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Go South! India “Discovers” Africa and Latin America

Sandra Destradi and Eva Küssner

In August 2012, India’s first dialogue with the Community of Latin American and Caribbean States (Comunidad de Estados Latinoamericanos y Caribeños, CELAC), founded in 2010, took place in New Delhi. Following India’s “rediscovery” of Africa, this demonstrated India’s interest in forging closer political ties with Latin America.

Analysis

Since the 1990s, India has been globalizing its foreign policy. Having initially focused on Southeast and East Asia, India has looked to extend its relationships with Africa and Latin America in recent years. The driving force behind India’s diversification of foreign policy to the global South is, on the one hand, economic interests, and, on the other, the quest for recognition of India’s ascent to great power status.

- India’s renewed engagement in Africa began with Indian businesses’ investments in the raw material sector. Through a number of development activities and with the participation of Indian soldiers in United Nations (UN) peacekeeping operations, the Indian government has been signaling to the international community its readiness to act as a responsible (potential) great power. Security policy interests are the reason for different kinds of security cooperation with East African states in the Indian Ocean region – an area India considers to be part of its extended regional neighborhood.

- Indian-owned businesses have become increasingly active in Latin America since the beginning of the twenty-first century. This is, however, not only due to the region’s resource wealth, but also to its potential as a market for Indian products and as an investment location. Foreign policy has only recently started to follow the economy, as shown by New Delhi’s hosting of the India-CELAC Foreign Ministers’ Dialogue in 2012.

- India remains, however, far behind China. Despite India’s growing engagement in Africa and Latin America, these regions are not of primary importance in the overall context of Indian foreign policy, which is still very much focused on security threats that spill over from the immediate regional vicinity.

Keywords: India, Africa, Latin America, foreign policy
Global Reorientation of Indian Foreign Policy

For more than a decade, India has been considered an emerging great power. Average growth rates of 8.4 percent from 2006/2007 to 2010/2011 and a booming IT sector show India to be a new economic power, often compared to China. India’s economic boom has been accompanied by a growing effort by New Delhi to be recognized by and, ultimately, accepted into the “club” of the great powers in international politics. Despite currently declining growth rates, this trend has continued, leading to a foreign policy that is increasingly globally oriented.

Although India’s foreign policy priorities in the 1980s were still very much limited to South Asia, following economic liberalization in the 1990s, India has expanded its focus. The so-called “Look East” policy – started during the tenure of Prime Minister Narasimha Rao (1991–1996) – saw increasingly closer relations developed with Southeast and East Asian countries. The driving force behind this new orientation of Indian foreign policy was primarily economic interests, since New Delhi hoped to benefit from improved ties with the flourishing economies of the Asian Tigers. Furthermore, India had to reshape its foreign policy globally following the end of the Cold War and the dissolution of its longstanding partner, the Soviet Union. Since the beginning of the twenty-first century this has led to a decidedly “pragmatic” foreign policy. For instance, India has partly continued its Non-Aligned Movement (NAM) rhetoric by reiterating its preference for the principles of non-intervention and sovereignty as well as a “values-driven” foreign policy. At the same time, however, the Indian government has systematically endeavored to diversify its international partnerships. Thus, on the one hand, India has continued to cultivate its existing relationship with Russia – India’s most important weapons supplier – and, on the other hand, it sought to get closer to the United States for the first time, despite major internal opposition. The culmination of these processes was the signing of the US–India Civil Nuclear Cooperation Agreement in 2008, which allows India access to nuclear technology and materials, even though it has not signed the Nuclear Non-Proliferation Treaty. As regards Europe, the Indian government signed a strategic partnership agreement with the European Union in 2004 (Hess 2013), while negotiations continue over a free trade agreement. India is also developing positive relations with various Asian partners, including Japan and South Korea – with whom India signed strategic partnership agreements in 2006 and 2010, respectively – as well as the resource-rich Central Asian states. In the Middle East, the desire for cooperation with all relevant partners goes so far that India maintains good relations with not only Israel, but also Iran and some Arab states – an ambivalent and not always unproblematic policy (Berger and Mattes 2008).

Since the beginning of the twenty-first century, moreover, India has been increasingly cooperating with other emerging powers – in particular with Brazil, South Africa, and China – in different constellations, depending on the subject area and commonalities in interests (Flemes, Scholvin, and Strüver 2011). Cooperative frameworks include the IBSA Dialogue Forum (founded in 2003), in which India cooperates closely with Brazil and South Africa as a tripartite grouping of the largest democracies in the global South; the annual BRICS summit (inaugurated in 2009) which is used by the BRICS countries (Brazil, Russia, India, China, and South Africa) to coordinate their demands – for example, the restructuring of the world financial system; and the so-called BASIC countries (Brazil, South Africa, India, and China) which agreed to joint action at the 2009 UN Climate Change Conference in Copenhagen.

