

CONFERENCE ON
AFRICA
A Land of Opportunities

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

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INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

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INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

From President's Desk



Suman Jyoti Khaitan
President

India's economic partnership with the African countries has been lively, extending and touching greater heights in terms of burgeoning trade and investment to technology transfers, knowledge sharing and skills development. The India-Africa economic and trade relations have witnessed a surge, from a modest level of about US\$ 4 billion in FY2001 to about US\$70 billion in FY2013.

There is a new economic growth story emerging from both the regions as they possess all the prerequisites to become a major growth pole of the world. The regions are reiterating the common desire to expand economic cooperation and trade and investment linkages between them. There exists unlimited potential which needs to be tapped by both the regions to mark greater heights in the present times of crisis and also in future.

Going ahead, in order to enhance our partnership with new initiatives for the mutual benefit of India and Africa, an investment-led trade approach and tackling trade challenges on both sides must be addressed, which could aid in sustaining trade driven growth for both the economies in the coming times.

PHD Chamber has always worked in the direction to develop the Northern and Central states of India and the nation. It acts as a catalyst for rapid economic development in the northern and central regions of India through promotion of trade, industry and entrepreneurship. The key stakeholders in the export and import business of the Northern and Central states of India are tapping and exploring new opportunities with Africa.

I am sure that the Conference will be a useful forum for the industry stakeholders, policy makers and researchers to discuss about the practical aspects of doing business in Africa as well as to know about the substantial potential for bilateral economic cooperation between India and Africa.

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES



Saurabh Sanyal
Executive Director

From Executive Director's Desk

"India- Africa Promise Diverse Opportunities" highlights the trend in the overall scenario of trade between India and Africa over the years and it gives me immense pleasure and honour to present it to our esteemed readers.

With the increasing diversification of India's global trade towards other developing countries, Africa has emerged as an important partner for India for trade and commerce. Hence in order to boost bilateral trade relations between India and Africa, a significant endeavour could be to enhance sourcing of Africa's imports from India, in which India has export capability and competitiveness.

Further India's existing global potential could be matched with Africa's import demand. There is an urgent need to identify new markets in Africa to widen the scope of investments and trade between both the regions. There has been an up tick in extending line of credits to African countries in a view to promote development partnership and facilitate various projects financing and other projects of mutual interests.

The PHD Chamber has always aimed to be an important stakeholder in the development of the nation. I hope that this study serves as a handy report highlighting the trade scenario of India and Africa.

I commend and appreciate the tireless efforts of PHD Research Bureau Team led by Dr. S. P. Sharma, Chief Economist and assisted by team members Ms. Megha Kaul, Ms. Surbhi Sharma, Ms. Bhawana Sharma and Ms. Nidhi Gautam in producing this study of analytical value and policy-relevance.

I sincerely hope that this report serves as an informative guide to the states and the readers.

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

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INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

Executive summary

With the increasing diversification of India's global trade towards other developing countries, Africa has emerged as an important partner for India for trade and commerce. This is evident from the fact that there has been around sixteen-fold rise in India's trade with Africa from about US\$ 4 billion in FY2001 to about US\$70 billion in FY2013. Underlying the robust trend in the trade, India's exports to Africa has increased twelve fold from US\$2.36 billion in FY2001 to about US\$29 billion in FY2013. While India's imports from Africa too have scaled up nineteen times from about US\$2 billion in FY2001 to around US\$41 billion in FY2013.

India is Africa's fourth largest trading partner behind EU, China and the US and a significant investor across the continent. The increasing importance of India as Africa's trading partner can be assessed from the fact that India's exports to Africa accounted for about 4% of Africa's global imports during the recent years as against about 2.7% in 2001. Further, India's imports from Africa accounts for around 7% of Africa's exports in the recent years, scaled up from around 2% in 2001, depicting the rising importance of India in Africa's trade configuration.

Indian investment in Africa has increased significantly, notably in agriculture, infrastructure, telecoms and mining. Cumulative investments across Africa stand nearly US\$ 50 billion in the recent times. The majority of India's investments in Africa have been concentrated in India's top 10 African trading partners. India is the largest investor in Ethiopia, and one of the top five foreign investors in Egypt, Ghana, Kenya, Mauritius, Mozambique, Nigeria, South Africa, Sudan and Tanzania. So far, the number of destinations of Indian overseas investment in Africa has increased with Uganda, Zambia, Zimbabwe, Liberia, Mali and Rwanda.

