

India eyes diplomacy and private sector to woo Africa

REUTERS, New Delhi/Addis Ababa

Bereft of China's riches, India is banking on diplomacy, development and its entrepreneurial private sector to woo African nations to open markets and natural resources to Asia's third-largest economy.

New Delhi has promised billions of dollars in development support, financing for infrastructure projects and the building of educational and training institutes as it positions itself as the alternative to Beijing.

India enjoys historical ties with some African countries, but became a mere observer when China came calling for resources and energy, with financial riches New Delhi could not match.

China boasts foreign exchange reserves of more than \$3 trillion, 10 times India's \$307 billion, and has aggressively used state-owned development banks to invest heavily in oil, gas and other resources across the continent.

But after being caught cold by China, and losing a series of bids for oil rights and infrastructure projects to its Asian rival, India is banking on a new approach to Africa that blends trade and investment with development economics.

"India's approach is reciprocal, expecting access to resources in exchange for developing technology and training Africa's human resources. That's how India is different to other foreign powers," said Suresh Kumar, head of the Department of African Studies, University of Delhi.

"In providing education, technology, development and security, India is a complete partner."

Like China, India has posted high economic growth rates since 1990 and the economy in a country of 1.2 billion people is now expanding at more than 8 percent a year. Resources from Africa are seen as crucial to help sustain growth.

Total trade between India and African countries stood at \$46 billion last year, still less than half of China's \$108 billion in 2008, but a huge increase on \$3 billion in 2000-1. India says it will reach \$70 billion by 2015.

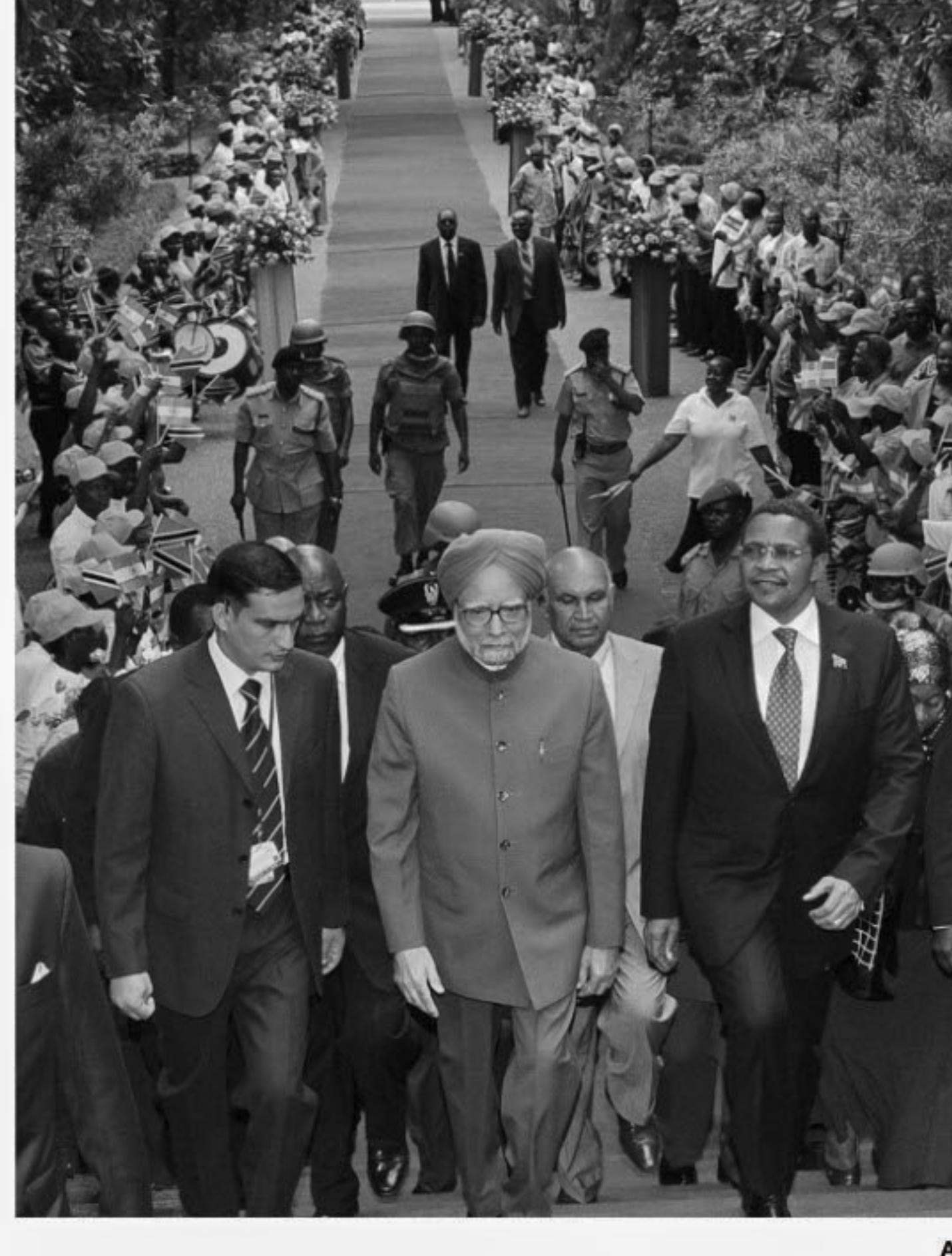
Beijing also leads the way in diplomatic terms, with 42 embassies across sub-Saharan Africa, double India's diplomatic presence of only 21 embassies, a report from the London-based Chatham House think-tank said.

