Chapter - Five

Conclusion
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CONCLUSION

Any discussion on India’s foreign policy has to begin with the contribution of Mahatma Gandhi, who introduced an element of moral, value-based politics in our lives. It was not simply tactical in nature but a code of behavior for the conduct of international relations by successive Indian governments. It is therefore, no surprise that our external relations have been characterized by the basic tenets of Panchsheel. Peace, disarmament, self-reliance, Non-alignment and development are the bedrock of India’s relations with other nations, and determine its reactions to external developments. Another bedrock of Indian foreign policy is the element of consensus on vital foreign policy issues, transcending party affiliations, and including political parties, diplomats, academics and opinion makers alike. While there is an undercurrent of continuity in India’s foreign policy, its terms of reference have been undergoing a continuous change against the background of far-reaching, and sometimes, volatile changes in the global scenario. Some of the predicaments facing India re the challenges to the concept of the nation-state from linguistic, ethnic and religious groups, ongoing changes in the external equations and in the nature of global developmental and economic policies, trade and financial regimes, and the scourges of terrorism, often exported from other countries, as well as the menace of drugs and arms-trafficking and their links with terrorist and criminal outfits. Environmental conservation, protection and promotion of human rights, and disarmament have rightly assumed great importance in the world. While on some of these issues, India may have treaded a somewhat lonely path for some time, gradually others are veering around to our approach. The vision of a world free from inequities, violence, and devoted to economic and social uplift of humanity, so eloquently captured by the world summit on Social Development, has to be realized. India is willing to cooperate with all in this endeavor, but will never tag it in advance to others, or to a particular world-view. It retains the independent stance of our foreign policy, examining each issue on its merits, while being guided by our vital national interests and concerns. A process of introspection is currently underway in our societal economic and political structures, which will redefine a vibrant, dynamic and open India, at ease in its interactions with the world at large, India’s foreign policy has assumed a positive outward orientation with new policy initiatives aimed at consolidating traditional...
relationships, developing new relationships with countries and regions where India have vital strategic interests. A greater emphasis on economic dimensions in foreign policy, on the need to revitalize the Non-aligned Movement and to reform and restructure the UN to better reflect the aspirations of the developing countries. (www.indianembassy.org)

The representative and democratic character of the UN as the sole universal organ, needs to be enhanced. The representation of developing countries in the Security Council both as permanent and non-permanent members has to be substantially augmented. Convinced of the support of other, India has expressed its readiness to serve as a permanent member of the expanded UN Security Council. India’s Africa policy indicates both change and continuity in the post-cold war era. The people of Africa have acknowledged India’s support in the past and there is a lot of goodwill towards India. They are attracted towards the new image of India in the 21\textsuperscript{st} century as the new centre for technology and commerce in Asia. In an increasingly deregulated economy the role of Export-Import Policy has to be evaluated more in its facilitating ability rather than as an instrument to make exports more prices competitive by allowing access to preferential imports. In a controlled import regime imports become costlier because of high tariff rates and quantitative restrictions. In India effective March 2001, all quantitative controls on imports have been withdrawn. The customs duty rates are however, still appreciably high. As a result, it is necessary to continue special facilities for export production such as the Export Promotion Capital Goods Scheme. However, India has already indicated its medium term plan to bring down tariff rates to almost half of the current level. Further developments in WTO will increasingly make special schemes for exports for accessing imports at a lower tariff less relevant. In the coming years the really important scheme for export promotion was be the duty drawback scheme. This practiced globally was WTO-consistent and theoretically justifiable. What India needs was to proceed fast towards a full VAT system so that comprehensive drawback scheme be developed and other incidental schemes be withdrawn. The process of globalisation will be forcing Indian-economy towards a higher level of competitiveness. This would automatically lead to an increase in the relative importance of the external sector. As the share of trade in GDP rises, macro-economic policies in general will be the major determinants of the state of the competitiveness. Exports-specific policies will increasingly become redundant. In a way, EXIM policy
supports this long-term trend and increased irrelevance of the traditional type of export-import policies that the country had so far. In this context that the policy goes beyond purely export and import control measures and tries to visualise the international trade as a vital part of development strategy and an effective instrument of economic growth, employment generation and poverty alleviation. These objectives were sought to be actualised by the schemes which this policy had announced on agriculture, cottage and the small-scale sectors. These sectors account more than half of India’s exports. More importantly, 80 percent of the population are engaged in these sectors and, therefore stands to benefit from the initiatives taken in the current policy. India’s economic reforms in 1991 started in the external sector. The ultimate objective of any economic reforms process is improvement in social welfare and bringing benefits to those who are at the bottom of the economic scale and the export-import policy scored quite high, viewed against this objective. In keeping with the overall programmed, economic diplomacy started in Ethiopia. It was mutual fulfilling relationship. Ethiopia on the one hand with its look east policy was in search of partners in Asia. On the other hand, India was ready to work closely with Ethiopia in its requirement of trade and investment. India adopted a strategy to mix economy aspects into its diplomatic chain. It envisaged strategy to bring various stakeholders in India’s economic relations with Ethiopia together and intertwined with diplomatic channel. A strategy was formulated to bring together business establishment, various trade and commerce associations, the export promotion council banking and financial institutions, concerned offices of the Ministries and various Indian diplomatic mission in Ethiopia and were asked to work in tandem. The diplomatic mission particularly were given additional responsibility to send information on trade and commerce in respective areas and were asked to proactively help the promote India’s economic relations. The Ministry of Commerce launched initiative to promote and facilitate economic relations through its scheme like Market Development Assistance (MDA), and Market Access Initiative (MAI). The business community was encouraged by such initiatives to go Ethiopia and many parts of Africa, particularly in the exhibitions and meet prospective business partners. The banking and financial institutions offered added incentive to trade with Ethiopia through their scheme and through minimizing risk factors. The most important of all is the Line of Credit (LOC) offered by the EXIM bank of India. (www.indiainbusiness.nic.in)
The LOC offers advanced credit to overseas financial institutions, regional development banks, sovereign governments and other entities overseas. It enables overseas buyer to import goods and services from India on deferred credit line. The LOC is a financing option to Indian exporters. (www.eximbankindia.com)