South Africa is India's largest export market in Africa, accounting for about 19-20% in India's exports to Africa. It is a leading market in Africa for India's exports of petroleum oils, vehicles, pharmaceuticals and a major market for electrical equipments and machinery. South Africa is also an important market for India's exports of organic chemicals, articles of iron & steel and plastic and articles. The other major export markets in Africa are Nigeria, Egypt, Kenya, Tanzania and Mauritius

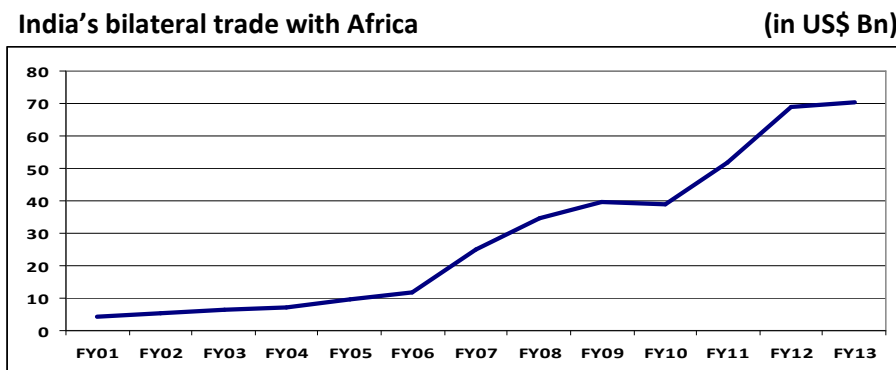
In India's import basket from Africa, crude oil and mineral fuels are the largest items accounting for as much as 70% of India's imports from Africa in FY2013. In addition, pearls and precious stones are the second largest items of imports from Africa. The region is a major source for India's imports of unwrought gold or semi-manufactured gold which accounts for nearly 14% of India's imports from Africa in FY2013.

Other key items of imports from Africa include iron & steel, inorganic chemicals, edible fruits & nuts, fertilizers, ores & slag, salt & sulphur, aluminum & articles. The major import partners for India in the African region are Nigeria followed by South Africa, Angola, Egypt, Algeria and Morocco. Nigeria, Angola, Egypt and Algeria are important sources for India's global imports of crude petroleum, while South Africa is a major supplier of unwrought gold to India. Morocco is the largest source for India's global imports of inorganic chemicals.

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

1. India - Africa bilateral trade relations strengthens

With the increasing diversification of India's global trade towards other developing countries, Africa has emerged as an important partner for India for trade and commerce. This is evident from the fact that there has been around sixteen-fold rise in India's trade with Africa from about US\$ 4 billion in FY2001 to about US\$70 billion in FY2013.



Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

Given India's expertise in several manufactured products and technology, which is affordable and adaptable, African countries are rapidly integrating with India and has emerged as an important partner for India, both as an export market and also an import source. Underlying the robust trend in the trade, India's exports to Africa has increased twelve fold from about US\$2 billion in FY2001 to about US\$29 billion in FY2013. While India's imports from Africa too have scaled up nineteen times from about US\$2 billion in FY2001 to around US\$41 billion in FY2013.

Trend in India's Foreign Trade with Africa (US\$bn)

Year	India's Exports to africa	India's Imports from Africa	Trade	Trade balance
FY2001	2.36	2.07	4.42	0.30
FY2002	2.89	2.61	5.49	0.28
FY2003	3.13	3.44	6.57	-0.31
FY2004	3.85	3.20	7.05	0.65
FY2005	5.57	4.01	9.58	1.57
FY2006	6.99	4.88	11.87	2.11
FY2007	10.27	14.72	24.99	-4.45
FY2008	14.19	20.47	34.66	-6.28
FY2009	14.81	24.73	39.54	-9.91
FY2010	13.43	25.61	39.05	-12.18
FY2011	19.71	31.96	51.67	-12.24
FY2012	24.67	44.10	68.78	-19.43
FY2013	29.14	41.11	70.25	-11.97

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

Indian investment in Africa has increased significantly, notably in agriculture, infrastructure, telecoms and mining. Cumulative investments across Africa stand nearly US\$ 50 billion in the recent times¹. The majority of India's investments in Africa have been concentrated in India's top 10 African trading partners. India is the largest investor in Ethiopia, and one of the top five foreign investors in Egypt, Ghana, Kenya, Mauritius, Mozambique, Nigeria, South Africa, Sudan and Tanzania. So far, the number of destinations of Indian overseas investment in Africa has increased with Uganda, Zambia, Zimbabwe, Liberia, Mali and Rwanda.

