



INDIA'S ENERGY GEO-POLITICS IN AFRICA

Amal Sarkar

JRF in Geography

Jiwaji University, Gwalior (M.P.) India

Sonal Khare

Research Scholar, Political Science,

(UGC-NET)

A.P.S. University Rewa, (M.P.) India

ABSTRACT:

For an energy deficit country like India whose energy needs is growing rapidly, the import of different types of energy from various sources is a prerequisite to maintain the high growth rate of economy. In this era of globalization, the geo-politics of the world is seldom constant even for a short period of time. Oil & Gas constitute nearly 37% share of India's energy basket. India imports 76% and 24 % of her total oil and gas need. In this context it is estimated that India's oil import will reach by 90% in 2030. India is turning no stone unturned to fulfill her energy aspirations. India for this matter depends heavily on Middle-east and trade with Africa is yet to blossom to its full potential. There is a need to step up for new trade and diplomatic engagements. India-Africa Hydrocarbon conferences are the right step of the Indian government to push for energy agreements between hydrocarbon companies of India and Africa. The authors have used secondary data from this research article. As the numbers of African nations that have struck oil or gas have increased from seven in 1990 to 25 in 2015, it makes more imperative for India to engage herself with Africa. The decreased price of oil provides an opportunity for greater engagement in oil and gas sector with African nations.

INTRODUCTION

Energy is the vital driver of socio-economic development of a country. The 2nd most populous country is yet to fulfill her basic needs of energy. The energy strategy of a country aims at efficiency and security of energy supply. Geopolitics is the study of the influence of factors such as geography, economics, and demography on the politics and especially the foreign policy of a state the geopolitics of cold war years is passé, yet the contention for space, resource, influence and possession have outlived and surpassed everything else in a world of booming economies. Global politics is changing rapidly while earlier powers were interested in ideological supremacy, the present



day power politics is about the controlling of the natural resources. 21st century is the era of complex and varied interconnections among nations as globalization have joined their destinies. India's natural resources are scarce to provide further impetus for socio-economic development of the country. Oil & Gas constitute nearly 65% of world's energy requirement while they constitute only 37% of India's energy basket. India imports nearly 75% of her crude oil demands and over 24% of her natural gas demand while it is estimated that India's oil import will reach by 90% in 2030.

PRESENT DAY SENARIO

India is now the 3rd largest importer of oil and recently replaced Japan for the same. Exploring the untapped potential of Africa has become priority for India which possess qualitative and quantitative amount of natural oil and gas. India's democratic credentials and historical diplomacy strengthens India's claim of friendship with African nations.

When India is embarking upon her journey of super power and according to the Rostow's economic development model India is in 4th stage of growth and here a self sustained energy supply is of paramount importance. India's quest of natural resources can be fulfilled by vast African continent, which can also gain from India's technological and financial aid for development, health, and education and infrastructure projects.

