



India Targets Doubling Trade with Africa by 2030

For Prelims: [Confederation of Indian Industry](#), [International Solar Alliance](#), [PM Gati Shakti](#), [African Continental Free Trade Area](#), [World Trade Organisation](#), [African Union](#), [Mediterranean Sea](#)

For Mains: India-Africa Trade Partnership: Achievements, Challenges, [African Continental Free Trade Area](#)

Source: [HT](#)

Why in News?

Recently at the **19th India-Africa Business Conclave**, organised by the [Confederation of Indian Industry \(CII\)](#) in New Delhi India has unveiled an ambitious plan to **double its exports to African countries to USD 200 billion by 2030**.

- This strategic push is aimed at bolstering economic ties and addressing mutual challenges and opportunities.

How will India Double its Exports to African Countries?

- **Targeting High-Growth Sectors:**
 - **Agriculture and Agro-Products:** Indian companies are poised to help Africa enhance its **food production capacity** by sharing advanced [seed technologies](#), agro-processing methods, and setting up incubation centers.
 - India can **significantly enhance Africa's food security** by technology transfer, and expanding **bilateral trade which reached USD 100 billion in 2022**.
 - **Pharmaceuticals:** With pharmaceutical exports to Africa already at **USD 3.8 billion in 2023**, there is significant potential for growth as India can provide affordable medicines and healthcare solutions.
 - **Automobiles:** India aims to expand its automobile exports by tapping into Africa's growing demand for vehicles, particularly two-wheelers and affordable cars.
 - **Renewable Energy:** India and Africa are uniquely positioned to lead in [renewable energy](#), particularly [solar power](#). The vision of "[One World, One Grid](#)" aims to connect energy grids overland and underwater.
 - **India's expertise in solar energy, wind power**, and energy-efficient solutions found resonance in Africa's pursuit of sustainable energy sources.
 - More than 20 African countries are participating in the [International Solar Alliance \(ISA\)](#), reflecting a strong commitment to renewable energy collaboration.
- **Logistics and Transportation:** Improvements in logistics and transportation infrastructure are seen as crucial for **facilitating smoother trade flows** between India and African nations.
 - India plans to share its [PM Gati Shakti master plan](#) and [Unified Logistics Interface Portal \(ULIP\)](#) with Africa to support the development of efficient logistics infrastructure and multimodal connectivity.

- The [African Continental Free Trade Area \(AfCFTA\)](#) has identified automobiles and logistics as areas with substantial potential for collaboration between India and Africa.
 - The AfCFTA is a **free trade agreement designed to facilitate duty-free trade within Africa**. It aims to eliminate tariffs and non-tariff barriers among member states while promoting the free movement of goods, services, and people.
 - This initiative is part of **Africa's Development Framework Agenda 2063**, which envisions a unified economic market across the continent.
 - India's current trade with Africa includes a wide range of products, from crude oil to chemicals and textiles. The **AfCFTA's push towards trade diversification and value addition** can align well with India's export interests and investment strategies.
- **Unified Approach to WTO Reforms: India has called for a unified African stance on [World Trade Organisation \(WTO\) reforms](#), particularly in areas such as food security, agriculture, and technology transfer.**
 - A coordinated approach is essential to push through necessary changes in the global trade environment, which has become increasingly protectionist.
- **Duty-Free Tariff Preference and FTAs: India extends Duty-Free Tariff Preference (DFTP) to 27 Least Developed Countries (LDCs) in Africa on a non-reciprocal basis.**
 - The DFTP Scheme by India **grants tariff preferences on imports to India from the LDCs**, which are developing countries with the lowest socioeconomic indicators.
 - **Additionally, India is keen to explore new [Free Trade Agreements \(FTAs\)](#) with African nations, including South Africa, to boost trade volumes and diversify the range of goods exchanged.**
- **Strategic Cooperation:**
 - **Support for African Union:** India has been instrumental in advocating for the [African Union's full membership in the G20](#), further solidifying its commitment to elevating African voices on the global stage.
 - **Special Economic Zones (SEZs):** India encourages its investors to establish strong footprints in Africa's manufacturing zones and considers expanding SEZs as a means of deepening economic ties.
 - **Global South Representation:** India aims to be a leading voice for the [Global South](#), advocating for **equitable and inclusive growth at multilateral forums**, aligning with the broader goal of strengthening the geopolitical and **economic position of developing nations, including those in Africa**.