African companies are also increasingly entering the Indian market over the years. Mauritius is one of the top ten investing² countries in India attracting about 38% of the total investment³ since April 2000 amounting to about US\$76 billion. South Africa region invested about US\$0.2 billion in India while West Africa holds an investment of US\$0.002 billion since April 2000.

There has been an up tick in extending line of credits to African countries in a view to promote development partnership and facilitate various projects financing and other projects of mutual interests. It also enables buyers in those countries to import goods and services from India on deferred credit terms. The outcome of the increasing lines of credit to African region is expected to diversify India's bilateral and regional engagements with them.

The African region holds immense position for India, as its share in India's exports has increased over the last many years. The share of exports to Africa in India's global exports stood at about 5% in FY2001 which scaled up around twofold in FY2013 at a share of 10%. Further, Africa's share in India's global imports has also increased from around 4% in FY2001 to about 8% in FY2013

The increasing importance of India as Africa's trading partner can be assessed from the fact that India's exports to Africa accounted for about 4% of Africa's global imports during the recent years as against about 2.7% in 2001. Further, India's imports from Africa accounts for around 7% of Africa's exports in the recent years, scaled up from around 2% in 2001, depicting the rising importance of India in Africa's trade configuration⁴.

¹ Business Standard dated 18th March 2013

² FDI equity inflows

³ Data represents for the cumulative period from April 2000 to August 2013

⁴ EXIM Bank

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

Africa's share in India's exports (US\$bn)

Africa's share in India's imports (US\$bn)

Year	Africa's share in India's exports (US\$bn)		Africa's share in India's exports (%)	Year	Africa's share in India's imports (US\$bn)		Africa's Share in India's imports (%)
	India's exports to Africa	India's Exports			Imports from Africa	India's imports	
FY2001	2.36	44.56	5.3	FY2001	2.07	50.54	4.09
FY2002	2.89	43.83	6.6	FY2002	2.61	51.41	5.07
FY2003	3.13	52.72	5.9	FY2003	3.44	61.41	5.60
FY2004	3.85	63.84	6.0	FY2004	3.20	78.15	4.09
FY2005	5.57	83.54	6.7	FY2005	4.01	107.13	3.74
FY2006	6.99	103.09	6.8	FY2006	4.88	129.69	3.76
FY2007	10.27	126.41	8.1	FY2007	14.72	185.74	7.92
FY2008	14.19	163.13	8.7	FY2008	20.47	251.65	8.13
FY2009	14.81	185.30	8.0	FY2009	24.73	303.70	8.14
FY2010	13.43	178.75	7.5	FY2010	25.61	288.37	8.88
FY2011	19.71	251.14	7.8	FY2011	31.96	369.77	8.64
FY2012	24.67	305.96	8.1	FY2012	44.10	489.32	9.01
FY2013	29.14	300.40	9.7	FY2013	41.11	490.74	8.38

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

1.1 India's major export items to Africa

During FY2001 India's top 10 export items includes cotton, pharmaceuticals, nuclear reactors, vehicles, iron & steel, articles of apparel and clothing accessories, electrical and electronic equipments, meat and plastic and articles which collectively holds a share of about 65% in India's exports to Africa.

While during FY2013, India's top 10 export items to Africa includes mineral fuels, vehicles, pharmaceuticals, cereals, electrical and electronic equipments, nuclear reactors, iron & steel, plastic and articles and cotton which jointly holds a share of about 74% in India's exports to Africa.

South Africa is India's largest export market in Africa, accounting for about 19-20% in India's exports to Africa. It is a leading market in Africa for India's exports of petroleum oils, vehicles, pharmaceuticals and a major market for electrical equipments and machinery. South Africa is also an important market for India's exports of organic chemicals, articles of iron & steel and plastic and articles. The other major export markets in Africa are Nigeria, Egypt, Kenya, Tanzania and Mauritius.

