, especially in relations between European countries and Africa and Asia and Africa. In this context, reference is made to the Chinese Belt and Route Initiative(BRI) and its maritime component, which covers the eastern coast of Africa and the Gulf of Aden. In the strategic sense, BRI is seen as a tool for increasing Chinese influence. The EU perspective coincides with that of India.

Chinese activity in Africa is not limited to BRI and since the beginning of the 21st century, it has intensified considerably. This applies both to trade issues and to aid and policy issues. Ch. Fengying and I. Taylor point out that "Beijing discovered an opportunity in Africa sooner than other international actors – and now these others are raising alarm, expressing concern and fear regarding the scale of Chinese investment in Africa". In its relations with the African countries Beijing seeks to obtain specific economic and political gains<sup>18</sup>, and, on a broader scale, to introduce the Chinese development model there. Unlike the EU, China does not make its assistance and entering into trade agreements conditional upon the implementation of political and economic reform. It expresses solidarity with developing countries and says that it wishes to assist in creating a multilateral world in which the countries of Latin America, Africa and Asia, will have the appropriate position and perform the appropriate role<sup>19</sup>. Visits by senior representatives of the Chinese authorities to African countries (for example Xi Jinping's choice of African countries in spring 2013 as the

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<sup>17</sup> D. Helly, *EU NAVFOR Somalia. The EU military Operation Atalanta*, in: *ESDP: The first 10 years (1999-2009)*, eds. G. Grevi, D. Helly, D. Keohane, The European Union Institute for Security Studies, Paris 2009, p. 394.

<sup>18</sup> China's main goals in Africa are to gain raw materials and access to a huge sales market. In addition to this there are political issues, i.e. the marginalization of Taiwan. As a result of the so-called 'dollar diplomacy' conducted by Beijing the Republic of China (Taiwan) is currently recognized by only three African countries – Swaziland, São Tomé and Príncipe Islands, and Burkina Faso.

<sup>19</sup> S. Landau, *Chinese Influence on the Rise In Latin America*, "Foreign Policy in Focus" 2005, 23 June; see "China Daily" of 9 January 1998.



destination of his second foreign trip after visiting Russia) are interpreted as proof of a major commitment on the part of China in this region of the world. All of this could hinder the EU and India position in Africa. At the same time it is key to present some reasons, which could hinder this trend, which is negative both for the EU and India. It would seem, however, that the initial limitless 'fascination with Chinese civilisation' among the African elites is coming to an end. The president of Zambia, for example, has demanded that working conditions in Chinese firms be 'made civilised'. Large investments, without transfer of technology and know-how, and also cheap imports, are turning out to be fatal competition for the weak African economies. Moeletsi Mbeki of the Witwatersrand Institute of International Affairs in Johannesburg openly describes Beijing's policy towards Africa as neo-colonial, asking the rhetorical question 'are we by chance witnessing history repeating itself?'<sup>20</sup>. It should be assumed, however, that China will be increasingly active in Africa and in other countries of the South. The rivalry between Beijing and Brussels and New Delhi in the foreseeable future will be based more on economic factors than political factors. Development assistance will be an important instrument in that rivalry. How successfully and effectively the EU and India will provide assistance will depend among other things on the outcome of that confrontation.

Development and humanitarian cooperation with African countries is regarded by Brussels and New Delhi as an important part of their activities on this continent. The Union has been providing technical and financial assistance to African countries for years. Indian aid to this part of the world has increased significantly since the beginning of the 21st century. Both sides recognise that Africa's development and modernisation will, on the one hand, provide a source of income for Africa and, on the other hand, be a stabilising factor on the continent. Strengthening development conditions is essential for the security of the country<sup>21</sup>. Socio-economic development should be considered as an essential component of peace and security activities.

The EU and India also stress that political and ethnic conflicts in Africa, the deepening of poverty and other tragic events on the continent constitute a global threat in the long term, inter alia through illegal migration to more developed countries, the development of organised crime or the emergence of tensions over social, civil and cultural differences. At the same

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<sup>20</sup> See. J.- Ch. Servant, *China's attack on the African Market*, "Le Monde diplomatique" 2005, May, p. 7.

<sup>21</sup> Joint Communication to the European Parliament and the Council, *Capacity building for security and development - Enabling partners to prevent and manage crises*, Strasbourg, 28.4.2015, JOIN(2015) 17 final.





time, there is a growing awareness that African governments and elites are unable to overcome these crises on their own. Their solution therefore becomes a challenge for the entire international community, including the EU and India.