In sum, India’s foreign policy is characterized by a willingness to cooperate with various international partners, without becoming too strongly bound to any particular partner or possibly entering into a relationship of dependency. Therefore, despite attempting to develop stronger relations with the US, India was not willing, for example, to follow the US on issues like the sanctions policy against Iran. The central objective of this diversified and pragmatic foreign policy is to obtain international recognition of India’s status as a great power. This effort – which is expressed most clearly in the call for reform of the UN Security Council and, in particular, for a permanent seat for India – is not new, but it has received new impetus due to India’s economic rise in recent years. Economic interests and the quest for international recognition are the driving forces behind the expansion of India’s foreign policy priorities towards two other regions of the global South: Africa and Latin America. The following sections will address the motivations and interests of this additional orient-
Enhanced Cooperation in Africa

India’s relations with Africa had remained stagnant for a long time despite the richness of its historical links with the region. Trade relations have existed between the Indian subcontinent and Africa since the ninth century, while British colonial rule led to the arrival of the Indian diaspora in East Africa. After independence, India supported African decolonization in the UN, closely cooperated with various African states in the framework of the NAM, and has long acted as a donor, providing technical support to Africa since the 1970s. During the 1980s and 1990s, however, relations remained at a relatively low level until New Delhi’s global orientation of foreign and economic policies and subsequent renewed interest in Africa. India’s “rediscovery” of Africa was driven primarily by economic interests. Due to its own scarcity of resources and growing energy use, India is reliant on the diversification of its energy imports. It is, therefore, hardly surprising that the Indian government is trying to establish oil production agreements in countries such as Nigeria, Angola, and Sudan. The agreements are often linked to the allocation of funds or to the implementation of development projects (aid for oil). In Nigeria, for example, the Oil and Natural Gas Corporation (ONGC)–Mittal Investment consortium invested 6 billion USD in the rights for oil production in 2006. In return, the consortium built an oil refinery, a power plant, and a railway line. Similar agreements can be found in other sectors. For instance, an Indian consortium invested 1.2 billion USD in the mining of diamonds in Zimbabwe. In return for a continual supply of diamonds, a training program in diamond processing was to be established for young Zimbabweans (Vines 2010: 4–5). The uranium reserves of countries like Namibia and Malawi, moreover, are of particular interest for India’s nuclear program.

Africa offers not only access to raw materials, but also a market for Indian products. In order to promote Indian exports, the government launched its “Focus Africa” program in 2002, which provides for the granting of credit by the EXIM Bank among other things. In fact, over the past decade India’s trade with African states has grown rapidly: from 3 billion USD in 2000 to almost 53 billion USD in 2010/2011 (Ramachandran 2012). Nevertheless, within the context of its economic activities in Africa – as in most other regions – India is lagging far behind China. On the one hand, New Delhi strives to imitate China’s success. For example, its India–Africa Forum Summit meetings, which took place in 2008 and 2011, replicate the longer existing Forum on China–Africa Cooperation, albeit within a smaller scope. On the other hand, Indian government officials stress the radical differences between India’s engagement in Africa and that of China. They argue that India is not only concerned with the extraction of natural resources, but also with the creation of added value for African economies and, ultimately, for the African people (Vines 2011).

The desire to compete and keep up with China – in Africa and beyond – represents a driving force in its own right in Indian foreign policy. In recent years, China has expanded its influence in India’s neighborhood, including countries such as Nepal and Sri Lanka – a region which India perceives to be its traditional sphere of influence. With the construction of a number of ports in Pakistan, Sri Lanka, Bangladesh, and Myanmar, China has substantially increased its presence in the Indian Ocean (Pant 2012). This situation – along with the necessity to safeguard trade routes from pirate attacks – accounts for India’s growing security policy engagement in East Africa. In recent years, for example, India has finalized defense agreements with a number of East African states, including Mozambique, Madagascar and the Seychelles (Vines 2010: 9). In Madagascar, India erected a radar monitoring station in order to better police the waters off the African east coast (Vines 2010: 9). Also, as part of a defense agreement signed in 2000, there is regular contact between the Indian and South African navies (Sidiropoulos 2011: 8).

Apart from concrete economic and security interests, New Delhi’s Africa policy is also driven by the overriding desire to be recognized as a great power. Therefore, India has tried to distinguish itself in the eyes of the international community as a responsible actor, providing public goods in Africa. India has always been one of the most active participants in UN peacekeeping operations, and currently has around 8,000 soldiers assigned to such missions in Africa. Additionally, India has increased its development policy engagement in Africa in recent years. Besides the aforemen-
tioned export-promoting and conditions-bound measures, India offers training – from IT to languages to management courses – to approximately 3,000 people from various African states each year through the Indian Technical and Economic Cooperation (ITEC) program. New Delhi also plans to set up 19 new training institutes in trilateral cooperation with individual African states and the African Union. Moreover, with the Pan-African e-Network Project, India has invested 117 million USD in the networking of schools and hospitals and in the provision of e-governance and e-commerce services for African countries.