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

Top 10 export items to Africa in FY2013 vis-à-vis FY2001

Commodity	FY2001 (US\$bn)	% Share in India's export to Africa	Commodity	FY2013 (US\$bn)	% Share in India's export to Africa
Cotton	0.42	17.89	Mineral fuels and oils, distillation, bituminous substances; mineral waxes.	7.74	26.57
Pharmaceutical products	0.21	8.92	Vehicles other than railway or tramway rolling stock, and parts and accessories	3.18	10.90
Nuclear reactors, boilers, machinery and mechanical appliances; parts	0.17	7.34	Pharmaceutical products	2.32	7.98
Vehicles other than railway or tramway rolling stock, and parts and accessories	0.16	6.71	Cereals	2.28	7.83
Articles of iron or steel	0.12	4.99	Electrical machinery and equipment parts	1.54	5.30
Iron and steel	0.12	4.98	Nuclear reactors, boilers, machinery and mechanical appliances	1.50	5.15
Articles of apparel and clothing accessories ⁵	0.09	3.82	Iron and steel	0.95	3.28
Electrical machinery and equipment parts etc ⁶	0.09	3.69	Plastic and articles	0.74	2.53
Meat and edible meat offal.	0.08	3.29	Articles of iron or steel	0.68	2.34
Plastic and articles	0.07	3.14	Cotton	0.64	2.21
Total (Top 10)	1.53	64.77	Total (Top 10)	21.59	74.08
India's exports to Africa	2.36	100	India's exports to Africa	29.14	100

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

1.2 India's major import items from Africa

In India's import basket from Africa, crude oil and mineral fuels are the largest items accounting for as much as 70% of India's imports from Africa in FY2013. In addition, pearls and precious stones are the second largest items of imports from Africa. The region is a major source for India's imports of unwrought gold or semi-manufactured gold which accounts for nearly 14% of India's imports from Africa in FY2013.

Other key items of imports from Africa include iron & steel, inorganic chemicals, edible fruits & nuts, fertilizers, ores & slag, salt & sulphur, aluminium & articles.

⁵ Not knitted or crocheted.

⁶ Includes sound recorders and reproducers, television image and sound recorders and reproducers, and parts

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

The major import partners for India in the African region are Nigeria followed by South Africa, Angola, Egypt, Algeria and Morocco. Nigeria, Angola, Egypt and Algeria are important sources for India's global imports of crude petroleum, while South Africa is a major supplier of unwrought gold to India. Morocco is the largest source for India's global imports of inorganic chemicals.

Top 10 import items from Africa in FY2013 vis-à-vis FY2001

Commodity	FY2001 (US\$bn)	% Share in India's imports from Africa	Commodity	FY2013 (US\$bn)	% Share in India's imports from Africa
Natural or cultured pearls,precious or semi precious stones ⁷	0.64	31.03	Mineral fuels and oils, distillation, bituminous substances; mineral waxes.	28.72	69.87
Inorganic chemicals; organic or inorganic compounds of precious metals	0.48	23.10	Natural or cultured pearls,precious or semi precious stones	5.55	13.51
Edible fruit and nuts; peel or citrus fruit or melons	0.20	9.71	Iron and steel	0.99	2.41
Mineral fuels and oils, distillation, bituminous substances; mineral waxes.	0.15	7.36	Inorganic chemicals; organic or inorganic compounds of precious metals	0.99	2.40
Cotton	0.14	6.88	Edible fruit and nuts; peel or citrus fruit or melons.	0.92	2.25
Wood and articles of wood; wood charcoal.	0.13	6.27	Salt; sulphur; earths and stone; plastering materials, lime and cement.	0.60	1.47
Salt; sulphur; earths and stone; plastering materials, lime and cement.	0.06	3.06	Ores, slag and ash.	0.53	1.29
Iron & steel	0.05	2.61	Copper and articles thereof	0.39	0.95
Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard.	0.03	1.41	Fertilizers.	0.36	0.87
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	0.02	1.04	Aluminium and articles	0.27	0.65
Total (Top 10)	1.91	92.48	Total (Top 10)	39.33	95.67
India's imports from Africa	2.07	100	India's imports from Africa	41.11	100

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

⁷ Includes Pre.metals,clad with pre.metal and artcls thereof;imit.jewelry;coin

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

2. India – Africa Trade Relations: Regional Outlook

2.1 East Africa

India's trade relations have strengthened with the Eastern region of Africa. The trade between them has increased by 15 times from around US\$0.65 billion in FY2001 to around US\$10 billion in FY2013. India's exports to East Africa have increased over the last many years, while imports from the region still hold a very marginal quantity. India's exports to East Africa scaled up from about US\$0.56 billion in FY2001 to around US\$9 billion in FY2013, while imports scaled up marginally from US\$0.09 billion to about US\$1 billion during the said period.