In view of the growing assertiveness of China and Russian policy, it has also become more important that India is a democratic country and that the EU-India partnership is built on shared values. At the beginning of the third millennium, conditions were created to facilitate the implementation of European and Indian policies towards Africa. The African Union (AU), which was created in 2002 and of which almost all African countries are members, has become a dialogue partner for the European Union and India. However, it should be stressed that difficulties between the EU and India and Africa may arise when dealing with African countries that do not respect human rights, democratic principles and the rule of law. In this context, an understanding of the principles of sovereignty and cultural distinctiveness may be a contentious issue.

At the turn of the 21st century Sub-Saharan Africa became a place of increased activity of terrorist groups. This is particularly the case in the Horn of Africa, the Sahel and West Africa. This is where Boko Haram (BH), Al-Shabaab (AS) and Al-Ka'ida in the Islamic Maghreb (AKIM) operate and function. Their activity was particularly intense with the outbreak of the Arab Spring. The fall of Colonel Mu'ammār al-Gaddafi's regime in Libya implied the collapse of the existing regional security balance. A huge number of weapons was stolen and distributed in the region from the arsenals of the dictator's army. There is a need to strengthen anti-terrorism cooperation, including action against individuals and terrorist organisations.

The problem of piracy in Africa, especially in its eastern part, is a challenge for the entire international community. Piracy in the Horn of Africa is international in nature. Firstly, it poses a threat to global, including European and Indian, maritime transport. It includes, as already mentioned, strategically important intercontinental maritime routes. Their obstruction may result in negative political, military and economic consequences. D. Helly points out that 'maritime freight in this area is therefore a highly sensitive security matter not only for the EU and Europe in a broad sense, but for all major markets including India, China and the US'<sup>22</sup>. Secondly, the economic impact of piracy increases the cost of maritime transport in terms of security and additional ship insurance. Although the action taken by the EU (EU

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<sup>22</sup> D. Helly, *EU NAVFOR Somalia...*, op.cit., p. 394.

“Atalanta” naval operation) and other countries and international organisations has brought the problem of piracy in Somali and Gulf of Aden waters under control, there is a need for constant monitoring and surveillance of these intercontinental maritime routes.

Although Africa is a region plagued by poverty and other threats (e.g. terrorism, conflicts and wars), it is also a region of huge potential and bright economic prospects. In the early 21<sup>st</sup> century, Africa is undergoing a considerable and deep economic transformation. In the last decade, the African continent achieved highly dynamic growth, with economic growth rate twice as high as in developed countries. Studies show that in the coming years, global economic growth will be increasingly generated by emerging economies and developing countries. Forecasts highlight their advantageous demographic structure, processes of urbanisation and industrialisation, the right use of technological progress and growth of human capital, all of which should ensure further dynamic growth. This is, of course, also true of Africa, especially its Sub-Saharan part.

### **The EU's Relations with Africa: Institutional, Political, Economic and Developmental Dimensions**

In the first two decades of the 21st century, relations between the EU and African countries took place at two levels: at inter-regional level and through a series of specific and specialised dialogues at sub-regional level and with individual countries. There is a dense network of agreements at both levels between the EU and Africa based on three pillars: economic and trade cooperation, institutionalised political dialogue, development aid and humanitarian aid.

There is no single agreement governing the EU's relations with the whole of Africa. The Cotonou Agreement of June 2000 covers 77 African, Caribbean and Pacific countries, including 47 sub-Saharan countries (Somalia and South Sudan have observer status until the ratification process is completed). Five North African countries (Algeria, Egypt, Libya, Morocco, Tunisia) are covered by the Mediterranean Partnership. The first EU-Africa Summit (then still members of the Organisation of African Unity) was held on 3-4 April 2000 in Cairo. The second summit (already with the African Union) took place in 2007. At that time, the Strategic Partnership was established between the EU and Africa and the Joint Africa-EU Strategy (JAES), as well as the related eight thematic partnerships, were adopted. The 3rd EU-Africa Summit was held in Tripoli on 29-30 November 2010. During the 4th Summit, the parties decided that the implementation of the Common Strategy (JAES) in the period 2014-



2017 should focus on the following issues: security, human rights and the so-called *good governance*, social development, sustainable and inclusive economic growth, continental integration. The fifth EU-Africa Summit took place in November 2017 in Abidjan (Côte d'Ivoire).