The most important programme of economic diplomacy was Focus Africa programme to boost trade between India and Africa. The programme acknowledged that there lies tremendous potential for trade with Ethiopia, which is largely untapped, similarly with other countries of Africa. It was decided that institutional mechanism such as Joint Trade Committee and Joint Business Council with Ethiopia would be strengthened. The other shining example of diplomacy is Indian Technical and Economic Cooperation (ITEC) programme which imparts training to officials. India has spent more than $1 billion on ITEC programmes. The another priority area in the programme is consultancy and project assistance, which involves preparation of feasibility studies, project setting up pilot projects and research centers in agriculture sectors in Ethiopia. The post-bipolar era has witnessed a major change in the nature of India’s policy towards Africa. In recent years, one of the growing interests of India is the rise of Africa’s energy industry. Africa currently contributes 12% of the world’s liquid hydrocarbon production. Africa owns about 8% of the world’s known oil reserves with Nigeria, Libya, Angola and Equatorial Guinea as the region’s leading oil producers. Seventy percent of Africa’s oil production is concentrated in West Africa’s Gulf of Guinea, which stretches from the Ivory Coast to Angola. The low sulphur content of West African crude makes it of further strategic importance. Due to its vast reserves of energy resources, Africa is becoming an increasingly important factor in the global energy market. It is emerging as one of the most volatile grounds for Sino-US energy competition, and where India is also competing with other major players in the global energy game. This has further added to India’s mounting concerns in the region. Indian policymakers have initiated numerous policies to address India’s growing energy needs. However, India has made limited progress in accessing energy resources within its own region as a result of conflictual issues with neighbouring states. It has therefore, shown a growing interest in accessing energy resources further afield, including in Africa and Latin America. India is the world’s number six energy consumer, and is acutely short of energy resources. India imports two-third of its crude oil consumption, while China imports one third of its crude oil consumption. In future India will have to rely on an increasing amount of imported oil
and gas to meet its energy needs. However, this quest for energy security is being impeded by India’s tense relations with energy suppliers, energy transit countries and energy competitors. India and China have for centuries engaged in competition for leadership in Asia, the developing world and status on the world stage, and as such the need for energy security has now raised the possibility of further competition and confrontation between them in the energy sphere. (Bandyopadhyaya) Another factor which can be observed in the changing patterns of Indian interests in the region is the African Union’s (AU) 53 votes in the General Assembly which is directly related to its hopes of obtaining a permanent seat on an enlarged UNSC. The AU votes in the General Assembly are crucial for India’s campaign for the seat. India believes that their partnership with Africans can’t hope to exert its requisite weight in world affairs unless they join hands with Africa to get their rightful place in the UNSC. On August 4, 2005 at the AU Summit in Addis Ababa, India’s friendly ties with African countries were cited as the critical element that finally tilted the balance on the issue of enlarged UNSC. The AU failed to endorse a joint plan with G4 for expanding the UN Security Council which appeared as a big embarrassment to India. The AU’s decision taken at AU summit means Africa as a whole will not back the G-4 draft resolution authored by India, Japan, Brazil and Germany. As matters stand, the AU and G-4 have separate draft resolutions, neither of which is likely to garner the 128 votes necessary to win acceptance. India’s hopes of winning a permanent seat on an enlarged UNSC hit a road block with the AU decision. With India running out of options in reaction to the AU decision, the Indian Ministry of External Affairs said that it was a "matter of regret" that the African States were unable to endorse an AU/G-4 draft Framework Resolution based on the understanding arrived at between the G-4 Foreign Ministers and the representatives of the AU, in London on July 25, 2005. The African leaders called for the two permanent seats with veto powers. However, the G-4 has said it is willing to compromise on the AU’s demand for an extra non-permanent seat, but says extending the veto to new permanent members would defeat the expansion proposal. Many African countries have supported India’s bid for the Security Council. Nigeria pushed for acceptance of the compromise at the meeting, but an alliance of North and East African States- Algeria, Libya, Egypt, Kenya and Zambia - effectively derailed the process. However, the External Affairs Minister, Natwar Singh, had spoken to his counterparts from Brazil Germany and Japan to review the situation. Some of them have even supported the G-4 resolution.
But a consensus on evolving a joint position still eludes India. However India hopes that the two sides are able to synchronise their positions in the days to come to make a decisive difference to the structure and functioning of the Council. India has offered its assistance to African countries in satellite technology. India is implementing an association with the African Union which offers a network link through satellite and fibred optics that will provide them access to tele-education and tele-medicine facilities with Indian institutions. Ethiopia is the first beneficiary to this project in Africa and the pilot programme is in advanced stage of implementation.

