India in Africa

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Lessons from the South

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The developing world has taken a major share of global agricultural trade in recent decades, with plenty of success stories for Africa to learn from. The impressive export performance of Brazil, China, Argentina, Thailand, Malaysia, Indonesia, India, Chile and Vietnam provide proof that developing countries can secure their place on the world stage.

Some lessons can be deduced from the shared experience of this group, while others are case-specific. Deliberate government policy has been essential, not so much in production and pricing but through the creation of catalytic public goods, from infrastructure to public research.

More advanced developing countries are not only good examples to follow they often share similar natural conditions and climates with many low-income countries. India had a deeply interventionary agricultural policy since the 1960s a period, haunted by food crisis. The government was active especially in the food market and it administered prices and supported farmers through parastatal bodies and the minimum support prices. External trade was severely restricted if not prohibited.

Trade liberalisation affecting Indian agriculture began in the early 1990s, with the progressive reduction or removal of trade restrictions of various types. The rupee devaluation of mid 1991 was followed by the removal of export subsidies on agricultural commodities such as tea and coffee, and subsequent reduction of various other export subsidies. The process accelerated from the late 1990s, in tune with WTO agreements, and involved liberalisation of export controls, liberalisation of quantitative controls on imports and decontrol of domestic trade.

Almost all agricultural products are now allowed to be freely exported as per current trade policy. Africa's trade liberalisation remains some way behind, with most countries still weakly integrated into global trade, especially in agriculture. A good African example can, however be Ghana. Ghana, one of Africa's most successful agricultural models, showed the highest annual change in trade openness in one OECD survey of 25 developing countries.

In Poapongsakorn, central Thailand, a strong agro-processing sector has emerged as a result of the establishment of one-stop services, support measures for SME networking to raise bargaining capacity, and technology transfer aided by foreign investment

African countries can learn from other emerging markets, as well as their own histories, for best practice policies

conditions. Tax concessions and the provision of finance also help. Now, paddy, sugar and cassava surpluses have generated the creation of thousands of rice and sugar mills and cassava brokers, as well as ancillary businesses in construction, metalwork and agricultural equipment manufacture.

One distinctive feature of Africa is the fragmentation of land with 85 percent of farms occupying less than two hectares. While this does not necessarily equate to lower productivity, it does provide a challenge on the global trade front.

African exporters face a demanding set of quality standards to access rich markets. "If you want to comply with standards, you need to have economies of scale," says Mr Torero at IFPRI. Greater economies of scale allowed Peru and especially its coastal producers to become one of the top exporters of asparagus in the world.

A second distinctive feature of Africa is the lack of infrastructure compared to other emerging regions which are often held up as models. The 'Green Revolution' in India is a case in point. African subsidy schemes, for example, try to somehow mimic the Green Revolution in Asia, with general subsidies on inputs and labour intensive technology. But the lack of infrastructure like the availability of water, right seeds and above all the lack of linking the African farmers to the markets are amongst the various reasons for the failure of the replication of the green revolution.

Some of these distinctive traits might change if public policies can be brought to bear. Transaction costs are powerful determinants of the overall commercial landscape, and could be brought more into alignment with Asian norms if trade barriers could be addressed.

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Outsourcing Power Corporation

Ethiopia is to outsource the management of the Ethiopian Electric Power Corporation (EEPCo) to Power Grid Corporation of India Ltd (PGCIL), a company owned by the Indian government. PGCIL won the tender floated by Ethiopia's Ministry of Water, Irrigation and Energy.

PGCIL is currently undertaking a feasibility study to assess the consumer expectations and satisfaction levels that it would have to meet. PGCIL will be paid US$16.7mn in two years. It will, however, only take over the management after the Ethiopian government evaluates the study.

The distribution of power would totally be under PGCIL once it takes charge. PGCIL is also erecting 1,045-km-long transmission line of the Ethiopia-Kenya interconnection project financed by the World Bank.