Critical Voices from Africa

As far as its development activities are concerned, India avoids short-term projects due to its own experiences with such projects carried out by Western donor countries. Through its programs, India is showing the international community that its status has risen from development aid recipient to that of a donor. At the same time India’s engagement in African countries is strongly influenced by the rhetoric of “South-South cooperation,” which emphasizes a “partnership of equals,” unlike the classical donor-recipient relationship. India thus seeks to gain favor with African countries and, at the same time, to gain supporters in the UN General Assembly for a possible vote on UN Security Council reform, which requires a two-thirds majority. Although it is often argued that compared to China, India is perceived as a less aggressive and more cooperative partner in Africa (Taylor 2012: 795), India’s engagement in Africa is not entirely uncontroversial. In certain East African countries, the local communities have expressed resentment toward the Indian diaspora (Taylor 2012: 782) and Indian development cooperation projects, such as the construction of a presidential palace in Accra, Ghana, have been heavily criticized. The participation of Indian soldiers in UN peacekeeping operations has also occasionally created tensions. In 2008, for example, Indian troops were accused of corruption, sexual assault, and the failure to protect civilians, leading the government of the Democratic Republic of Congo to demand their exclusion from the operation.

Although India has, in recent years, placed considerable emphasis on developing relations with Africa, a coherent policy towards the region has not yet been established. India has generally struggled to set clear foreign policy priorities (Maihack and Plagemann 2013), often following a reactive policy characterized by selective and ad hoc decisions. On the one hand, this is related to the constraints placed upon Indian diplomacy – in particular to the dramatic understaffing of the Indian Ministry of External Affairs. On the other hand, the lack of coordination and the competing interests of different stakeholders – from the private sector to those in institutions entrusted with development policy to the security establishment – also play a role in influencing Indian policy towards Africa (Taylor 2012: 796).

Economic Development in Latin America

Latin America is the last region to which the Indian government has opened up its foreign policy. It is also geographically the most distant region and – from a historical perspective – one of the regions with which India has had the least contact. India’s membership in the NAM and the Commonwealth, on the one hand, and Latin American countries’ cooperation in their own regional organizations, on the other, meant that India and Latin America belonged to two different “clubs” in international politics (Heine 2012: 5). India’s relations with Latin America are, therefore, primarily driven by the economy, where improved access to natural resources and raw materials plays a significant role not too dissimilar to that in India’s economic relations with Africa.

Latin America’s deposits of mineral resources such as copper, iron ore, tin, and lithium as well as coal and oil are extremely attractive to India. Currently, commodities and commodity-based products account for about 50 percent of Latin America’s exports to India (OECD and ECLAC 2011: 21). Furthermore, the importation of agricultural products – including soy products from countries such as Argentina, Brazil, and Paraguay – might help supply the growing Indian population in the longer term. At the same time, India sees Latin America as an attractive market for Indian goods: Brazil, Colombia, and Mexico import vehicles, chemicals, consumer goods, and, above all, intermediate goods from India. Brazil, for instance, was the second largest importer of Indian textiles and insecticides between 2008 and 2010, while Colombia imported the second largest amount of scooters.
from India worldwide (ECLAC 2011: 49). In recent years, Indian companies have entered Latin America with large scale projects in the resources sector. For example, ONGC Videsh bought 15 percent of Brazil’s oil fields at auction in 2006. In 2007, the Jindal Steel and Power Group invested 2.1 billion USD in the mining of iron ore in Bolivia’s Mutún mine and another 600 million USD in 2012, which saw the Jindal Group become the largest Indian investor in Latin America (Economic Times 2012). Essar Oil, a subsidiary of India’s Essar Group, has agreements in place with most Latin American countries to extract heavy oil and bought more than 10 million tons of crude oil from Venezuela, Colombia, Mexico, Brazil, and Ecuador in 2012. Meanwhile, Arcelor Mittal has steel plants in Mexico, Trinidad and Tobago, Argentina, and Brazil.

The direct investments of Indian companies, however, go far beyond the resources sector. The first Indian company active in Latin America was the IT services and outsourcing company Tata Consultancy Services (TCS), in 2002. From its first location in Uruguay, TCS has expanded to 14 Latin American countries, where it employs a total of 5,000 employees (TCS 2013). At 9.2 percent growth in 2011, the IT market in Latin America is one of the fastest growing IT markets in the world, making it very attractive for Indian companies.