The EU as a whole (i.e. EU institutions and Member States) is the largest (more than 50%) provider of development aid (more than €20 billion in 2014) and humanitarian aid to Africa. The 11th *European Development Fund* (EDF), which is not part of the EU budget, has earmarked €30.5 billion (current prices) for cooperation with the African, Caribbean and Pacific Group of States (ACP) and Overseas Countries and Territories (of which approximately 90% will be channelled to sub-Saharan African countries). In development terms, The EU was one of the key actors of the post-MDGs debate and of the shaping of the post-2015 international order of development cooperation, also in Africa.

The EU is also one of the key trade partners of African countries. This dynamics of the African economy determines the trade relations with the EU as well. To illustrate the difference, in 2000 the trade volume was 151.4 billion EUR, in 2013 and 2014 the value was 320.9 billion EUR and 310.6 billion EUR respectively (European Commission 2015). In the long run, it seems that the demand for African goods in the EU countries will be decreasing, while African imports of end products (industrial goods) from the EU will be increasing – which is connected with the dynamic development of the market and the growing needs of African consumers. In 2008, the EU's deficit in trade with Africa was more than 40 billion EUR, but in 2013 it was only 15 billion EUR and in 2014 approximately 1.4 billion EUR.

End products (industrial goods) account for approximately 70% of the goods exported by the EU Member States to Africa, while fuels constitute more than 64% of goods imported from Africa. Comparing the commodity structure of African exports to China and to the EU, we need to point out certain regularities. Exports to Europe are more diversified. Although mineral fuels (including oil and natural gas) and raw materials constitute more than 70%, the African offer for the European market also includes food as well as industrial products and machinery. Even though in 1990 China was not yet importing oil from Africa, now exports to China are dominated by oil as well as metals and mineral raw materials which account for more than 90% of all exports.

Africa accounts for approximately 9% of the EU's total external trade in goods. Despite considerable dynamics of mutual trade, the share of African countries in the EU's

external trade remains steady. In the regional perspective, Africa is the EU's fourth partner – after Asia, Europe (non-EU) and North America.

In economic terms, there has been a dynamic increase of trade turnover between the EU and Africa, as well as an increase in European foreign direct investments in this region. It appears that this tendency will continue, which is related to the structural changes in the international order that have been taking place since 2008, consisting in an economic and political advance of selected non-European economies – including African ones (the 'emerging markets').

At the same time, one should emphasise the increasing diversification of African trade. Back in the 1960s and for a long time afterwards, the Community's share was 2/3, but today the role of China and countries of the South is growing. One of the reports has a very convincing and much-telling chapter title: "Europe is taking a nap, while others are waking up" (CEED 2013). On the other hand, according to the OECD, the members of this organisation still dominate African trade and continue growing, although less rapidly than the other emerging partners (Economic Development in Africa Report 2010). Africa's trade volumes with its emerging partners have doubled in nominal value over the decade. According to the AEO of 2013, 'The emerging economies are steadily eating into the lion's share of the African export market held by Europe and the United States' (African Economic Outlook 2013).

The EU provides financial support to African Union peacekeeping operations and sub-regional organisations, in accordance with the principle 'African States are responsible for their own destiny'. Since 2004, more than €1.3 billion has been channelled through *the African Peace Facility* (APF), with €750 million earmarked for 2014-2016. In addition, since 2003 the EU has conducted 17 military operations and civilian missions in Africa (in support of UN or regional forces) under the Common Security and Defence Policy. The Democratic Republic of Congo, the Sahel and the Horn of Africa are the areas where these activities are particularly common. In all these cases, EU missions and operations are part of an integrated and comprehensive EU approach to crisis management in Africa. They are considered in three dimensions: security-development nexus; civilian-military synergies; internal-external security nexus. Firstly, CSDP missions and operations are one of many elements of EU crisis management activities. Conflicts and disputes cannot be solved by force alone. The EU, to this end, uses all available instruments at its disposal. Secondly, the EU's comprehensive approach is also evident in the combination of military and civilian crisis management



capabilities. In crisis situations, purely military or purely civilian activities are not carried out. Military operations always contain civilian elements and civil missions always contain military elements<sup>23</sup>. The third dimension of the integrated approach to crisis management relates to the ever closer correlation between external action and the internal area of freedom, security and justice.

