



Reimagining Engagement and Realigning Priorities: How India and China are Informing the African growth story

Veda Vaidyanathan, PhD

Research Associate, Institute of Chinese Studies, New Delhi

Past, Present and Future of African-Asian Relations | April 2019 | University of Neuchâtel

Format of the presentation

The African Growth Story



Sub-national actors: Indian farmer & the Chinese contractor



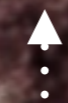
Sectoral Analysis: Infrastructure & Health



Systemic Analysis: The Indian and Chinese State



Conceptual framework: The New South-South Cooperation model



Theoretical foundations: Complex Interdependence Theory

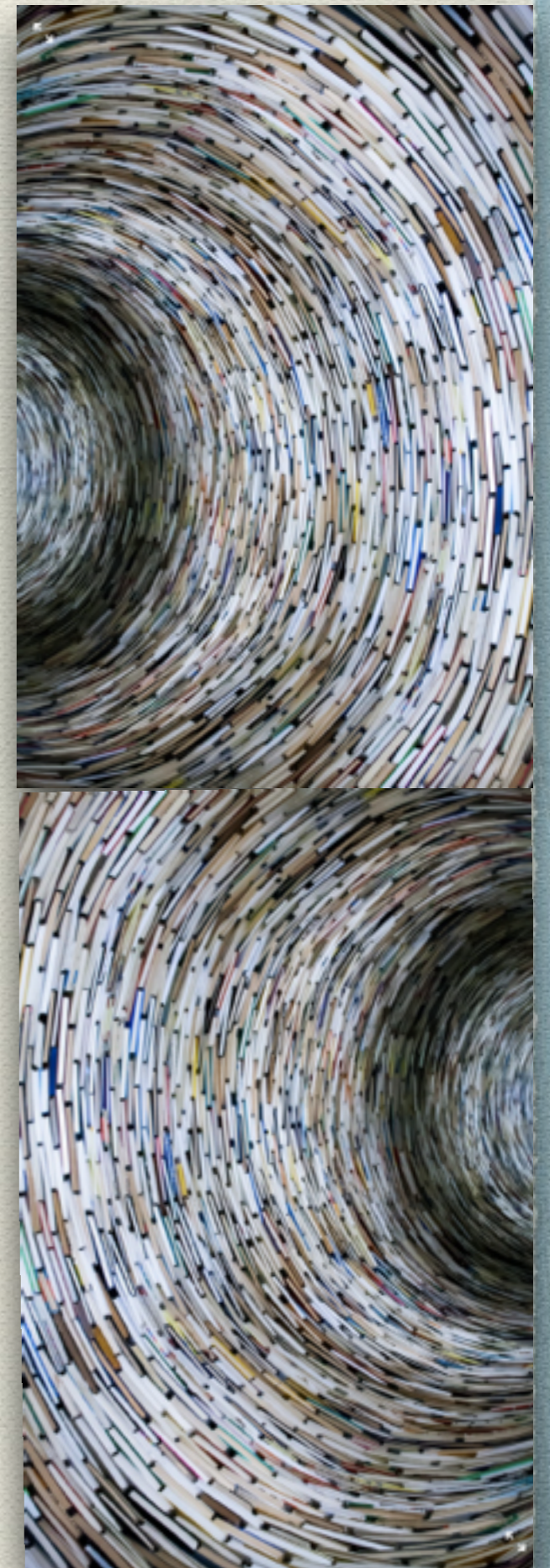
Theoretical foundation

Complex Interdependence Theory

The Theory of Complex Interdependence has three main characteristics, each of which ring true with the arguments put forth in this paper:

1. Acknowledges that there are several actors or channels that connect societies.
2. There is an 'absence of hierarchy among issues' which is to say that military and security issues don't always dominate the agenda.
3. When complex interdependence prevails, military force or the threat of it will not continue to be the tool of choice for solving issues.