(BS, 25.10.13)

Mining Co. to Invest in Ethiopia

Mumbai-based miner, May Flower Mining Enterprise Ltd is set to invest US$116mn in Ethiopia's Delbi Mining S.C.'s coal mine over a three-year period. The Delbi coal mine is located in Oromia regional state, Jimma Zone, 400 km from Ethiopia's capital, Addis Ababa while its mining concession covers a 39.2 square kilometer lot with an estimated coal deposit of 11.4 billion tonnes.

Delbi Coal Mining is set to extract 30,000 tonnes of coal in Ethiopia. It plans to increase its production of coal to 200,000 tonnes of coal over the years. May Flower will import mining machinery, mining experts as well as the required finance for exploration and mining works.

(www.ventures-africa.com, 29.10.13)

Byelsa Seeks Indian Investment

Byelsa, a Nigerian province that contains 40 percent of the country's known oil reserves, has sought investments from India, primarily in the exploration and healthcare sectors. In the Economist African High Growth Markets Summit, Governor Henry Seriake Dickson invited the Indian companies to invest in the oil sector in Byelsa.

"They will have opportunities to own oil blocks that would produce crude and this could be taken to India to refine and sell", Cyril Akika O, senior special adviser to the governor on investment. Nigeria is the largest trading partner of India in Africa, with bilateral trade touching US$17bn in 2011-12.

(www.zeenews.india.com, 09.12.13)

'Feed the Future' Initiative

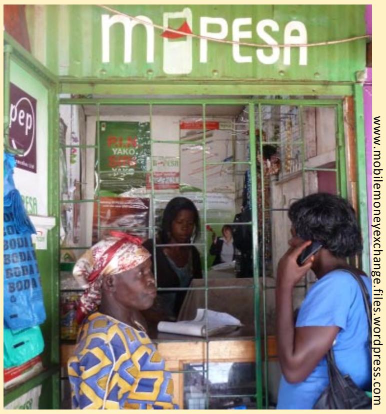
Three Indian organisations would be sharing their agricultural innovations with African countries. They have been funded by the US Agency for International Development under its India-Africa Agriculture Innovations Bridge Programme, aimed at sharing Indian innovations with African countries for increased food security and nutrition under Feed the Future initiative.

The technologies to be shared have been developed by Indian innovators and include a low-cost tractor, an organic fertiliser, and a solar dryer. All are devised to increase farmers' agricultural yields and incomes by mechanising their operations, fertilising depleted soils, and preventing post-harvest losses.

The Indian organisations are Society for Research and Initiatives for Sustainable Technologies and Institutions, AquAgri Processing Private Limited and Science for Society. *(www.usaid.gov, 01.11.13)*

Vodafone to take m-pesa pan-India in 2014

Vodafone India, which together with ICICI Bank rolled out its mobile money transfer and payment service m-pesa in an Indian state, Gujarat, this December 2013 plans to expand it across India in 2014. Vodafone, which currently provides this service in 11 States in the country, is targeting the US$60bn money transfer market in the country, 20 percent of which is dependent on the traditional channels like post offices.



www.mobilemoneyexchange.files.wordpress.com

The telecom service provider is also targeting the government benefits transfer market worth US$55bn. Vodafone, which launched m-pesa in Kenya in 2006, was extended to other parts of Africa and now has an 85 percent market share in that African country with a population of 40 million.

Vodafone would levy transaction charges between 1.2 and 1.5 percent of the value of transaction.

(BL, 23.12.13)

CULTURAL NEWS

IIFT Begins Course for Ghanaians

An executive development programme on international business organised jointly by the Indian Institute of Foreign Trade (IIFT) and the Ghana Institute of Management and Public Administration (GIMPA) opened in Ghana on October 01, 2013. The programme closed on October 04, 2013.

This programme is part of the decisions taken at India-Africa Forum Summit 2008. The IIFT has been given the responsibility of conducting a series of executive development programmes on international business in various African countries over a period of five years which will lead to the building of a pan-African India Africa Institute of Foreign Trade (IAIFT) at Ugandan capital Kampala.

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