India is keen to trumpet its cultural links with African countries, citing a shared history of imperialism and trade routes established hundreds of years ago.

The Indian diaspora in Africa tops 2 million people, but it is mainly concentrated in South Africa, the Indian Ocean and some countries along the Eastern seaboard such as Kenya.

"The private sector is pushing the Indian government to engage on Africa more consistently and to expand its network," said Alex Vines, head of Chatham House's Africa Programme.

Prime Minister Manmohan Singh, on a six-day trip to Ethiopia



Indian Prime Minister Manmohan Singh (C) arrives at the state house with Tanzanian President Jakaya Kikwete (R) for meetings in Dar es Salaam Friday. Singh flew in from the Ethiopian capital of Addis Ababa where he offered \$5 billion in credit.

pia and Tanzania this week, pledged \$5 billion over three years in development support, \$700 million for new institutions and training programmes and \$300 million for an Ethiopia-Djibouti railway line.

"India can be blamed for waking up late to the African opportunity, but can make up for lost time by projecting itself

as a more humane investor than its northern neighbour," wrote India's Hindustan Times newspaper in an editorial.

While India, and other emerging economies, see Africa as an important supplier and customer to drive growth, it is a sign of New Delhi's growing global economic and political clout, that it is seeking to play a leading

role in Africa's development.

"Africa is determined to partner in India's economic resurgence as India is committed to be a close partner in Africa's renaissance," said the declaration after the second Africa-India summit in Ethiopia this week.

India's state-run oil firms are beginning to invest in countries including Nigeria and Kenya, coal and diamond firms have invested across the continent, and new embassies in Niger and Malawi have been opened to assist firms with securing uranium for India's fast-growing nuclear power industry.

India is also keen to leverage its global expertise in the information technology, agriculture and human resource sectors in helping African countries, many of which face similar developmental hurdles that India itself is grappling with.

While China has snapped up resources through governmental agreements, India's government wants the private sector to spearhead the push to secure investments across the continent.

"India's engagement with Africa is completely different with that of China. With China it's state-to-state, even if the investors are private companies," said Zemedene Negatu, Ernst & Young's Managing Partner for Ethiopia.

