Lusophone Africa: A New Destination for Indian Energy Security

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Abstract
Indian economy is growing at a fast pace and is emerging as one of driver of international economic growth. Among the challenges towards ensuring sustained growth is the securing energy supply. Being an energy importing country, it has tried to diversify and secure sources of energy especially oil from many countries including some African countries. Lusophone or Portuguese speaking African countries, in particular, Angola and Mozambique have in the recent past become focus of both policy makers and business groups. India, however, it faces different types of challenges that include instability and endemic conflict in these countries and more importantly active engagement and competition from other countries such as China and Brazil. While Indian policy appears to succeed in Mozambique, its policy in Angola has not yielded similar success.

Keywords: Energy security, Lusophone Africa, Mozambique, Angola, India-Africa Partnership

India has been growing at a fast pace and is considered to be one of the emergent drivers of international economic growth. However it faces formidable challenges to attaining both its internal and external goals. Among these challenges is the acute vulnerability it has in attaining energy security. The paper will look at this issue in the context of their growing relationship with Lusophone or Portuguese speaking Africa that includes Angola, Cape

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Verde, Guinea-Bissau, Mozambique, São Tomé and Príncipe and Equatorial Guinea. India's relations with Lusophone countries, in particular with Angola and Mozambique, have traditionally been warm and cordial. They have remained low key with only peripheral engagement. This persisted even after India's renewed focus and engagement with Africa with an emphasis on trade relations.

While India has not been able to make significant inroads into investing in the energy sector in Angola, it is the third major destination for Angolan exports. In the case of Mozambique the recent gas discoveries and large coal deposits have become the main drivers of engagement with India. A host of Indian players both from the public as well as private sectors have been active in mining and other extractive activities. However there is a need to analyse the other factors that impact these engagements such as the instability and endemic conflict in these countries and more importantly active engagement and competition from other countries. These relationships especially with Mozambique are poised at a crucial juncture. If the right enabling environment is created, they have substantial potential to grow. The paper intends to study India's engagement with Lusophone Africa by focusing on Angola and Mozambique and analysing the current challenges and prospects of future trajectory.

The sense of vulnerability that India perceives is partly due to the adverse regional security environment that it finds itself in. These formidable security challenges from its other Asian peers are compounded by China and Japan's quest to have access and control supplies of various commodities such as oil to secure their economic future. This has made the access to oil and energy a security challenge and its disruption is seen as a threat to national security.

Energy Security

The term energy security encompasses many dimensions and the interrelationships that have an impact on the availability of secure energy access at affordable price. These secure supplies should cover both the current needs as well as those in the foreseeable future. As energy security is intrinsically linked to the economic development it has significant implications for emerging and developing societies. Energy security is defined as the 'ability of an economy to provide sufficient, affordable, and environmentally sustainable energy services so as to maintain a maximum welfare state' (Vosylius *et al.* 2013: 9).

While arguing that global energy consumption will be growing primarily due to demand emanating from Asian countries especially India, China and Japan, Savacool and Vivoda states that the Asia’s oil dependence will increase from 57.5% to 66.4% by 2030. Asia countries will need an investment of about $7 to $9.7 trillion in the overall energy sector during the period 2005-2030. Out of this total investment about 60% would be in electricity generation, transmission and distribution (Sovacool & Vivoda 2012: 949-50).

However, more importantly it is not availability of energy or investment in that sector but security of supply has become a key economic and political concern. Also this has global implications. While India, China and Japan account for about 19.3% of world oil demand yet they control only 1.5% of world oil reserves(Sovacool & Vivoda 2012: 950), implying that most of the oil supplies would have to traverse long distances from distant transcontinental oil fields making them venerable to disruptions.

In a similar vein Andrew Phillips argues that the emergence of China and India as super consumers and their concurrent securitisation of energy as a policy issue have aggravated pre-existing regional tensions (Phillips 2013: 18). While both have a common interest in securing cheap and reliable access to energy services, there is a growing tendency to approach energy policy as a national security issue cast in increasingly adversarial terms. He defines energy security as the perceptions of the national government that they will have reliable, affordable and uninterrupted access to energy necessary to maintain normal economic activity. He further argues that this subjective perception of the government is conditioned by three considerations. The first is the perceived adequacy of energy services relative to current and prospective demand. The second is the perceived efficiency, flexibility and resilience of the institutions responsible for the allocation of resources associated with energy service provision. The last is the perceived stability and benignity of the larger security order within which energy services are traded internationally.