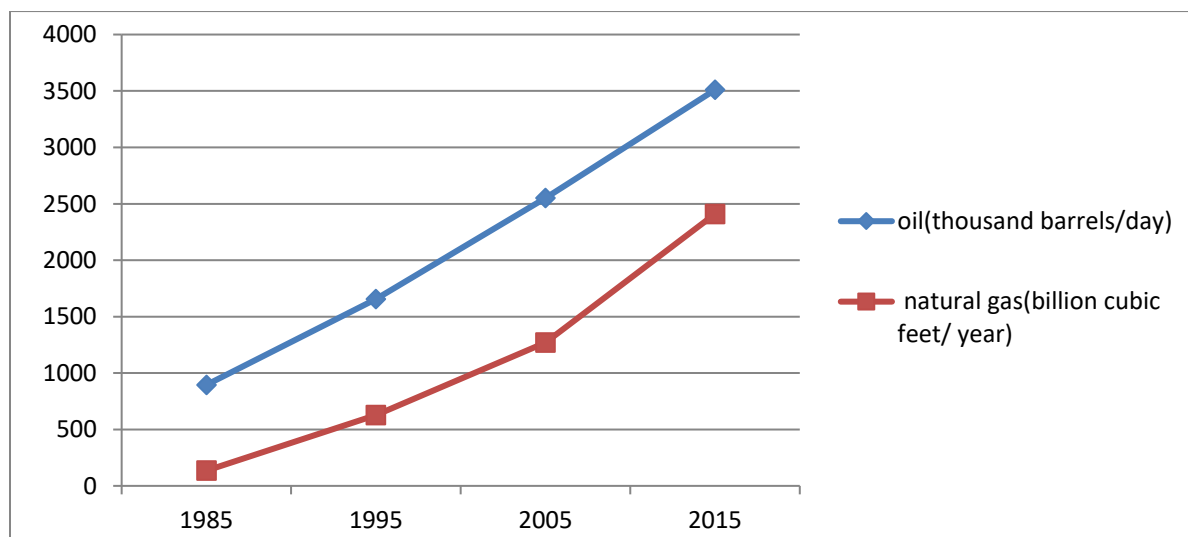


Figure showing India consumption of oil and gas over the last few decades..



HISTORICAL BACKGROUND WITH AFRICA

People of India have always felt certain sympathy for Africa, for the dreams and aspirations of her people and a desire to participate in Africa's struggles against colonialism, apartheid, poverty and ill-health. Regular trade relations of India with Egypt, Abyssinia, Somalia etc. date back to ancient times. The two regions have undergone similar kind of socio-political- economic transformations including the liberalization of their economies while they share a common commitment to the ideals of peace, non-alignment and economic justice. Beginning with the Indian leaders' concern for the welfare of Indians in South and East Africa [1860-1914] and Gandhi's and Shastri's approach on issues like African paramountcy while Nehru wished the total liberation of Africa. The emergence of Non-Aligned Movement during the Post-World War II period became an important factor in bringing India and the African nations closer.

OIL TRADE IN LAST FEW YEARS

There has been decline in oil trade from Africa as to total oil import. In 2000-2001 share of oil import from Africa was 23% which declined to over 16% till 2014-15 and then its reversal trend which continues till now. The reasons which can be attributed to this development are:

1. Fluctuations in oil production in Africa, which further declined after 2010 till 2014
2. Political instability in some oil exporting countries of Africa
3. Discovery of new sources of oil and increase in oil production in South America

West African crude prices started falling in 2014 as US Refiners replaced their imports with domestic light, sweet shale oil, allowing other nations like India to take advantage of the lower crude cost. This has increased India's oil imports from Africa and even African countries like Nigeria became largest exporter of oil to India for a brief period of time.

India's natural gas imports have nearly doubled from 9980 mcm (million cubic metre) in 2007 to 17500 mcm in 2015. India imports nearly 18 % of her natural gas imports from Africa. The over dependence of Middle East on gas shall reduce with increase in the share of Africa and Central Asian countries.



PRESENT PREFERENCES AND THE NEED OF GREATER AFRICAN ENGAGEMENT

Traditionally Middle East has been India's main source of oil and gas but there have been some variations due to changing geopolitics of the world. The greater Indian dependence on Middle East due to easy access to oil, comparative smaller distance of Middle East then other regions and even a large Indian Diaspora. But the low per capita energy consumptions of country along with high growth rate of development in Indian economy and ever increasing population mandates for greater usage of energy along with new sources of energy. Africa has emerged as a crucial region for oil supply diversification due to fragile nature of hydrocarbon supply chains in west Asia and conflict situations in land routes.

While oil and gas dominate the India's resource interest in Africa, India also imports coal, copper, iron, aluminum, timber, gold, diamond as well as agricultural raw materials. The presence of 3 million strong Indian Diaspora concentrated across Southern and East Africa with its largest presence in South Africa and Mauritius presents a driving factor for strengthening engagement with African nations.