Indian telecoms firm Bharti Airtel spent \$9 billion acquiring Zain's African assets last year with a view to implementing strategies in Africa that were developed in the world's fastest-growing mobile market.

IMF faces dilemma with Greece

AFP, Washington

The International Monetary Fund faces a tough dilemma with Greece, tugged between bending its standards to give more support to Athens or to push the country out on its own, at risk of a debacle for the eurozone.

A team from the global lender of last resort has been in Athens for three weeks trying to negotiate the next tranche of their 30 billion euro bailout loan to the country, part of a joint 110 billion euro package packed with the European Union to save Greek finances.

If it goes ahead, it would be the largest loan the IMF had ever disbursed to one country.

But after warnings from both the EU and IMF that Greece is not meeting the conditions of the rescue, the next disbursement is not a done deal.

IMF acting managing director John Lipsky told Bloomberg Television Friday from Deauville, France, where the G-8 countries were meeting, that Greece has to follow through with reform commitments to get more money.

"It's pretty straightforward: there are conditions and criteria associated with the disbursal of funds, and our staff along with European colleagues are in Athens right now in discussions with the Greek authorities."

A day earlier IMF spokeswoman Caroline Atkinson said the Fund needed "assurances" on how Athens will fund its future to continue giving it support.

"We are certainly focusing on what can be the next steps for the economic program in Greece," she told reporters.

"And so we look for -- our technical term is financing assurances. We have to ask for financing assurances in every program."

The IMF never makes public its conditions for governments receiving bailout financing -- and the conditions are usually tough, economically and politically.

But in principle, the recipient has to make certain guarantees that it will be able to meet its financial obligations in the foreseeable future.

In other words, the Fund will not hand money to a country which will not be able to pay it or other creditors back under commitments made at the outset of the program.

Tradition, sprawl confront next Tata Group leader

REUTERS, Mumbai

Ratan Tata, retiring soon as chairman of India's sprawling Tata conglomerate, is known for making sketches of the company's next car model and fussing over details of a hotel's design.

Whoever succeeds him in India's highest-profile job is likely to be less caught up in details and more focused on taming an unwieldy \$67 billion business that earns pedestrian returns and is saddled with debt after an acquisition spree.

The search for a successor to head the enterprise, founded by 73-year-old Ratan Tata's great-grandfather in 1868, has not gone entirely as planned. Last August, Ratan Tata, who has been at the helm for 20 years, had predicted it would announce a successor by March this year.

No announcement is imminent, a source with direct knowledge of the matter told Reuters earlier this week.

The delay underscores the challenges facing the group, which for the first time in its 143-year history is looking outside the family, and the companies, to fill the top spot.

Tata's new boss must manage a group that was founded as a textile company, but now spans everything from cars and consultancy to telecoms and tea, and embodies India's global ambitions. Two-thirds of Tata's revenue is generated abroad.

Succession is an increasingly important risk factor for investors in corporate India, dominated by family dynasties.

"It has been tough to find someone who is a natural fit for the role," said the person with direct knowledge of the



Ratan Tata

matter, declining to be identified because details about the search are not public. "We will probably change what we are looking for," the person said, referring to the search criteria.

Some of the top names in India's formidable executive diaspora have been in the mix at various stages in the process.

The search committee approached PepsiCo Chief Executive Indra Nooyi, an Indian-born American, who declined to enter the race for personal reasons, two sources said.

Arun Sarin, former CEO of British telecoms giant Vodafone and now a California-based senior adviser at private equity firm KKR, was also considered, the source with direct knowledge of the matter said.

One potential front-runner

yet to win the full support of the five-member search panel is Ratan Tata's half-brother, 54-year-old Noel Tata, sources with direct knowledge of the matter told Reuters.

Noel Tata is the son-in-law of Pallonji Mistry, the single largest shareholder in group holding company Tata Sons. He was recently moved into the top spot at the group's international operations in a move seen aimed at grooming him for the top job.