It also predicts that International Organizations will play a very different and important role in geopolitics. Not only do they provide weaker states to share a platform with more powerful ones, but it also helps set international agenda and promotes the formation of coalitions and political initiatives.



Conceptual framework

The South-South Cooperation model

The origins of SSC can be traced back to the Bandung Conference of 1955 where the Non-Aligned Movement was launched, it has evolved drastically since then.

The new form of SSC has certain characteristics that clearly set it apart from its earlier versions.

INTENT | OBJECTIVE

In the Case of Africa, where most of the countries became independent in the 1950's and 1960's SSC was not a viable option. Rather it looked to the financially rich and technologically advanced North to foster economic relations.

In this context, the rise of China and India as developing countries, offers countries in Africa **alternatives**.



By moving away from the classical notions of International Relations theories, the philosophical undertones of this paper rests on the idea that **no state can act in isolation and thrive in an increasingly interdependent world.**

The crux of the argument: As a few developing nations transition into becoming more powerful players in world affairs, they can share their experiences with other developing countries and **create symbiotic partnerships.**

They rely on tools such as Foreign Direct Investment, technical, skills and knowledge transfer that build capacity and not create unhealthy dependencies on aid but rather help diversify economies and introduce **sustainable development methods.**

Systemic Analysis: The Indian and Chinese State in Africa

India & China in Africa: An Overview

Capacity, Skill Building

Military Base, Security

**Summit Diplomacy,
Charm offensive**

Education, Training

Aid, Trade, Investment

Health

**Development
Cooperation,
Poverty reduction**

Manufacturing

Infrastructure

**Institutional
Frameworks,
White Paper on
Africa Policy**

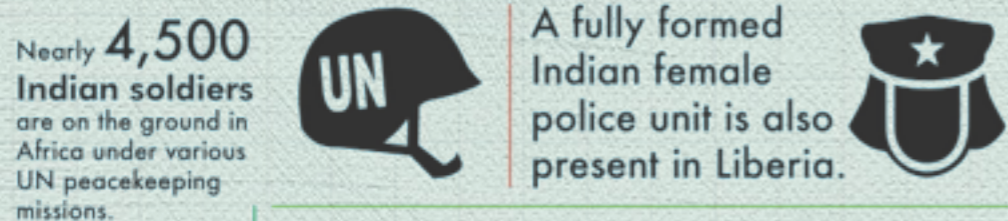
**Technology, Media,
Culture**

Agriculture

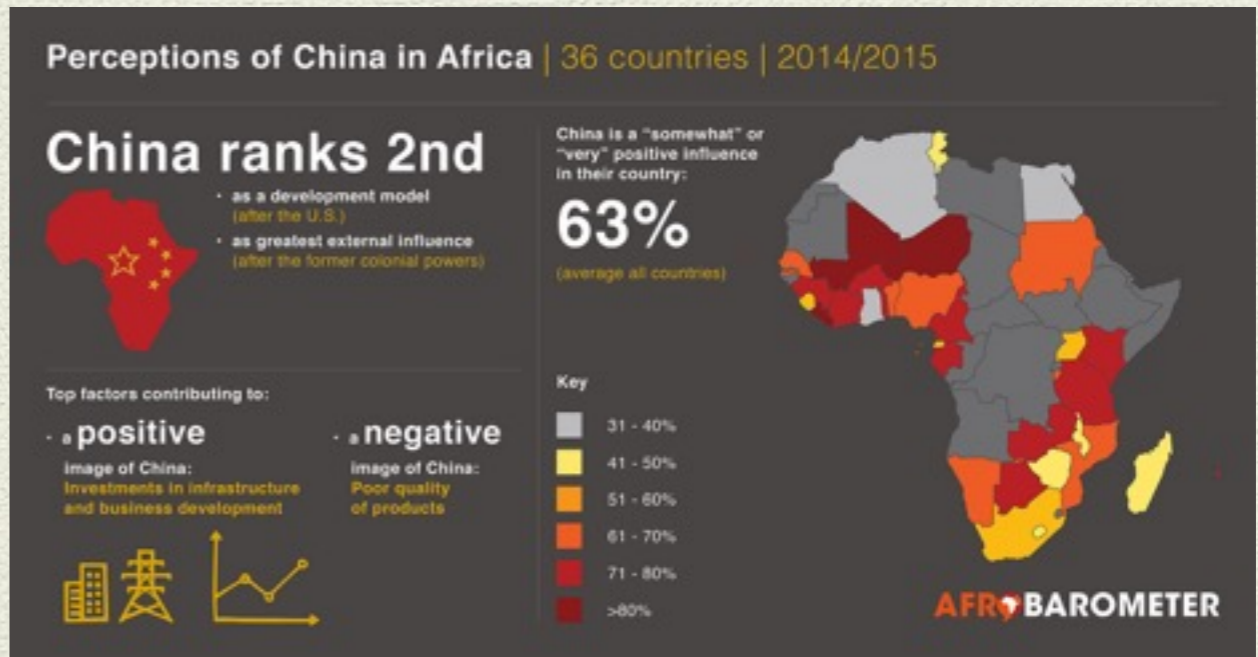
Realigning Priorities