One basic concern for energy security has been the domination of fossil fuels in the global energy mix and the looming fear of their depletion. Other concern is the supply adequacy based on the government’s assessment of efficiency, flexibility, resilience and responsiveness of domestic as well as international institutions. As a consequence of Asian countries/economies becoming increasingly integrated with the global economy, their needs have also increased and their efforts to secure supplies too have broadened to reach new areas. On the other hand their needs for uninterrupted, affordable energy supply that is resilient to short term disruptions need to be analysed. Similarly another concern is that will this supply be sufficiently adaptive and attract investments to ensure long term global energy security remains a major concern of policy makers of the region. Another important factor is the stability and benignity of the strategic environment as adverse conditions and supply disruptions would cause significant economic loss and hamper developmental efforts.

The tendency to securitise trade of key commodities has historically been the norm in Asia. As India, China and Japan are net energy importers, energy too gets securitised. However a matter of concern is the adversarial manner in which it is being securitised and the way this process is impacting upon the existing alignments patterns to reinforce regional rivalries. China is extremely sensitive to the geopolitical reality that underpins the global energy market, evident in its systematic efforts to expand energy links. Similarly from a supply adequacy perspective India's energy security perception is similar to the Chinese concerns (Philips 2013: 26-27).

It can then be argued that energy security perceptions of a country are a composite of many factors that encompass supply adequacy, institutional efficiency and strategic stability. However some countries such as India due to the precarious situation, in which they find themselves, tend to perceive energy as a national security challenge rather than an exclusively economic issue. As a consequence there is then a tendency to securitise energy policy. As this concern gathered importance and significance, policy makers in India began to frame responses to it and finally the Planning Commission came out with a policy report on it.

India's Energy Requirement

In August 2006, an ‘Integrated Energy Policy report’ was published by the Planning Commission of India that discussed various issues relating to enhancing India’s energy security in a holistic and sustainable manner. The report considered energy as being critical for attaining the country’s development agenda. It conceded that the challenges energy security poses to India are formidable. Meeting its energy needs and providing adequate energy of desired quality and mix in a sustainable manner and at competitive prices will be difficult. The report, according to Dadwal, further argued that India needs to sustain an 8% to 10% economic growth rate, over the next 25 years to achieve poverty eradication and attain its human development goals (Dadwal 2011: 6-7). In order to be able to maintain such a high growth rate India will need to increase its primary energy supply by three to four times. This would entail commercial energy supply to grow from 5.2% to 6.1% per annum and its total primary energy supply form 4.3% to 5.1% annually.

The report further points out that India has around 5.4 billion barrels (750 Mt) of crude oil reserves and 1074 billion cubic metres (bcm) of natural gas reserves. Indigenous oil production has not grown but has rather stagnated in recent years while the demand has grown by 3–5% annually. India is the fourth-largest oil consumer and the sixth-largest oil importer. By 2008–09, oil imports reached nearly 2.4 million barrels per day (mbd), representing 75% of total consumption. Based on the growing trend of demand and no prospects for major increase in production the dependence on imports is likely to increase. A model developed by the Planning Commission estimates different scenarios of energy consumption (http://indiaenergy.gov.in). It estimates by the year 2047, if country makes an aggressive effort then the total overall import dependence would be reduced to 38%, 77% in oil, 52% in gas and 19% in coal.

The number of countries from whom India imported oil grew to almost 50 countries in 2009-10 from 35 countries in 2006. The top 13 countries accounted for 95% of India's crude oil imports in 2006-07, but only 86% in 2009-10 implying it was spreading its suppliers (Sharma & Ganeshan 2011: 7). It is interesting to note that in 2006-07, India imported oil from only two African countries: Nigeria and Egypt. However by 2009-10, amongst the top 13 oil supplying countries included Angola that accounted for 5.4% along with Egypt providing 1.5% of India's total crude oil imports. This reflects the growing importance of other African countries such as Angola, from whom energy imports, has grown substantially over the last few years. In 2009-10 Africa provided about 20% of India's total crude oil imports, in comparison to 16% in 2006-07.