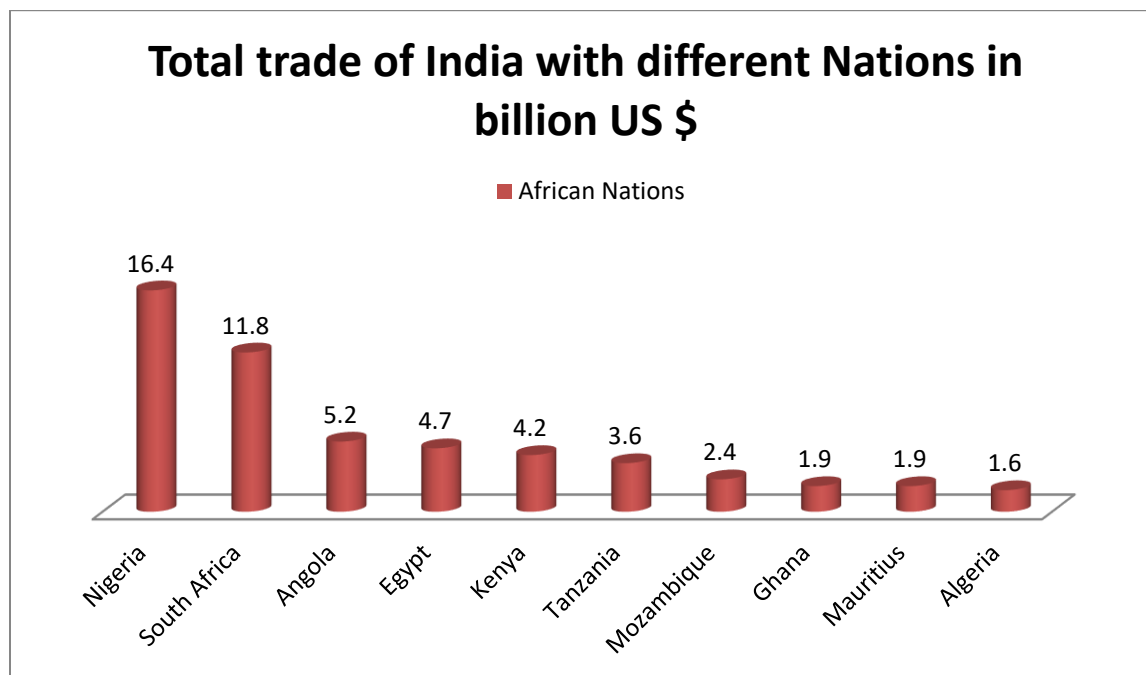
With ever changing geopolitics of world India has felt the need of diversifying the supply of her energy sources. One of recent example being the sanctions on Iran by the West, which forced India to cut her oil imports from Iran. Though this also opened the opportunity of trade of shale oil between USA and India.

INDIA'S EFFORTS FOR ACTIVE ENGAGEMENT WITH AFRICA

India is actively engaging with her African sisters and it is being reflected through her active foreign policy. The seriousness of India has led to formation of forums like India-Africa Summit. The total trade has increased by nine folds from 8.2 billion US Dollars in 2004 to 75 billion US Dollars in 2014 while India expects that it will touch 100 billion US Dollars soon. India African summits have provided platform for talks and meetings at the highest level. This has also opened new dimensions of engagement including trade and commerce, health, education, communication etc. India has strongly positioned herself as a strong dialogue partner with -the various regional economic communities like COMESA, ECOWAS, SADC, EAC and ECCAS and has been implementing sub regional and



national programmes. India has extended her diplomatic presence across all African countries however a deeper penetration is required.



Out of the top 10 African trading partners, India has hydrocarbon trade with 8 countries. The trade with some of these countries constitutes majority share of hydrocarbon.

INDIA-AFRICA HYDROCARBON CONFERENCES

The India-Africa Hydrocarbons Conference was conceptualized in 2007 with the objective to foster bilateral trade relations in the hydrocarbons sector, understand policy and regulatory frameworks and offer opportunities for strategic partnerships in upstream and downstream sectors of the two regions. Prior to 2016 there have been 3 hydrocarbon conferences which have produced momentum for trade in the hydrocarbon sector. Crude oil has huge share in India's imports while petroleum products are among top 3 item of export due to huge refining capacity of the country and its linkage with downstream industries. The 4th India Africa conference has further given the necessary boost and both the regions held focus over topics like.....