- Although relationships between India, China and countries in Africa were built under the rubric of South-South cooperation, it would not be inaccurate to argue that **in the past few decades, countries in Africa have not been foreign policy priorities for New Delhi or Beijing.**
- Close examination of the literature and joint statements emanating from the multiple IAFS and the FOCAC indicate that **Africa is becoming an increasingly important actor in their foreign policy formulations.**
- The **individual and collective clout** that African nations enjoy are being leveraged to identify and pursue common priorities pertaining to the global governance structures but also to further both New Delhi's and Beijing's larger geopolitical ambitions.
- Their approach to and interactions with several African countries are also indicative of their **evolving developmental strategies, priorities and instruments** modeled to be different from western approaches.
- An attempt to counter the charges of neocolonialism and short sighted resource seeking gains that both New Delhi and Beijing have been accused of, literature from both IAFS and FOCAC highlight the **civilizational, historical relations** between actors.
- Interestingly these interactions have transcended a state-to-state relationship to include **subnational actors.**

INDIA - AFRICA IN NUMBERS



Source: Gateway House, 2015



Source: Afrobarometer, 2016

Sectoral Analysis: Infrastructure & Health

China - Infrastructure Sector



Nairobi SGR, 2019



Dar es Salaam Port, 2019



Zanzibar Terminal 2, 2019

Criticisms



Xinhua, 2019



Art by: Michael Soi, Kenya
www.michaelsoistudio.com



Art by: Michael Soi, Kenya
www.michaelsoistudio.com

India-Africa: Partnership in Health

- India-Africa health partnership is quite comprehensive.
- **Multilateral frameworks:** TEAM 9 (technology transfer in pharmaceuticals), Focus Africa (opened lines of credit benefiting the pharmaceutical sector), Pan Africa e network (telemedicine)
- **Medical tourism** - East Africans spent about \$1 billion in 2015-16 seeking medical attention in India.
- A 10 million dollar **India-Africa health fund** > capacity building, scholarships.
- **Private actors: Fortis, Apollo**
- Biggest contribution: **Export of affordable drugs**