India's trade with East Africa

(US\$bn)

Year	Exports	Imports	Trade	Trade balance
FY2001	0.56	0.09	0.65	0.46
FY2002	0.56	0.15	0.71	0.41
FY2003	0.63	0.18	0.82	0.45
FY2004	0.86	0.18	1.04	0.68
FY2005	1.15	0.22	1.37	0.93
FY2006	1.44	0.22	1.66	1.21
FY2007	2.94	0.23	3.18	2.71
FY2008	4.21	0.32	4.54	3.89
FY2009	4.51	0.35	4.86	4.16
FY2010	3.51	0.39	3.90	3.12
FY2011	5.35	0.58	5.93	4.77
FY2012	6.59	0.54	7.14	6.05
FY2013	8.84	1.05	9.89	7.78

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

Note: East Africa includes countries like Kenya, Tanzania, Mauritius, Ethiopia, Djibouti, Somalia, Madagascar, Reunion, Seychelles, Comoros

2.2 West Africa

India's trade relations have significantly built up with the Western region of Africa. The trade between them has increased by 18 times from around US\$1.21 billion in FY2001 to around US\$23 billion in FY2013. India's exports to West Africa have scaled up from about US\$0.76 billion in FY2001 to around US\$6 billion in FY2013, while imports scaled up considerably from US\$0.45 billion to about US\$16 billion during the said period.

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

India's trade with West Africa

(US\$bn)

Year	Exports	Imports	Trade	Trade balance
FY2001	0.76	0.45	1.21	0.32
FY2002	1.05	0.48	1.52	0.57
FY2003	1.07	0.54	1.61	0.53
FY2004	1.27	0.58	1.85	0.69
FY2005	1.65	0.82	2.47	0.83
FY2006	1.86	1.16	3.02	0.70
FY2007	2.45	8.18	10.62	-5.73
FY2008	3.46	9.73	13.19	-6.26
FY2009	3.36	11.18	14.54	-7.82
FY2010	3.14	9.86	13.00	-6.73
FY2011	4.30	12.86	17.16	-8.57
FY2012	6.46	17.77	24.23	-11.30
FY2013	6.52	16.26	22.79	-9.74

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India, Note: West Africa includes Nigeria, Benin, Ghana, Senegal, Cote D' Ivoire, Togo, Cameroon, Liberia, Guinea, Congo P Rep, Mali, Sierra Leone, Niger, Burkina Faso, Gambia, Mauritania, Gabon, Equitl Guinea, Guinea Bissau, Cape Verde Is, Sao Tome, St Helena

2.3 North Africa

The trade volume between India and North Africa has increased magnificently by about twelve times from US\$1 billion in FY2001 to more than US\$12 billion in FY2013. The exports to North Africa have increased from US\$0.56 billion to about US\$6 billion during the same period and imports too have scaled up from about US\$0.46 billion in FY2001 to about US\$7 billion in FY2013.

India's trade with North Africa

(US\$bn)

Year	Exports	Imports	Trade	Trade balance
FY2001	0.56	0.46	1.02	0.10
FY2002	0.73	0.49	1.22	0.23
FY2003	0.67	0.55	1.22	0.13
FY2004	0.77	0.46	1.24	0.31
FY2005	1.35	0.65	2.01	0.70
FY2006	1.59	0.84	2.43	0.76
FY2007	1.86	3.35	5.22	-1.49
FY2008	2.65	5.54	8.20	-2.89
FY2009	3.42	5.82	9.25	-2.40
FY2010	3.13	4.90	8.02	-1.77
FY2011	3.99	5.89	9.88	-1.91
FY2012	4.69	7.46	12.15	-2.76
FY2013	5.68	6.72	12.41	-1.04

Source: PHD Research Bureau, compiled from Ministry of commerce, Govt. of India, Note: North Africa includes Egypt A Rp, Algeria, Sudan, Morocco, Libya, Tunisia, Canary Is

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

2.4 Southern African Customs Union

India's trade relations have strengthened with the Southern African Customs Union (SACU) region of Africa. The trade between them has increased by more than 10 times from around US\$1 billion in FY2001 to around US\$14 billion in FY2013. Further India's trade with other South African countries such as Mozambique, Angola, Zambia and Zimbabwe has also shot up significantly from around US\$0.13 billion in FY2001 to around US\$10 billion in FY2013.