- ✓ Capabilities of India and Africa in the hydrocarbons sector
- ✓ Opportunities for boosting India-Africa trade in oil and gas
- ✓ Prospects of Indian investment in Africa's upstream and downstream sectors
- ✓ Policy and regulatory frameworks of Africa and India
- ✓ Cooperation in capacity building in Africa through human resource development, transfer of technology, research and development, etc.

INDIAN HYDROCARBON COMPANIES IN AFRICA

OVL (Ongc Videsh Limited) acquired Talisman Energy's 25% share in Greater Nile Oil Project. Other Indian players hold operatorship interests in multiple key assets across the Gulf of Suez. In January 2014 OVL and Oil India completed the acquisition of Videocon group's 10% stake in Mozambicans gas field for a total of 24.7 billion US dollars. Indian companies have been seeking opportunities to collaborate in the gas discovery in the eastern coast of Africa. Overall in Mozambique, Indian companies have a significant presence of 30% stake in Area-1. Similarly in South Sudan, Indian companies own —25% share in 4 key blocks. They also hold interest in a number of oil and gas assets in Gabon and Libya.

Several Indian companies are providing comprehensive EPC services to the hydrocarbon sector. Indian Companies are presently working in Algeria, Libya, Sudan and Ghana to name a few. Recently, an Indian engineering company EIL won the largest consultancy contract for an oil refinery in Nigeria. The project entails Project Management Consultancy (PMC) and Engineering, Procurement and Construction Management (EPCM) for a 20 MMTPA oil refinery. Another Indian company is building gas compression stations for Algerian NOC, Sonatrach for their pipelines. Other presence of OVL in Africa is:

Libya (block NC-189, contract area 43)

Nigeria (block OPL 279, OPL 285 Block 2)

Sudan and South Sudan (GNOP/GNOPC/GPOC-1, 2 & 4, Pipeline Khartoum port)



Recently Equatorial Guinea has offered India equity in her oil blocks.

CHALLENGES FOR HYDROCARBON TRADE BETWEEN THE 2 REGIONS

1. Maritime security especially the Somalian pirates near the Horn of Africa poses has emerged as a form of Economic Terrorism, endangering both life and trade between the 2 blocks. Joint efforts across Indian Ocean and maritime exercises between nations along with Indian navy's anti-piracy patrol has reduced piracy but yet to erode the fear from the minds of people.
2. Proliferation of Islamic fundamentalism and local ethnic conflicts in countries like Nigeria, Somalia, Mali, Sudan, Egypt, Libya etc has destabilized the established governments and has jeopardized the security of the people and investment.
3. The new race of resource acquisition has though long started in Africa but with the Expanding influence of China and may swallow the share of India.

CONCLUSION

The century is supposed to witness the shifting of power from North to South converging in and around Indian Ocean, thus South-South cooperation and exchange will further increase the mutual interest and will provide reliable base to economic development. India is emerging as an economy with strong fundamentals with high growth prediction in a environment of slower world economic growth. India has shown her long-sightedness with her huge investments in non-conventional energy sector but she still needs a substantial amount of fossil fuels even for her basic subsistence. At a time when India's demand for oil and natural gas will peak by 2035 it is imperative for the country to not only diversify her energy basket but also to build over the decades of diplomatic and historical relations with both the 1st and 3rd world countries. Africa is the land of potential and India needs her active engagement with Africa to so that a sustainable healthy relations can be made.

India is making efforts for her active engagement with Africa at various stages like African Union at 1st stage, Regional groupings at 2nd stage and individual countries at the 3rd stage. The



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Socio-economic-political similarities of India with Africa should be used as a base for better understanding of Geopolitics of world along with healthy diplomatic relations which can foster trade to a new level. India has huge expertise in oil refinery, oil exploration and petro-chemical sector which should be put to best use in technology and money deficit Africa so that there is a win-win situation for both the regions.

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