Of the 40,000 employees in Latin American subsidiaries of Indian companies, about half are employed in the IT sector. Also, Indian pharmaceutical companies like Ranbaxy, which entered the Latin America market as a joint venture in 2000, have since established wholly owned subsidiaries in the Latin American market.

**Intensification of Political Relations with Latin America**

Although economic relations with Latin America have been in place for over a decade, this region was long ignored by Indian politics. However, India maintains particularly close political ties with Brazil, in part through its networking in international forums such as IBSA and BRICS (Heine 2009: 130–132). This was particularly the case under President Lula da Silva (2003–2011), which saw the intensification of bilateral ties as well as three presidential visits to India during his eight-year tenure. However, New Delhi had little interest in other Latin American countries for a long period. Only recently has policy started to follow the economy: In August 2012, the Indian government initiated interaction with the Community of Latin American and Caribbean States (Comunidad de Estados Latinoamericanos y Caribeños, CELAC) by hosting the first India-CELAC Foreign Ministers’ Dialogue in an attempt to bring new momentum to India’s relations with Latin America. In addition to the decision to promote closer economic cooperation, a number of policy-relevant issues were discussed at the event, ranging from the fight against terrorism to the use of renewable energy. Meanwhile, both sides confirmed their interest in scientific cooperation, cultural exchanges, and tourism development (MEA 2012b). Although the India-CELAC meeting barely went beyond the expression of interest in working more closely together, this was the first attempt by the Indian government to cooperate with a Latin American organization representing the entire region.

At the bilateral level, India’s increased interests in Latin American countries and growing exchanges with Latin American governments were reflected in the number of state visits, which rose from only 12 visits during 1947–2000 to 12 during 2001–2011. For several years, India has also conducted small-scale development projects in various Latin American countries; however, only 0.01 percent of India’s total development cooperation flowed into Latin America in 2011/2012 (MEA 2012a).

Despite the significant intensification of Indian relations with Latin America, it must be noted that these still remain at a very low level. Despite the strengthening of trade relations, in 2011/2012 only 4.4 percent of India’s total exports went to Latin America, and only 2.4 percent of total Indian imports came from that region (RBI 2012). As in Africa, China is also a step ahead of India in Latin America, and has not only long maintained economic relations with Latin American countries, but has also expanded its political influence in the region and has established a number of strategic partnerships (Soliz Landivar and Scholvin 2011).

Unlike China, India barely has the necessary resources to expand its foreign policy engagement in Latin America (Heine 2012: 6). According to the 2011/2012 annual report issued by the Ministry of External Affairs, only 64 Indian diplomats had Spanish-language skills, while only 18 had Portuguese-language skills. In India’s think tanks there are no specific departments that deal with the Latin American region, while there is also an absence...
of Latin American study programs at Indian universities, meaning that knowledge and understanding of this region remains limited in India. At the same time, this low level of previous contact could also be a good basis for the longer-term development of political cooperation. Unlike in some African and neighboring South Asian countries, there are no past animosities that might impede the opportunity to build stable political relations.

Asia Remains Foreign-Policy Focus despite Global Orientation

India’s “rediscovery” of Africa, its “discovery” of Latin America and the associated expansion of India’s foreign policy towards the South reveal its increasingly global nature. Because of different historical conditions and geopolitical realities, India’s involvement in Africa is significantly more advanced than it is in Latin America. Despite existing historical ties to Africa, however, the crucial factor for the strengthening of relations was the Indian economy’s interest in the region. Politics followed and this, in turn, provided an improved framework for closer economic ties. In its relations with Africa, the Indian government used its participation in UN peacekeeping operations and its allocation of development aid as a way to distinguish itself at the international level and gain potential supporters among African states. In the case of Latin America, political relations are, however, only in an embryonic stage, with economic considerations still very much at the forefront of New Delhi’s interests.

Although there is a lot of potential in India’s relations with Africa and Latin America, and even though New Delhi has made significant efforts and clear progress in the development of its Africa and Latin America policy in recent years, the importance of these regions in the overall picture of Indian priorities should not be overestimated. While Africa is clearly relevant mainly because of security policy implications for India and Africa’s east coast is seen as part of India’s “extended neighborhood,” Latin America is (with the exception of Brazil), in political terms, of secondary importance for India. India is faced with more pressing issues in its own region: primarily with its nuclear-armed, politically unstable long-term rival Pakistan; with the conflict hotspot Afghanistan, from which the Western powers are currently withdrawing; and with its regional and supra-regional competitor China (Destradi and Mokry 2011). Nonetheless, India’s engagement in “the South” – the growing acceptance of responsibility in Africa and the intensification of relations with Latin America – represents an important building block in India’s path to becoming a great power.

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