Potential: Pharmaceutical exports >> manufacturing

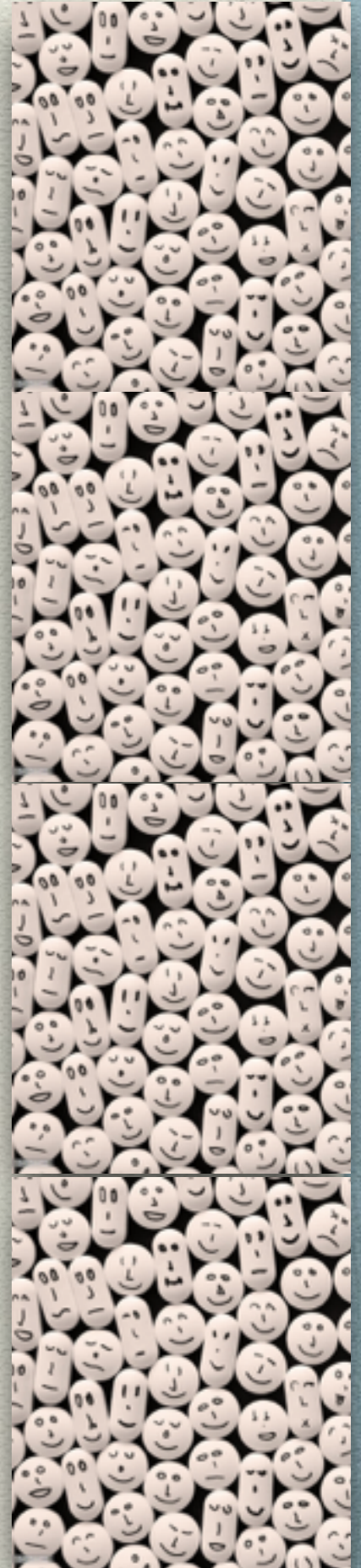
- Africa's pharmaceutical market > **\$40 billion - \$65 billion by 2020** > Several African countries are heavily reliant on imports of generics to meet their domestic demand for drugs as their local manufacturing capacity is either underdeveloped or non-existent. Countries on the continent are looking to **develop** their local pharmaceutical manufacturing industries
- IPI valued at **\$33 billion** 2016 > India's global pharmaceutical exports were worth **\$13 billion**, accounting for **20% of total global exports** > African countries are a significant export market for their products > Exports to Africa amounted to **\$3 billion in 2017**
- Indian firms own the **second largest number of USFDA approved pharmaceutical manufacturing plants**, outside the US.
- Several small and medium-sized Indian pharmaceutical companies are keen on **expanding their operations overseas** and they stand to gain from the incentives provided by many host governments looking for foreign investors.



Ethiopia, 2017

Criticisms

- Some Indian companies > accused of **selling sub-standard drugs.**
- Low levels of investment in research