Not only does oil form a significant proportion of India's energy basket, it has traditionally relied on West Asia, but the region's volatility has forced a hunt for alternative sources. As the then Indian Prime Minister Manmohan Singh emphasised ‘our concern for energy security has become an important element of our diplomacy and is shaping our relations with a range of countries across the globe, in West Asia, Central Asia, Africa and Latin America’ (Beri 2011: 5-6). India’s recent engagement with Africa is based on its desire to play a more significant role in the international arena by securing a permanent seat in the UN Security Council along with promoting its economic and development interests and goals. Amongst these factors is the country’s quest for energy security. This coupled with new discoveries of oil and gas in sub-Saharan Africa, has made it a new destination of investments and collaborations. India’s growing energy needs have prompted energy co-operation with the African countries. Other factors too contribute towards this thrust as India’s Minister for Petroleum and Natural Gas, points out in relation to the country’s relations with other countries, ‘the emphasis has been on building an enduring partnership with sustainable development, resting on principles of equality, mutual respect and mutual benefit’ (Beri 2011: 11).

India’s engagement with Africa, it can be argued, is an effort to build a partnership that is founded on mutual needs by ‘sharing our experience, capacity and technology in the energy sector … building local capacities and ensuring technology transfer’ (Beri 2011: 8). During the 2009 India-Africa Hydrocarbons Conference, India identified five main areas of co-operation with African countries. These include apart from buying more crude oil from Africa, investing more in upstream opportunities such as pipelines, refineries and export facilities, source more liquefied natural gas and in exchange provide to these countries with Indian skills, talent and cost-effective technology.

Africa's Growing Importance in Global Energy Supply

The crude oil reserves in Sub-Saharan Africa have several advantages. The first advantage is that the region holds substantial oil reserves. However, unlike oil reserves in different parts of the world, most African reservoirs still remain largely untapped. The development of the productive potential of these reserves can make a significant contribution to global oil supply. Another advantage that most of Africa’s oil is of high quality containing low-sulphur content. Since the mid-1990s most of the new oil discoveries have been in deep-sea locations making shipping and export to major consuming countries easy. The combination of substantial untapped oil reserves of high quality, along with the possibility of easy access to transportation facilities, according to Gawdat Bahgat, has attracted massive investment from international oil companies towards Africa. These huge and growing investments have contributed to the rise of both proven reserves and actual production of oil (Bahgat 2007: 95).

India’s Africa Policy

India's broader engagement with Africa has undergone substantive change over the last decade or so. Africa as a continent has had a long and chequered relationship with India both of which are currently witnessing significant transformation. These internal changes have had a critical and crucial bearing on the emerging pattern of their external engagements. However to understand the dynamics, it is essential to factor in the larger international context and role of various role players, especially former colonial powers. It is also important to understand that the contemporary global landscape is changing into a more complex mosaic of interconnection and engagement between many new players. This change is bringing about a shift in the focus of relationships. It is also essential to study the context of transformation of Africa for an effective understanding of future trends in the engagement.

Traditionally Indian policy towards Africa was to support decolonisation efforts and anti-apartheid movement against South Africa. In the 1960s and 1970s the focus expanded to include common development challenges and need for a New International Economic Order. These policies remained merely symbolic like for example the South–South co-operation’s implementation has remained very notional. The relationship became even more indifferent during the early post-Cold War period due to the redundancy of the anti colonial and anti apartheid agenda that had brought Africans and Indians together. After the start of economic reforms in 1991, India’s foreign policy became increasingly pragmatic. The focus shifted to economic diplomacy and in the initial years Africa was ignored or overlooked in an effort to engage with more developed economies.