What are the Current Trends in India-Africa Trade?

- **Trade Figures: Bilateral trade between India and Africa grew by 9.26% in FY 2022-23, reaching nearly USD 100 billion.** Exports were valued at USD 51.2 billion, and imports at USD 46.65 billion.
 - **In FY24, India exported goods worth USD 38.17 billion** to African countries, with key destinations including Nigeria, South Africa, and Tanzania.
 - Major exports included petroleum products, engineering goods, pharmaceuticals, rice, and textiles.
 - The [African Union](#) is India's fourth-largest trading partner, following the United States, China, and the United Arab Emirates.
 - Within the African Union, **Nigeria is India's top trading partner**, accounting for 20.91% of trade.
- **Import Composition:** India's imports from Africa are primarily dominated by primary products and natural resources. **The top imports include:**
 - **Fuels:** Making up 61% of imports, primarily crude oil from Nigeria, Angola, and Algeria.
 - **Precious Stones and Glass:** Accounting for 20%, sourced from Ghana, South Africa, and Botswana.
 - **Vegetables, Metals, and Minerals:** Sourced from various African countries including Benin, Sudan, Zambia, South Africa, Morocco, and Côte d'Ivoire.
- **Export Composition:**
 - **Fuels:** 20%, including non-crude petroleum oil to countries such as Mozambique, Togo, Tanzania, Kenya, and South Africa.

- **Chemicals:** 18.5%, including pharmaceuticals to Nigeria, Egypt, and Kenya.
- **Machines and Electricals:** 12.59%, exported to Nigeria, South Africa, and Egypt.
- **Economic Investments:** India has **invested over USD 12.37 billion in 206 infrastructure** projects across 43 African countries, which has positively impacted millions of lives.

Key Facts About Africa

- **Geography:** Africa is bordered by the **Mediterranean Sea (north), Red Sea (north-east), Indian Ocean (east) and Atlantic Ocean (west)**, and is divided almost equally by the Equator.
 - It has **eight major physical regions** like the Sahara, Sahel, Ethiopian Highlands, savannas, Swahili Coast, rainforests, the African Great Lakes, and Southern Africa.
- **Population:** Africa is the **second-most populous continent after Asia**.
- **Economy:** Agriculture employs 65-70% of Africa's labour force and accounts for 30-40% of its **Gross Domestic Product (GDP)**. The continent has a diverse economic base with significant contributions from sectors like mining and tourism.
- **Demographics:** By 2034, **Africa is expected to have the world's largest working-age population of 1.1 billion**. The continent's population is projected to double in the next 35 years, reaching nearly 2.4 billion people, with a significant increase in the under-18 population.
- **Climate:** Africa is the world's **hottest continent**. It has diverse climates, from the Sahara's arid conditions to lush rainforests.
- **Highest Point: Kilimanjaro, Tanzania.**
- **Trade: China is Africa's top trade partner**, with Sino-African trade volumes nearing USD 200 billion per year. Angola alone has a large population of Chinese residents.
- **Gold and Minerals:** Africa's two most profitable mineral resources are **gold and diamonds**. In 2021, Africa produced 680.3 metric tons of gold (with Witwatersrand, South Africa, being a major gold-producing region), and dominated the global diamond market, **producing around 65% of the world's diamonds by value each year**.
 - Petroleum and coal are among the most abundant minerals for 22 out of Africa's 54 countries.

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What are the Challenges for India-Africa Trade?

- **Addressing Non-Tariff Barriers:** India's agricultural exports face significant hurdles due to the [European Union's](#) stringent food safety standards, which limit exports of products like chilies, tea, basmati rice, and others.
 - These regulations not only affect India's trade with the EU but also indirectly **impact its trade with African nations, especially those that align with EU standards.**
 - By advocating for relaxed standards, India can facilitate smoother trade flows, **reduce**

compliance costs, and enhance the competitiveness of its agricultural exports in both the European and African markets.