India's bilateral trade scenario

Southern African Customs Union (SACU)					Other South African countries (US\$bn)				
Year	Exports	Imports	Trade	Trade balance	Year	Exports	Imports	Trade	Trade balance
FY2001	0.32	1.02	1.34	-0.7	FY2001	0.08	0.04	0.13	0.04
FY2002	0.37	1.44	1.81	-1.07	FY2002	0.09	0.04	0.13	0.06
FY2003	0.51	2.1	2.61	-1.59	FY2003	0.13	0.06	0.19	0.07
FY2004	0.59	1.9	2.49	-1.31	FY2004	0.2	0.06	0.26	0.14
FY2005	1.03	2.2	3.24	-1.17	FY2005	0.23	0.09	0.32	0.14
FY2006	1.57	2.52	4.09	-0.95	FY2006	0.37	0.12	0.49	0.25
FY2007	2.28	2.53	4.81	-0.25	FY2007	0.53	0.39	0.92	0.14
FY2008	2.74	3.66	6.4	-0.93	FY2008	0.87	1.17	2.04	-0.3
FY2009	2.17	5.58	7.75	-3.4	FY2009	0.96	1.64	2.6	-0.68
FY2010	2.18	5.76	7.94	-3.58	FY2010	1.13	4.43	5.57	-3.3
FY2011	4.11	7.31	11.42	-3.21	FY2011	1.51	5.26	6.77	-3.75
FY2012	4.89	11.35	16.24	-6.46	FY2012	1.33	6.9	8.23	-5.57
FY2013	5.28	9.03	14.31	-3.75	FY2013	1.89	7.81	9.69	-5.92

Source: PHD Research Bureau, compiled From Ministry Of Commerce, Govt. Of India, Note: Southern African Customs Union (SACU) Includes South Africa, Namibia, Botswana, Swaziland And Lesotho, and other South African Countries are Mozambique, Angola, Zambia And Zimbabwe

2.5 Central Africa

The trade volume between India and Central Africa has increased slightly over the years. The trade stood at US\$0.08 billion in FY2001, which scaled up to US\$1.16 billion in FY2013. The exports to Central Africa have increased meagerly from US\$0.08 billion to about US\$0.93 billion during the same period, while imports too have exhibited the same trend scaling up from about US\$0.004 billion in FY2001 to about US\$ 0.23 billion in FY2013.

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India's trade with Central Africa (US\$bn)

Year	Exports	Imports	Trade	Trade balance
FY2001	0.08	0.004	0.08	0.072
FY2002	0.09	0.008	0.10	0.084
FY2003	0.12	0.006	0.12	0.110
FY2004	0.15	0.011	0.16	0.140
FY2005	0.16	0.017	0.17	0.140
FY2006	0.17	0.019	0.18	0.146
FY2007	0.20	0.029	0.23	0.174
FY2008	0.26	0.049	0.31	0.208
FY2009	0.38	0.153	0.54	0.232
FY2010	0.35	0.270	0.62	0.079
FY2011	0.47	0.046	0.51	0.419
FY2012	0.71	0.091	0.80	0.617
FY2013	0.93	0.230	1.16	0.701

Source: PHD Research Bureau, compiled From Ministry Of Commerce, Govt. Of India, Note: Central Africa includes Uganda, Congo D. Rep., Malawi, Rwanda, Burundi,) Chad, C Afri Rep

3. India's foreign trade with World vis-à-vis South Africa

There has been a significant increase in India's foreign trade during the recent years due to the growing competitiveness of the Indian manufacturing sector followed by the government's focus for doubling India's share in global merchandise trade by 2015. Also, the trade between India and South Africa has been rising over the years. South Africa's share in India's trade has increased from 1.41% in FY2001 to 1.66% in FY2010 and further to 1.77% in FY2013, more than the two BRIC nations i.e Brazil and Russia.

South Africa is India's 16th largest trade partner. The two way trade between India and South Africa has been recorded at US\$7.73 billion during FY2010 which has scaled up to about US\$14 billion in FY2013.

India's foreign merchandise trade in the decade (US\$ Billion)

	FY2001	% Share	FY2010	% Share	FY2013	% Share
World	94.05	100.00	467.12	100.00	791.14	100.00
Brazil	0.37	0.39	5.85	1.25	10.87	1.37
Russia	1.38	1.47	4.55	0.97	6.53	0.83
China	2.32	2.47	42.44	9.09	65.83	8.32
South Africa	1.33	1.41	7.73	1.66	13.99	1.77

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

India's exports to South Africa has increased from US\$0.31 billion in FY2001 to US\$2.06 billion in FY2010, leading to South Africa's share in India's exports to rise from 0.70% in FY2001 to 1.15% in FY2010. The volume of exports to South Africa has further increased to more than doubled fold at around US\$5 billion in FY2013 with the share in the India's exports of around 1.7%. South Africa's exports are ranked 16th in India's exports during FY2013.