In addition to traditional African partners in the EU, Visegrád states (V4) turn towards African countries. In the early 1990s, the Visegrád Group's (V4) relations with non-European countries were set aside in favour of other priorities, namely the NATO and the EU. However, their growing economic needs, further increased by the membership in the European Union and globalisation, induce the V4 countries to activate their non-European policies. They have become a party to the Cotonou Agreement. Since 2004 they are present in the EU-ACP institutional structures, i.e. the Council of Ministers, the Committee of Ambassadors and the Consultative Assembly. In 2007, they participated in the EU–Africa summit. They also execute the goals and principles of the Joint Africa-EU Strategy (JAES). Furthermore, the V4 countries also support the EU's crisis management missions in Africa conducted under the European Common Security and Defence Policy. The V4 countries have a considerable economic potential which they can invest in the African markets.

The aforementioned examples show that the EU is pursuing a comprehensive action strategy towards Africa. What happens in Africa will matter for Europe, and what happens in Europe matters for Africa. Both the partnerships seem to have a very bright shared future.

### **India's Relations with Africa: Institutional, Political, Economic and Developmental Dimensions**

India's relations with Africa have been reflected in the institutionalisation process and has taken the form of cyclical summits with African countries. Meetings are held regularly every few years. They are not only ceremonial in nature. Their course and decisions taken constitute a starting point for further cooperation, which is usually manifested by signing economic, investment or aid agreements. The first two Indian-African summits (*India-Africa Forum Summit*) were limited in scope. The first took place in 2008, the second three years

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<sup>23</sup> Examples include: civilian or military aircraft/ships/ vehicles for deployment or intra-theatre transport, including the potential use of centralized 'EU' equipment from the warehouse; civilian or military satellite/aircraft/drones for air surveillance (such as the Luxembourg civil patrol aircraft provided for surveillance in Operation *Atalanta*); civilian or military personnel for force protection (i.e. civilian personnel for EUTM, or military teams to protect civilian ships); civilian or military personnel for medical tasks (i.e. medical support or medical evacuation. Recasting EU civilian..., p. 36



later. The meetings were attended, respectively by 14 and 15 representatives of African countries. The third summit, in October 2015, was landmark in terms of number of participants and political importance. It brought together representatives of all African countries, including 41 leaders, among others from South Africa, Egypt, Zimbabwe and Nigeria<sup>24</sup>. It was an expression of India's new openness to Africa in recent times.

India is aware that an effective development policy can be a useful instrument for strengthening its position in Africa. Therefore, actions in this area are more planned and linked to foreign policy objectives than in the 1990s<sup>25</sup>. However, with the deepening of relations with African countries and their institutionalisation at the beginning of the 21st century, the value of aid to this part of the world is increasing. It, as of 2014, stands at USD 56 billion (out of USD 1.3 billion)<sup>26</sup>. Credits and loans to Africa are an important complement to aid. The government in New Delhi uses them much more often than regular aid. India has set up an India-Africa's Fund to support the *New Partnership for Africa's Development* programme of the African Union. A special credit line for African countries within the Export and Import Bank of India (EXIM Bank) was also doubled. By 2014, the value of low-interest concessional loans to these countries amounted to approximately USD 10.4 billion. Prime Minister Narendra Modi has announced a further USD 10 billion in 2015-2020<sup>27</sup>.

Other development policy instruments include *Indian Technical and Economic Cooperation* (ITEC) and *The Special Commonwealth African Assistance Programme for Africa* (ACAAP). These include more than 1 000 African experts participating each year in short-term training (public administration, accounting, etc.). Scholarships are awarded to students from Africa to study in India. Development aid is also intended for the activities of organisations and associations that promote trade between India and Africa. Development aid also aims to improve infrastructure. For example, in February 2009, India launched a joint

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<sup>24</sup> It was the largest diplomatic meeting in the history of India, bringing together leaders of so many countries in one place. Earlier, in 1983, 39 Heads of State and Government visited New Delhi to attend the Commonwealth Summit.

<sup>25</sup> L. Piccio, *India's foreign aid program catches up with its global ambitions*, 10 May 2013, <https://www.devex.com/news/india-s-foreign-aid-program-catches-up-with-its-global-ambitions-80919> (access: 16.01.2019).

<sup>26</sup> L. Piccio, *In latest Indian budget, aid spending dwarfs aid receipts*, 24 February 2014, <https://www.devex.com/news/in-latest-indian-budget-aid-spending-dwarfs-aid-receipts-82915> (access: 16.01.2019).