But Ratan Tata hinted in an interview with The Times of London that Noel was not ready for the role.

"I think if he is to run this he should have greater exposure than he has had. Partly his not having it has been his own choice," he was quoted as saying.

A spokesman for Tata Sons said the panel had interviewed internal and external candi-

Russia to lift grain export ban July 1: Putin

AFP, Moscow

Russia on Saturday said it would soon lift a ban on grain exports that was imposed in August 2010 in the middle of an unprecedented drought that wiped out harvests.

"We are lifting the grain export ban on July 1," Prime Minister Vladimir Putin announced in televised remarks.

The ban by the world's third-largest wheat exporting country had originally been due to expire at the end of December but was renewed amid fears of another grain shortfall this year.

A top minister had earlier suggested that the ban may be extended through the summer.

Analysts said Russia's export ban helped contribute to a sharp rise in food prices last year that was one of the factors behind the wave of Arab uprisings.

Russia's decision comes three days after Ukraine -- often referred to as the breadbasket of Europe -- said it too was lifting all export limits after seeing a rise in stockpiles.

Putin instructed his first deputy in charge of agriculture to make sure that Russian farmers had access to the loans required to seed and harvest enough land this year.

"We are closely following the progress of this vital part of the economy and using all mechanisms at our disposal to support it," he said.

Russia's decision to extend the ban was caused in part by complaints from farmers that the after-effects of the global economic crisis were tightening their access to the necessary bank loans.

But First Deputy Prime Minister Viktor Zubkov said Russia had some of the world's cheapest grain and that lifting their export restrictions could only benefit farmers.

"Our current grain prices ... are almost half those on the world market," Zubkov told Putin.

"So, considering that we really do have grain now and the state of winter grain crops is good ... I think that we can lift the export restrictions on July 1."

Last year's devastating drought and accompanying fires destroyed harvests in 28 Russian regions and prompted a series of price hikes that caused the cost of some staples to rise exponentially at

EU, Japan eye new friendship, end to trade friction

AFP, Brussels

The EU and Japan went into summit talks Saturday seeking to elevate ties between the world's third biggest economy and its leading market by overcoming a history of prickly trade friction.

Stepping into the summit venue, a history-packed 18th-century castle nestled in leafy grounds, Japan's Prime Minister Naoto Kan called for the talks "to further deepen the 'kizuna', or bonds of friendship".

"I have come here to Brussels believing that the further expansion and deepening of this relationship will contribute to not just Japan and the European Union, but to the peace and prosperity of the world," he said.

The half-day summit is expected to produce a strong commitment towards a new long-term political partnership as well as pledges to launch efforts to reach a free trade deal (FTA).

Japan, struggling to recover from a devastating March tsunami and nuclear

meltdown, had hoped the summit would be the stage to announce a formal launch of FTA talks -- an accord worth tens of billions to either side -- but Europe wants more assurances of a level playing field before taking the path.

After months of tough talking heightened by a history of trade friction, officials said no such deal would be formally inked.

"This summit cannot launch negotiations but it can send a strong political message that we're seeking to launch negotiations," an EU diplomat said.

Along with pledges to take the road to free trade, the summit is expected to produce a written vow addressing Japan's demands for a wide-ranging historic new partnership with the bloc of 27 nations and its half a billion people.

On trade, however, the EU says a mountain of work remains to identify sticking points and compile a to-do list of issues to overcome before member states will approve official negotiations paving the way to an FTA between the two economic giants.



Japan Prime Minister Naoto Kan (R) shakes hands with EU Council President Herman Van Rompuy (C) and European Commission President Jose Manuel Barroso (L) during a welcome ceremony prior to the 20th EU-Japan summit at the Val Duchesse castle in Brussels yesterday. An EU-Japan summit seeking to elevate ties between the world's third economy and leading market to a new dimension, looks set to stumble on prickly differences over trade.