India's merchandise export with select economies (US\$ Billion)

	FY2001	% Share	FY2010	% Share	FY2013	% Share
World	44.08	100.00	178.75	100.00	300.40	100.00
Brazil	0.22	0.51	2.41	1.35	6.05	2.01
Russia	0.87	1.97	0.98	0.55	2.30	0.76
China	0.83	1.88	11.62	6.50	13.58	4.52
South Africa	0.31	0.70	2.06	1.15	5.11	1.70

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

India's imports from South Africa in absolute volume terms has increased from around US\$1 billion in FY2001 to US\$5.67 billion in FY2010. However, its share in India's imports has declined slightly from 2.04% to 1.97% in the same period. During FY2013, imports from South Africa stands at around US\$8.89 billion with the share of around 1.81% in the India's imports. Imports from South Africa are ranked 19th in India's imports during FY2013.

India's merchandise import from select economies (US\$ Billion)

	FY2001	% Share	FY2010	% Share	FY2013	% Share
World	49.97	100.00	288.37	100.00	490.74	100.00
Brazil	0.14	0.28	3.44	1.19	4.83	0.98
Russia	0.52	1.03	3.57	1.24	4.23	0.86
China	1.49	2.99	30.82	10.69	52.25	10.65
South Africa	1.02	2.04	5.67	1.97	8.89	1.81

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

3.1 Composition of India-South Africa Trade

The major items of India's export to South Africa in the FY2001 were Cotton yarn fab. Madeups etc (11%), RMG of cotton incl. accessories (10%), Machinery & Instruments (6.65%) and Manufactures of Metals(6.4%), whereas now, in FY2013, the major items include Petroleum & Crude products (35%), Transport Equipment (21%), Drug, pharmaceuticals and fine chemicals (9%) and Machinery and Instruments(5%).

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

Top ten items of export to South Africa

(US\$ Billion)

Sr. No.	Items	FY2001		Items	FY2013	
		Value	% share		Value	% share
1	Cotton yarn fab. Madeups etc.	0.03	10.92	Petroleum & Crude Products	1.79	35.06
2	RMG of cotton incl. accessories	0.03	10.41	Transport Equipment	1.06	20.83
3	Machinery & Instruments	0.02	6.65	Drug, pharm. & fine chemicals	0.44	8.63
4	Manufactures of metals	0.02	6.4	Machinery & Instruments	0.24	4.78
5	Drug, pharm. & fine chemicals	0.02	5.54	Electronic goods	0.19	3.79
6	Transport Equipment	0.01	4.8	Rice other than Basmati	0.17	3.33
7	Inorg/Org/Agro chemicals	0.01	4.7	Manufactures of metals	0.15	2.92
8	Finished leather	0.01	4.47	Plastic & linoleum products	0.11	2.25
9	Non-basmati rice	0.01	4.33	RMG of cotton incl. accessories	0.07	1.42
10	Manmade yarn fab. Madeups	0.01	3.92	Gems & Jewellery	0.07	1.39
Total of top ten		0.19	62.15	Total of top ten	4.31	84.41

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

The top ten items of exports constitute around 84% of the India's exports to South Africa in FY2013. The concentration of exports in top ten items of exports to South Africa stood at about 62% in FY2001.

On the other hand, India's major imports from South Africa include Gold (56%), Coke, coal and briquettes (23.5%) and metalliferous ores and metal scrap (11.5%) during FY2013. The top ten items of imports constitute around 96% of the India's imports from South Africa in FY2013. The top ten items of imports constitute around 90% of India's imports from South Africa in FY2001.

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

Top ten items of import from South Africa

(US\$ Billion)

Sr. No.	Items	FY2001		Items	FY2013	
		Value	% share		Value	% share
1	Gold	0.60	58.49	Gold	5.01	56.35
2	Coal, coke & briquettes	0.11	10.85	Coal, coke & briquettes	2.09	23.52
3	Inorganic chemicals	0.10	9.5	Metaliferrous ores & metal scrap	1.02	11.52
4	Metaliferrous ores & metal scrap	0.03	3.28	Non-ferrous metals	0.12	1.38
5	Pulp & waste paper	0.03	2.62	Inorganic chemicals	0.08	0.89
6	Iron & Steel	0.02	1.5	Organic chemicals	0.08	0.89
7	Electronic goods	0.01	1.26	Machry Excpt Elec & Electronic	0.06	0.65
8	Vegetable edible oils	0.01	1.06	Iron & Steel	0.04	0.50
9	Organic chemicals	0.01	0.79	Other Commodities	0.04	0.41
10	Non-electrical Machinery	0.01	0.78	Pearls Prcus Semiprcs Stones	0.03	0.39
Total of top ten		0.92	90.13	Total of top ten	8.58	96.49

Source: PHD Research Bureau, compiled from Ministry of Commerce, Govt. of India

4. Conclusions

With the increasing diversification of India's global trade towards other emerging and developing countries, Africa has emerged as an important partner for India for trade and commerce. This is evident from the fact that there has been around sixteen-fold rise in India's trade with Africa from about US\$ 4 billion in FY2001 to about US\$70 billion in FY2013.