India, however, had been trying with limited success to leverage the ITEC programme of training facilities and project expertise with Africa. It also tried to showcase the Indian developmental experience of over six decades through an incremental process of trial and error in a diverse, pluralistic democracy. This developmental experience, due to the similarities that exist between India and Africa, was projected as having a special relevance to the needs of the continent. In a major initiative the Indian President Dr. APJ Abul Kalam, during a visit to Africa in September 2004, announced the setting up of the Pan African e-Connectivity initiative to connect all countries of Africa. These relations took a major positive turn as a consequence of Indian ambition to play a more proactive global role. The holding of the India-Africa Forum Summits in 2008 and 2011 is a pointer to the growing Indian interest in the continent. While on the other hand African countries too are trying to broaden their engagements beyond Europe. This convergence has provided a mutually sustainable platform for policy planners on both sides.

The first ever India-Africa Forum Summit, attended by the countries representing AU and the Regional Economic Communities of Africa was held in 2008. Leaders of 14 African countries and the AU Commission participated in it. It represented an important turning point in the engagement with Africa. The Summit adopted the Delhi Declaration and the Africa-India Framework for Cooperation to act as the blueprint for cooperation in the 21st century. The framework outlines the priority areas for future co-operation that included capacity building, agricultural infrastructure development, health and food security, energy security and technological co-operation.

India also announced during the summit, unilateral duty free and preferential market access for exports from all Least Developed Countries. There are 34 such countries in Africa. These concessions will cover 94% of India's total tariff lines and provide preferential market access on tariff lines that comprise 92.55% of global exports of all Least Developed Countries. Products of immediate interest to Africa include cotton, cocoa, aluminium ores, copper ores, cashew nuts, cane sugar, ready-made garments, fish fillets and non-industrial diamonds. India would also double its quantum of credit to US$ 5.4 billion from US$ 2.15 billion over five years. It also announced the setting up many Institutions such as the CV Raman International Fellowship for African Researchers, which was instituted along with doctoral fellowships in agriculture.

The second Africa-India Forum Summit was held in Addis Ababa in May 2011. The theme of the summit was 'Enhanced Partnership and Shared

Vision'. Two important documents were adopted at the Summit *viz.* The Addis Ababa Declaration and the Framework for Enhanced Cooperation. There was an effort to give further impetus to capacity and institution building. The focus areas for partnership included agriculture, trade, industry especially small and medium enterprises, finance to sports and tourism. Apart from credit for development, many new institutes of learning were to be set up in different African countries with a focus on agriculture and rural development, food processing, textiles, weather forecasting, life and earth sciences. It was agreed to 'continue our dialogue, deepen our friendship and enhance our cooperation, under the theme: Enhancing Partnership: Shared Vision.' (Addis Declaration 2011: 1) The summit was envisaged to reaffirm that Africa and India are fraternal partners due to the historical understanding. There was also a commitment as part of this partnership to deepen the process of African integration, promote a culture of peace and recognition of diversity through the consolidation of democracy.

It also noted that the economic growth in Africa had been revived to pre crisis levels and many new avenues and opportunities for economic partnership have emerged especially in the context that India was becoming a significant driver of global growth. Another factor that was addressed was the need to productively utilise the growing numbers and aspirations of youth from both India and Africa. After the Delhi Summit, there had been an increase of financial flows from India to Africa. Many of these were primarily focused on capacity building, human resource development and support to infrastructure, agriculture and SMEs. At the Addis Summit it was decided to build upon this by focusing on inclusive growth and socio-economic development.

The third edition of the India Africa Forum Summit was to be held in 2014 but was postponed due the change of government in Delhi. It is expected to be held sometime in the latter part of 2015. The summit's format and the deliberation would provide a pointer to the new government's priorities and agenda as well as the responses to the expectations of the African leadership and the future road map for the engagement.

Energy Engagement between India and Lusophone Africa

Other areas that have emerged as major drivers of India-Africa engagement is India's energy deficit, a seat in the reformed United Nations Security Council and the Indian Diaspora. These are defining Africa's growing importance in India's foreign policy. However the need to safeguard and sustain its economic development in a turbulent strategic and economic environment has become a critical challenge for policy framers in India. The inward-looking economic policy of India was replaced as a consequence of the economic reforms that were launched in 1991. Within a decade after launching these reforms i.e. by the turn of the century India became the fourth largest economy in the world in terms of purchasing power parity. It is anticipated to overtake all the Western nations, except the US, in terms of economic size by the end of current decade and the US economy by 2050 (Beri 2011: 7). This rapid economic growth has propelled India to become a major player in the international system with growing stakes. However to sustain the high economic growth witnessed in recent years, there is a critical need for India secure its energy supplies.