<sup>27</sup> S. Shankar, *India-Africa Summit 2015: Modi Offers \$10B Credit Line To Africa, Promises Cooperation Against Terrorism*, „International Business Times” from 29 October 2015 r., <http://www.ibtimes.com/india-africa-summit-2015-modi-offers-10b-credit-line-africa-promises-cooperation-2161433> (access: 16.01.2019).





project with the African Union to improve access to the Internet<sup>28</sup>. Meanwhile, African LDCs benefit from India's *Duty Free Tariff Preference*, which was introduced in 2008. It currently covers 98% of the tariff entries. However, as in the case of the PRC, these preferences have a limited impact on the economic situation of the beneficiary countries<sup>29</sup>.

Trade and investment flows between African and Asian countries have been growing rapidly in recent years. The leading countries are the PRC and India. Trade between China and Africa has increased more than 20 times in 15 years, in the case of India - 15 times. The extent to which Africa's trade map is changing is demonstrated by the fact that in 2001 Africa's most important trading partners were: France, USA, Great Britain, and in 2014 the PRC, India and USA<sup>30</sup>.

The value of trade between Africa and New Delhi increased from around USD 1 billion in 1992, USD 5.2 billion in 2001 to USD 74.4 billion in 2014 (a 1.2% increase over 2013), including imports from Africa of USD 40.4 billion. Deficit on the Indian side is a characteristic feature. It persists, although India is expanding its product range year by year<sup>31</sup>.

India's main trading partners in Africa are: South Africa (its largest trading partner, accounting for 22% of all trade with the continent), Nigeria, Angola, Egypt and Morocco. Together, these countries account for 89% of total trade. The structure of goods is quite uniform. India imports mainly crude oil and other mineral resources. They are also the world's largest recipient (38%) of African gold<sup>32</sup>.

Indian exports to Africa are dominated by agricultural products, machinery and textiles, as well as technological and telecommunications equipment. It should be noted that India's competitive advantage on the African market is made up of good quality products at low prices and management *know-how*. Africa is also a good market for *low-tech* (*intermediate technologies*) Indian equipment, uncomplicated and easy to use, but resistant to

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<sup>28</sup> *The Pan-African e-Network* initially covered Ethiopia, Ghana, Mauritius, South Africa. It currently covers more than 24 countries. T. Iwata, op.cit., p. 217.

<sup>29</sup> S. Naidu, E. Rwigy, op. cit.

<sup>30</sup> The EU as a whole, i.e. 28 Member States and the EC, is Africa's largest trading partner. It accounts for approx. 36% of imports and exports of African goods. China is Africa's second partner with a share of about 18%. African Development Bank (AfDB), OECD Development Centre, UN Development Programme (UNDP), *African Economic Outlook 2015. Regional Development and Spatial Inclusion*, Chapter 3, OECD, Paris 2015, p. 79; S. Freemantle, *Africa's re-pivoting trade portrait: 2014*, Insight&Strategy, Africa/Macro, Standard Bank, 14 April 2015, p. 5.

<sup>31</sup> S. Freemantle, op. cit., p. 4; T. Iwata, op. cit., p. 217.

<sup>32</sup> India is the dominant recipient of goods from niche sectors, e.g. phosphoric acid for the production of fertilisers, cashew nuts for further processing from East and West Africa.

difficult operating conditions. A good example of this are trucks manufactured by Tata Motors.

While energy resources remain a key commodity imported from Africa, Delhi seeks to diversify its trade with African countries. In this context, it should be underlined that India relies more on private capital than the PRC. The government supports all initiatives of private enterprises. At the same time, Indian state-owned companies such as Indian Telecom Industries, Rail India Technical and Economic Services, Konkan Railways, ONGC are investing mainly in the energy and infrastructure sectors. The Export and Import Bank of India (Exim Bank) works closely with African governments and regional government organisations and their financial institutions<sup>33</sup>. India is currently the fifth largest foreign investor in Africa. According to the IMF, investments in Africa increased from USD 9.2 billion in 2005 to USD 14.1 billion in 2013, which accounted for 22.5% of all Indian FDI<sup>34</sup>.