Sub-national actors

In Search of Opportunities: The Indian farmer and the Chinese contractor



Ethiopia, 2017

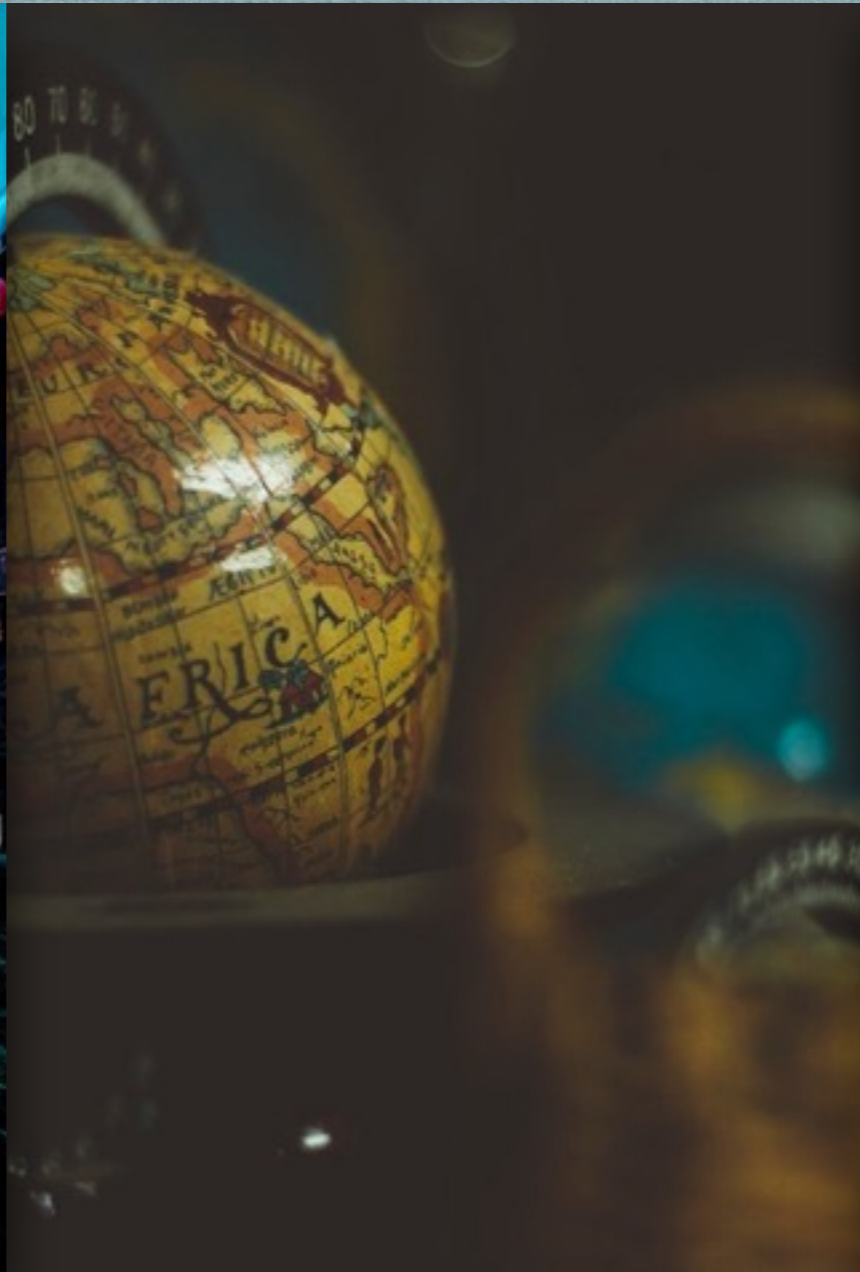


Tanzania, 2018

In Conclusion:

Examining China's multi prong engagement in Africa, it appears that diplomatic, political, economic and cultural forces are in concert, presenting an image of a state-led coordinated strategy. However, the reality is more sporadic than it appears to be, with multiple actors, numerous agendas and a general lack of cohesion. Alternatively, Indian businesses operating out of Africa seem to be working in silos with very little interaction with the state. While institutions like the Exim Bank who see this divide present excellent ideas to work in tandem and leverage strengths through their working papers, very few of these recommendations are acted upon and implemented. It wouldn't be inaccurate therefore to argue that India's Africa policy is driven by the corporate sector, with the government trying to play catch up. That said, the reinvigoration in India-Africa state to state relations has in some measure been driven by China's ambitious foray into geographies where India has traditionally held sway.

The idea of weaving Indian or Chinese characteristics into the African growth story is one that needs to be explored by the African agency. As India and China craft their agendas for Africa, it is imperative that countries individually or the African Union collectively also have in place strategies to deal with Sino-Indian overtures. The Hausa proverb "When the music changes, so must the dance", can be applied to the evolving relations between India, China and Africa as well. The jury is still out on whether New Delhi's and Beijing's Economic Diplomacy in Africa, which has the potential to help countries leapfrog their development processes, is in reality symbiotic in nature. One thing for sure however, is that their interactions is changing status quo on how business and geopolitics is conducted in the continent. For other powers engaged in the region, this means learning new steps and finding a new rhythm because if nothing else, the music has certainly changed.



Thank You

Veda Vaidyanathan, PhD

Research Associate, Institute of Chinese Studies, New Delhi

Past, Present and Future of African-Asian Relations | April 2019 | University of Neuchâtel