India's relations with Lusophone African countries have traditionally been warm and cordial. But relationships with Angola and Mozambique have remained low key with only peripheral engagement until recently. India and Angola relations stretches back to the period of nationalist struggle when India supported the MPLA in its struggle against Portuguese colonial authority. India has been part of all the three UN verification missions to Angola from 1989 to 1997. There have been limited high level exchanges between the two countries. For instance, the late Indian Prime Minister Rajiv Gandhi visited Angola in May 1986 while the Angolan President José Eduardo dos Santos paid a return visit to India in April 1987. The then Minister of State for External Affairs Mr. Anand Sharma visited Angola in June 2007 and the Minister of State for Commerce Mr. Jairam Ramesh in March 2008. In January 2010 the Minister of Petroleum and Natural Gas Mr. Murli Deora went to Angola with a delegation from the oil and gas Public Sector Undertakings to deliberate on the potential for a partnership in the energy sector. Similarly there have been regular visits from the Angolan side to India. Some notable visits include the visit of the Minister for External Relations Mr. Joao Bernardo de Miranda in May 2006 and the Minister for Petroleum Mr. Jose Maria Botelho De Vasconcelos in October 2010. The Minister of External Relations Mr. Georges R Chikoti attended the India-LDC Ministerial Conference in New Delhi in February 2011.

However, as is clear from the above the visits are few and far between, but in the recent past a host of business delegations, some from individual companies and some facilitated by the chambers of commerce like the Confederation of Indian Industries (CII) have visited to discuss trade and investment opportunities. The low frequency of visits by political leaders reflects fleeting attention among them for sustain their engagement and promote economic interests. Along with this is the inability of the business community to create a space for themselves while resisting the stiff completion from other countries like China but more formidably from Brazil which shares cultural and linguistic affinity.

In the case of Mozambique the relationship extends to the pre colonial period when merchants from west coast of India particularly from Gujarat sailed across the Indian Ocean. After Mozambique got its independence from Portugal, India was among the first countries to open its mission in 1975. Some high level exchanges have taken place between the two countries. The first Mozambican President Samora Machel visited India in 1982, which was reciprocated by Prime Minister Indira Gandhi in April 1982. President Joaquim Alberto Chissano has visited India twice - once in May 1988 and then in May 2003. President Armando Guebuza paid a state visit to India in September-October 2010. More recently in August 2015, President Mr. Filipe Nyusi, who is product of Indian Institute of Management, Ahmadabad, paid a state visit where a host of new agreements were reached. The change in leadership and growth in investment may lead to new climate of engagement and shift them to a deeper engagement.

This low level emphasis persisted even after India renewed its focus and engagement with Africa with a substantial economic component. While India has not been able to make significant inroads into investing in the energy sector in Angola, it is the third major destination for Angolan exports which primarily consists of oil and gas. In the case of Mozambique the recent gas discoveries and presence of large coal deposits have become the main drivers of engagement. A host of Indian players both from the public as well as private sectors have been active in the mining and extractive sector. About quarter of Indian investment is Africa have been made in Mozambique. After this brief discussion on India Lusophone Africa engagement, a look at the development and evolution of the energy sector in these countries is important to further the analysis.

Though the civil war ended in 2002 Angola the country still faces formidable developmental challenges. Endemic abject poverty has more than a third of the population living below the poverty line. The world’s falling oil prices have burnt a hole in the government's revenue and have led to cuts in its spending. The Angolan government recently increased oil prices by up to 28 % in April 2015 leading to widespread protests in Angola. The imminent change of national leadership in 2016 has also added to the prevalent state of insecurity in that country.