India actively participates in UN peacekeeping missions, with a special role in the UNAMSIL (*United Nations Mission in Sierra Leone*) and in the SADC (*Southern African Development Community*) and ECOWAS (*Economic Community of West African States*) peacekeeping exercises. In 2015, the **United States and India agreed to train military troops in six African countries before they are delegated to take part in UN peacekeeping missions**. India, having in mind the maritime security issues in the Indian Ocean region, has signed a military cooperation agreement with Madagascar, Seychelles, Kenya, Mozambique and Tanzania, and the importance of East Africa and the security of the Indian Ocean region was underlined in the Indian Navy's Second Doctrine of 2009. New Delhi also cooperates with some East African countries in the framework of The Indian Ocean Rim. Association for Regional Cooperation (IOR-ARC).

#### **EU-India cooperation fields in Africa - an attempt at conceptualisation**

The European (EU) and Indian perceptions of the opportunities and threats related to the African continent seem, despite some differences, to converge. However, this does not translate into joint action by both sides in Africa. Each of them realizes their own postulates towards this part of the world. Although political consultations between the EU and India have expanded and deepened considerably over the last few years, African issues have so far been marginal.

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<sup>33</sup> R. Beri, *Evolving India-Africa Relations: Continuity and Change*, „Occasional Paper” 2011, nr 76, February, South African Institute of International Affairs (SAIIA), Johannesburg; S. Naidu, E. Rwiggi, op.cit.

<sup>34</sup> S. Naidu, E. Rwiggi, op. cit.; S.B. Bhattacharya, op. cit., pp. 70-72.



The move towards closer EU-India cooperation in Africa is part of the Commission's and high representative of the union for foreign affairs and security policy's Joint Communication and its objectives, such as "join forces to consolidate the rules-based global order, based on multilateralism with the UN and the WTO at its core; develop a shared approach at the multilateral level to address global challenges; seek common responses to security threats and regional issues"<sup>35</sup>. It is also in line with the joint statement adopted after the EU-India Summit in October 2017 and its accompanying declarations on combating terrorism, climate and energy cooperation and the partnership for smart and sustainable urbanisation<sup>36</sup>.

The main challenge in EU-India relations in Africa is to ensure synergy and coherence of their activities on the African continent.

These 9 main areas of potential cooperation ought to be identified:

- **In the field of security and defence policy**, including challenges such as crisis management, terrorism, maritime security. The EU and India play an important role in maintaining stability and security in Africa. They have converging interests in this area. However, the EU and India should intensify their cooperation in these areas, seeking to develop joint assessments, analyses and actions. This should also apply to experience in training, capacity development, participation in EU missions and operations in Africa. India's involvement in this type of EU action should increase, e.g. by organising joint exercises, training, courses (civil, military or mixed). At the same time, "India is perceived by EU as the most potent partner for maritime security in the Indian Ocean Region (IOR), more specifically in the Western Indian Ocean (WIO) theatre"<sup>37</sup>. All this requires the development of bilateral and tripartite EU-India-Africa military relations, including between individual military force commanders and military structures. The UN should also play an important role in EU-India crisis management cooperation. As noted in one of the documents "Crisis management, peacekeeping and peace-building offer great potential for cooperation in bilateral relations and within the UN framework". India should become a permanent part of the EU's effective multilateralism, i.e. cooperation with the UN on civilian and

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<sup>35</sup> JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL, *Elements for an EU strategy on India*, Brussels, 20.11.2018 JOIN(2018) 28 final.

<sup>36</sup>EU - India Summit: *strengthening our strategic partnership and moving forward with our common agenda*, European Commission - Press release, Brussels, 6 October 2017.

<sup>37</sup>Source available online at: <https://www.vifindia.org/article/2018/january/11/emerging-india-european-union-cooperation-in-western-indian-ocean>



military crisis response. All the more so as the UN plays a leading role for both the EU and India in shaping international peace and security, including in Africa. A UN-EU-India *joint consultative mechanism* should be set up at working level in order to strengthen coordination and consistency of actions. The EU and India support preventive diplomacy and the establishment of an African security system. However, this support is not coordinated. There is a need to "join forces in post-conflict institution-building and reconciliation processes in third countries", including in African countries. There seems to be unused Indian potential in the activities of their representatives (both soldiers and civilians) in EU missions and operations in Africa (as a third partner). Such operations/missions shall be open not only to EU Member States which agree to them, but also to non-EU third States which provide sufficient, either military or financial, contributions<sup>38</sup>. "The contributions of partner countries, in this case India, may provide targeted responses to EU shortfalls. India's involvement in CSDP missions can be seen as a means to bolster the overall legitimacy of the EU's international security role and should be understood in the context of a broader CFSP agenda"<sup>39</sup>. As T. Tardy notes, "The participation of third countries in CSDP operations is, arguably, mutually beneficial. Depending on their geopolitical agenda and strengths, non-EU states contribute to EU operations for a variety of reasons which range from security interests and the acquisition of operational experience to broader institutional motives"<sup>40</sup>. At the same time, it should be noted that EU and Indian CSDP activities and activities with international organisations should be part of an integrated and holistic approach to Africa, alongside development aid and economic cooperation. It would be advisable to set up a joint cell at the level of the Indian MFA and EEAS/EC in this regard.