- **WTO Reforms for Developing Nations:** The [13th WTO Ministerial Conference](#) highlighted the **inability to achieve consensus** on key issues such as agriculture, technology transfer, and food security.
 - This lack of agreement affects global trade policies and negotiations, directly impacting developing nations, including those in Africa.
 - The failure to reform agricultural subsidies and tariffs at the WTO hampers **African countries' ability to compete globally and limits fair trade**, affecting India as a major trade partner by imposing barriers on agricultural exports to Africa.
 - Additionally, unresolved WTO issues on quality standards and trade practices can **damage the reputation of Indian products** in African markets, impacting their **perception and competitiveness compared to China**.
- **Debt Concerns:** The rising debt ratios in **sub-Saharan Africa have nearly doubled in the past decade**.
 - The [International Monetary Fund \(IMF\)](#) has highlighted these concerns, noting that the **escalating debt burden is creating economic instability** in the region.
 - Due to their debt-ridden economy, many low-income countries in sub-Saharan Africa are at high risk of or already experiencing debt distress as of 2022, presenting a significant challenge for India-Africa trade.
- **Chinese Influence:** China's role as the **largest single-country trading partner for sub-Saharan Africa** introduces additional challenges.
 - China's dominance in **purchasing a substantial portion of the region's exports** and providing manufactured goods and machinery has established a significant economic footprint.
 - However, this relationship is marred by **criticism regarding the use of debt trap diplomacy and the lack of standardisation** in public debt documentation.
 - These factors create an uneven playing field for other trade partners like India, impacting the dynamics of India-Africa trade.

Way Forward

- **Trade Agreements:** India has a history of preferential trade agreements with African nations, including the [India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement \(CECPA\)](#). Expanding and deepening such agreements will be crucial for increasing trade volumes.
- **Investing in African SMEs:** [Small and medium enterprises \(SMEs\)](#) account for nearly 80% of employment in Africa. By providing access to low-cost raw materials and inputs, **India can foster the growth of African SMEs**, which will, in turn, create new opportunities for Indian exports.
- **Critical Minerals:** **India-Africa trade can leverage Africa's rich deposits of critical minerals, such as cobalt, copper, lithium, nickel, and rare earths, which are essential for India's green energy transition.**
 - These minerals can be used in the manufacturing of [electric vehicles \(EVs\)](#) and other renewable energy technologies, positioning Africa as a key supplier to Indian industries.
 - This partnership can enable India and Africa to drive mutual benefits and bolster their positions in the green energy sector.
- **Digital Innovations:** [India's Startup Revolution](#) and [digital public infrastructure](#), such as [Unified Payment Interface \(UPI\)](#), and [Open Network for Digital Commerce \(ONDC\)](#), can enhance the [Ease of Doing Business](#) and quality of life in Africa and enhance trade with India.

Drishti Mains Question:

Q. Examine the potential benefits and challenges of India's plan to double its exports to Africa by 2030. How can this initiative influence India's economic position globally?

Prelims

Q. Consider the following statements: (2016)

The India-Africa Summit

1. held in 2015 was the third such Summit
2. was actually initiated by Jawaharlal Nehru in 1951

Which of the statements given above is/are correct?

- (a) 1 only
(b) 2 only
(c) Both 1 and 2
(d) Neither 1 nor 2

Ans: (a)

Exp:

- India-Africa Summit is a forum to re-initiate and reboot relation between India and African countries.
- It started from 2008 with New Delhi as its first venue. Since then, the summit has been held every three years, alternately in India and Africa. **Hence, statement 2 is not correct.**
- The second summit was held in Addis Ababa in 2011. The third summit, scheduled to be held in 2014, was postponed because of the Ebola outbreak, and took place in October, 2015 in New Delhi. **Hence, statement 1 is correct.**
- **Therefore, option (a) is the correct answer.**

Mains

Q. How does India see its place in the economic space of rising natural resource rich Africa? (2014)

Q. Increasing interest of India in Africa has its pro and cons. Critically Examine. (2015)