Angola became the largest oil producer in Africa in 2008 when it briefly overtook Nigeria (Hammond 2011: 345). It is currently the second largest oil producer in sub-Saharan Africa. In the Angolan economy, according to Hammond, the share of oil is about 45% of the country's GDP, 90% of exports and 90% of government revenues. Most of the oil fields in Angola are offshore fields. On one hand being off shore fields makes the export and shipping easier while on the other hand it get disconnected and insulated from political risks and more importantly scrutiny by local opponents of the regime.

The oil produced is of low sulphur content and of a high quality. Oil was discovered in Angola in 1955 and attempts to exploit it were initiated by the Portuguese colonial administration. By 1973 it had become Angola's chief export accounting for about one third of its total exports. Oil production continued during a 13-year war of liberation that culminated in the country's independence in 1975. Similarly the civil war that lasted from 1977 to 2002 did not impact the production of oil. The national oil company *Sociedade Nacional de Combustíveis de Angola* (Sonangol) was established in 1976, based on the departing SACOR, the Portuguese oil concessionaire. Sonangol is the sole concessionaire for oil exploration and production in the country. Angola joined OPEC in 2007. It received a quota of 1.9 million bpd. As of January 2008, its proven reserves were calculated at 9.0 billion barrels, up from 8.0 billion in 2007.

Most of Angola's oil is found in the Cabinda area that is an enclave territorially separate from Angola, sandwiched on the coast between the Republic of the Congo and the Democratic Republic of the Congo. It has both onshore and offshore oil reserves. Its domestic consumption is partly refined at two refineries at Luanda and in a new refinery in Lobito that started production in 2012. In 2014, Angola produced 1.7 million barrels of crude oil per day; Angola's oil production had been steady rising at an annual rate of about 15% during the period 2002 to 2008 due to production from different deepwater fields. It is estimated that Angola earned \$24 billion in net oil export revenue in 2014 (unadjusted for inflation), \$3 billion less than in 2013 because of decreased production and falling prices. Angola's dependence on oil revenue makes it vulnerable to fluctuations in oil prices (US Energy Information Administration, 2015). According to data from the World Bank, GDP growth fell to 2.4% in 2009 from 13.8% in the previous year as a consequence of the global financial crisis and the drop in oil prices, but it recovered to 6.8% in 2013 as oil prices increased. However for the year 2014 it again fell to 4.4% due to falling prices (World Bank).

India-Angola bilateral trade, increased from US$ 1286.184 million during 2007-08 financial year to US$ 8731.91 million in 2012-13 – more than a seven fold increase over a five-year period. However the provisional figures for the year 2013-14 indicate that bilateral trade will be lower at US$ 6515.55 million. India is now the second largest trading partner of Angola after China, sharing about 10.6% of Angola´s external trade. In Sub-Saharan Africa Angola is also the second largest supplier of crude oil to India after Nigeria. GAIL and other Indian companies have shown interest in imports of Liquefied Petroleum Gas (LNG) from Angola in their effort to supplement supplies to satiate India’s energy requirements. They have however not been able to gain entry and invest in the energy sector. While the principal items of Indian exports are tractors and transport vehicles, agricultural machinery and implements, food and meat products, pharmaceuticals and cosmetics, finished leather, paper/wood products.

In September 2014, in Mozambique, the FRELIMO[1] government and RENAMO[2] had agreed to the demobilisation of erstwhile rebels and process of their subsequent integration into the army, police and society. An international mission was sent to help in this effort. However even as the mandate of the mission is to expire in mid-May 2015, there has been no substantive movement on the ground. The RENAMO leader Afonso Dhlakama has threatened to divide the country. There are also reports of attacks on army base by rebels. All this put a question mark on the fragile

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[1] *Frente de Libertação de Moçambique* or Mozambique Liberation Front is the dominant political party in Mozambique founded in 1962, FRELIMO began as a liberation movement fighting for the independence.

[2] *Resistência Nacional Moçambicana* or Mozambican National Resistance is another liberation movement that turned into a political party in Mozambique.It also fought against the FRELIMO in the Mozambican Civil War.

peace that was reached between the government and RENAMO and heightens the prospects of instability.