- **In the field of humanitarian action**, covering challenges such as, inter alia, the development of joint responses to natural and humanitarian disasters (drought, hunger), food security and access to clean water, hygiene measures and

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<sup>38</sup> Details of the contributions of individual third countries shall be the subject of agreements concluded pursuant to Article 37 TEU in the LT version. Third States contributing to operations shall have the same rights and obligations in terms of day-to-day management as Member States taking part in the operation.

<sup>39</sup> T. Tardy, *CSDP: getting third states on board*, „Brief ISSUE” 2014, no 6, s. 1.

<sup>40</sup> *Ibidem*, p. 2.

sanitation (ECHO terminology refers to these issues as WASH - *water, sanitation and hygiene*)<sup>41</sup> as well as health and medical assistance.

- **In terms of development activities**, EU development cooperation with India in Africa should be developed at two levels. Firstly, African countries should include in their reform programmes the experience of modernisation measures implemented by the government in India. At the same time, they are supported by the EU. Thus, the experience gained by the EU and India from joint cooperation in this area should be put to good use by Brussels and New Delhi in Africa to provide valuable guidance to both sides on the implementation of aid programmes in Africa. As stated in one of the documents: "The EU should expand its dynamic bilateral cooperation on modernisation to the global level, thereby engaging more actively with India on these issues in order to ensure an effective global approach. In this context, it would seem useful to create an institutional framework for such cooperation between the EU and India and African countries (e.g. at AU level and relevant sub-regional organisations in Africa). Moreover, apart from transformation-related issues and soft projects, the EU and India cooperation should also intensify their actions in sectors which show great potential for development, such as the power industry, infrastructure, scientific cooperation, innovation in the economy. The second field of cooperation between the EU and India is the implementation of the 2030 Agenda for Sustainable Development in Africa. "India and the EU can together effectively address global challenges, including working together to achieve the sustainable development goals in the shaping of which India has played an important role". The EU-India dialogue on SDGs in Africa should be based on the joint identification of priorities in this regard, on trilateral cooperation, i.e. with African (or AU or sub-regional organisations) states and on the development of different forms of South-South cooperation. All this should lead to the identification of common partners with India for the implementation of the 2030 sustainable development agenda. Thirdly, the issue of additional sources of aid funding beyond ODA can also play an important role in EU cooperation with India. In addition to ODA, the role in mobilising resources of other financial flows and the engagement of new partners – business and the society – has been stressed. In this context, the EU and India should create provisions and mechanisms allowing for

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<sup>41</sup> ECHO Factsheet, *Water, Sanitation and hygiene (WASH)*, Brussels, 13 March 2012.



broader involvement of the India s business in EU and India development cooperation in Africa. It would also be advisable to consider the execution of large projects, which offer much better opportunities to the Indian private sector. Such inclusion would also allow enterprises to obtain the experience necessary to participate in the much more ambitious EU competitions for development assistance and the non-governmental sector from India to participate in future projects concerning social responsibility of business.

- **For the development of infrastructure links** between India and Africa and Europe and Africa, in addition to the Chinese BRI project. This cooperation is based on the proposal to include the EU in the framework of the emerging India-Japan infrastructure project linking Asia and Africa, called Asian-Africa Growth Corridor (AAGC). According to one analyst: "To push the initiative (AAGC) forward, India and Japan may require additional partners, which could come in the form of the EU. As the continent between Asia and Africa, Europe is perfectly placed to work on the corridor. Like India and Japan, it promotes the principles of an open, fair, < rules-based international order>"<sup>42</sup>
- **On global and African climate challenges**, including climate change, environmental protection, ocean governance, clean energy and implementation of the Paris Agreement. The EU's experience of cooperation with India in addressing environmental issues and the Indian environmental reform agenda itself should be useful in the context of developing similar solutions for Africa. The convergence of EU and Indian policies on these issues should form the basis for cooperation on these issues in Africa. A key issue will also be the EU's and India's support for Africa in the implementation of the Paris Agreement (e.g. climate change mitigation and adaptation).
- **On trade and investment**, including integration of African economies into the world trading system; fair market access and predictable investment conditions to increase trade and investment; unlocking the potential of the African economy. The EU and India have a considerable economic potential which they can invest in the African markets. It seems justified and necessary to create a platform for information, technical, financial and political support on the regional level of the EU and India.