The African region holds immense position for India, as it's share in India's exports has increased over the last many years. The share of exports to Africa in India's global exports stood at about 5% in FY2001 which scaled up more than twofold in FY2013 at a share of 10%. Further, Africa's share in India's imports has also increased from around 4% in FY2001 to about 8% in FY2013

The increasing importance of India as Africa's trading partner can be assessed from the fact that India's exports to Africa accounted for about 4% of Africa's global imports during the recent years as against about 2.7% in 2001. Further, India's imports from Africa accounts for around 7% of Africa's exports in the recent years, scaled up from around 2% in 2001, depicting the rising importance of India in Africa's trade configuration.

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

India's top 10 export items to Africa includes mineral fuels, vehicles, pharmaceuticals, cereals, electrical and electronic equipments, nuclear reactors, iron & steel and plastic and articles which jointly holds a share of about 74% in India's exports to Africa. South Africa is India's largest export market in Africa, accounting for about 19-20% in India's exports to Africa. It is a leading market in Africa for India's exports of petroleum oils, vehicles, pharmaceuticals and a major market for electrical equipments and machinery. South Africa is also an important market for India's exports of organic chemicals, articles of iron & steel and plastic and articles. The other major export markets in Africa are Nigeria, Egypt, Kenya, Tanzania and Mauritius.

In India's import basket from Africa, crude oil and mineral fuels are the largest items accounting for as much as 70% of India's imports from Africa in FY2013. In addition, pearls and precious stones are the second largest items of imports from Africa. The region is a major source for India's imports of unwrought gold or semi-manufactured gold which accounts for nearly 14% of India's imports from Africa in FY2013. Other key items of imports from Africa include iron & steel, inorganic chemicals, edible fruits & nuts, fertilizers, ores & slag, salt & sulphur, aluminum & articles. The major import partners for India in the African region are Nigeria followed by South Africa, Angola, Egypt, Algeria and Morocco.

In order to boost bilateral trade relations between India and Africa, a significant endeavour could be to enhance sourcing of Africa's imports from India, in which India has export capability and competitiveness. This at the same time would facilitate in increasing India's exports and balance the burgeoning trade gap between India and Africa.

It is necessary to focus on India's export potential to the major countries in Africa with which India maintains the largest and rising trade deficit, viz. Nigeria, Angola, South Africa, Algeria, Morocco and Egypt. Collectively these six countries account for as much as 57% of Africa's imports. In addition, identification of potential items of India's exports to the focus markets, viz. Nigeria, Angola, South Africa, Algeria, Morocco and Egypt must be addressed. Large number of Indian companies exporting high-value products to markets in the US and European region, rising demand for such products in emerging economies including Africa would present opportunities for enhancing exports and partnership.

Given India's expertise in several manufactured products, and technology which is affordable and adaptable, African countries would stand to gain with increased imports of such items from India. India's current global capability could be matched with Africa's import demand, leading to rising exports and could encompass the domestic production in India to cater to the large demand existing in focus countries in Africa, going forward.

INDIA- AFRICA PROMISE DIVERSE OPPORTUNITIES

Matching India's capability in high value added production and manufacturing with an increasing import demand in the African region for such products and technology could prove to be a win-win situation for both India and Africa. This would aid in further strengthening bilateral ties, and resulting in a mutually rewarding long-term partnership.

There has been an up tick in extending line of credits to African countries in a view to promote development partnership and facilitate various projects financing and other projects of mutual interests. It also enables buyers in those countries to import goods and services from India on deferred credit terms. The outcome of the increasing lines of credit to African region is expected to diversify India's bilateral and regional engagements with them.

Going ahead, considering the various aspects of India-Africa trade, PHD Chamber of Commerce and Industry anticipates that the bilateral trade between them could touch US\$100 billion by FY2016 and carries the potential to touch US\$200 billion mark by FY2021.