Mozambique has large onshore and offshore sedimentary basins that have a high prospect to yield hydrocarbon resources. Currently there are four proven gas fields all of which are located onshore in the Mozambique basin: Pande, Buzi, Temane, and Inhassoro. Estimates of the natural gas reserves in Mozambique were about 4.5 trillion cubic feet (Tcf) in early 2013. Currently Mozambique produced only a small amount of natural gas from the Pande and Temane fields, which are both operated by Sasol, a South African company. Most of this natural gas is exported to South Africa via the 535-mile Sasol Petroleum International Gas Pipeline. However once the off shore Rovuma basin fields begin production in 2019, the total output would increase considerably. India is one of the prospective users of this natural gas and has made investments in this sector. In the coal sector Mozambique surpassed Zimbabwe to become the second-largest coal producer in Africa after South Africa in 2012. Mozambican coal production significantly increased to nearly 5.4 million tons in 2012 from a mere 42,000 tons in 2010. A substantial portion of this is exported to South Africa and Asian countries, including India.

India-Mozambique bilateral relationship has started to expand recently. India is the eighth largest investor according to Mozambique’s Investment Promotion Centre (CPI). About US$128 million of investment has taken place till 2014. However this figure excludes investment in the extractive sector which are substantive and account for about fourth of Indian investments in Africa according to Prime Minister’s statement during the state visit of President Mr. Filipe Nyusi in August 2015. (MEA, GoI). ONGC Videsh and Oil India Limited have recently taken 20% stake in the Andarko led consortium in the north of Mozambique at a cost of about US$5 billion. In addition, some other Indian companies are investing in coal, mineral and hydrocarbon sectors. These include Tata Steel, JSPL, JSW, Essar, Coal India Ltd in coal sector and BPRL in hydrocarbon sector. Indian investments face competition from Brazil, Portugal and South Africa are the three main investors in the country.

Bilateral trade with Mozambique was US$709.61 million in 2010-11 and US$631.76 million in 2011-12. During 2012-13, the trade has crossed the US$1 billion target set by the leaders of the two countries in 2010 and amounted to US$1281.41 million registering an impressive increase of

102.41% compared 2011-12. Similarly in 2014- 15 total trade was US$2396.58 million, with Indian exports to Mozambique at US$2070.84 million registering an increase of 64.72% and Indian imports at US$325.74 million registering an increase of 11.19% over 2013-14. (MEA, GoI)

As is clear from the forgone discussion though Lusophone Africa provides a new and important destination for securing energy security by diversifying both the sources and energy mix. It however has to contend with three main challenges. The first is the persistent and endemic conflicts these countries have been witnessing. Unless these societies are stable and provide a conducive condition for mutually beneficial engagement, the future can be uncertain.

Both Angola and Mozambique face multiple and complex challenges while they address endemic conflict in their quest for a sustained peaceful development. The genesis of these conflicts can be traced to the harsh and brutal colonial rule and its disruptive legacies. The independence was achieved after a long armed liberation struggle leading to post liberation civil war for supremacy and domination amongst different contending groups. These groups used natural resources like diamond to fund and sustain their armed struggles. They also got enmeshed into the cold war rivalry and became pawns of different regional and extra regional powers. Even though peace accords have been signed, developmental work in terms of creating both hard and soft infrastructure has a long and difficult path to traverse before tangible benefits can be seen. Though peace has been achieved and civil war ended but it is fragile and prone to crumble. The recent threats from RANAMO are a pointer to this possibility. Making this task even more difficult is the potential for external interference by powerful developed countries which can use these cleavages to reignite the civil strife and then bargain for better terms.

The next major challenge that India-Lusophone Africa engagement encounter is the presence of many old as well as new players. While India has certain advantages but Brazil for instance has the benefit of linguistic camaraderie that it has been using effectively to even displace the Chinese companies. This does not undermine the capacity and ability of Chinese companies to out bid competition. Lastly the traditional players such as EU and United States should not be written off. They enjoy many advantages that their long relationship provides.

The last challenge is the capacity of India to be able to have the stamina and vision to be there for the long haul. The private sector driven by its profitability motive tends to focus towards greener pastures. While Africa in general and Lusophone Africa in particular do provide ample opportunities but are very particular with respect to their yearning for development. In this respect they expect the engagement to be based on mutual benefit and enhancing opportunities for them as well.

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