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<sup>42</sup> J. Panda, *Is There Space for Europe in the Asia-Africa Growth Corridor?*, „Asia Global Online”, 7 June 2018.





This is especially important in the context of the (already partially implemented) free trade agreements between the EU and the ACP countries, the so called Economic Partnership Agreements.

- **Intercultural and research dialogue** based on cultural, historical, social and multilingual diversity. It points to the development of actions aimed at intensifying cultural, scientific and didactic cooperation between the EU, India and Africa. These include initiatives such as mobility of artists, researchers, student and youth exchanges, promotion of cultural heritage.
- **In terms of coordination for Africa in multilateral and regional fora.** Attempting to develop a (global) common (EU-Indian) approach to how to solve problems on the African continent. "The EU should seek further involvement of India on a result-oriented basis (including on African issues - from the Authors). India is an important partner for the EU when it comes **to** finding multilateral solutions for Africa. Both actors should further develop their dialogue and consultations, including on Africa, ahead of major international meetings (UN, G20, WTO), with a view to aligning their positions in this regard.
- **In terms of strengthening democratic processes and supporting systems that are in the process of transformation** by building the capacity of electoral and parliamentary institutions "As the world's largest democracies, the EU and India" should work closely together to promote (and consolidate) peace, democracy, the rule of law and respect for human rights in Africa, including at bilateral, multilateral and UN levels. They should continue to systematically exchange best practices in this area with regard to the African continent, "focusing on gender equality and empowerment of women, political, economic and social inclusion of young people and persons belonging to minorities, the rights of the child, elimination of all forms of discrimination, combating trafficking in human beings, and freedom of religion or belief". The EU and India should explore possibilities for closer cooperation on democracy, good governance and the rule of law (e.g. joint implementation of projects or cooperation on EU observation missions).



## **Conclusions**

Africa can become a kind of testing ground (laboratory) for building similar partnerships between the EU and India in other parts of the world or for building coalitions to solve selected global problems. Both the EU and India underline the need for a holistic approach in relations with Africa, including the use of instruments of a developmental, economic, social, political and military nature at the same time. Both are pursuing a *soft power* policy towards Africa (which does not imply a lack of military cooperation). At the same time, the EU and India point to effective multilateralism as one of the basic principles for the involvement of both sides on the African continent, along with a close relationship between development and security, climate change and trade. Furthermore, at the EU-India Summit in October 2017, the parties agreed on a shared vision of global governance and recognised the common values and principles that will guide international policy, including towards Africa.

India is becoming an increasingly important partner for the EU in international political and economic relations. This also applies to the African continent. The future of this "partnership" in Africa will depend on the ability of both sides to translate general convergence on strategic issues into deeper multilateral cooperation and concrete action vis-à-vis Africa and its individual countries.

## **Recommendations**

- There shall be a concerted effort on part of EU and India to work closely and deepen the economic and trade relationship with Africa through investment and job creation;
- Both EU and India shall boost investment and also attract private investors, support education and skills development;
- EU and India shall work together in Africa to boost the trade and improve the business climate;
- EU-India together needs to intensify in enhancing trade cooperation by having improved conditions for more economic partnership agreements. India has offered duty free market access to Africa's LDC. But, India's trade with Africa remain far below potential;
- Both India and EU shall help develop infrastructure in Africa. India and EU can leverage its soft power potential by improving standards in educational institutions and health facilities;



- This is high time and there shall be a creation of comprehensive continent-to-continent free trade agreement between the EU and Africa and India and Africa. The EU remains one of the biggest trading partner of Africa which accounts for 36 percent of Africa's trade in goods. The EU remains the most open market to African exports in the world; and
- India and EU will have to work together for achieving sustainable modernisation in Africa.