A number of trends can be observed from the relationship between India and Ethiopia with its antecedents in history. These trends are rooted in the greater involvement of India in Ethiopia in terms of more and growing exchanges of high level visits economic and technical cooperation both bilateral as well as within the context of the AU and India’s contribution to peacekeeping in several African countries. The developments in the economic domain provide the most important and recent context in which India is developing its relations with this region, imperative for the energy reserves it holds. India’s growing initiatives towards Ethiopia can also be understood within the broader framework of New Delhi’s relations with China, which is considered a key stakeholder in Africa and its emerging role in global politics. However, in terms of diplomacy, New Delhi’s rising ties with Ethiopia can be viewed as a means to garner support for its strategic interests. The case of India-Ethiopia ties reveals the gaps in Pakistan’s policy towards the region. The lack of a coherent policy on the part of Pakistan contrasts with growing ties that India is developing with Ethiopia and whole African continent offering tremendous prospects in crucial areas like energy. “Focus Africa” programme when envisaged was a comprehensive programme, involving all levels, large and small scale industries in India. However, large companies look to be in better position to utilize opportunities and incentives. The large conclaves through chamber of commerce similarly the lines of credit by the EXIM bank look to have bias for large industries. It is mainly due to lack of dissemination of information to SSI they fail to participate in effectively in export. A great deal of potential can be unleashed if proper information and incentives are targeted at SSI. There is inherent bias for trading in “Focus Africa” programme as against manufacturing “Focus Africa” programme envisaged a great deal about growth in exports but the Ethiopia also in need for investments in setting up manufacturing unit to boost their local employment. Indian companies with technical
capability and resources could manufacture product made in Ethiopia for local market. Such initiatives will get additional advantage of several tax concessions and benefits offered by regional blocs. Indian public sector undertaking could take lead in setting up manufacturing units to be followed by the private sectors.

**Findings**

India's relations with Ethiopia are totally different from other countries in Africa because both the nations had developed their relations in the ancient era. India and Ethiopia had close historical links through trade and culture extending over two thousand years of recorded history. India-Ethiopia links, both classical and contemporary, are qualitatively different from India's links with the Eastern and Southern African countries where Indians played the role of slaves serving a common colonial master. With Ethiopia, the India trading presence on the Red Sea in early times was the vehicle of rich cultural contacts, evidence of which can be seen to this day in the Northern port of Massawa and in the ports of Eritrea, Tigray and Hararghe. In contemporary times, official and unofficial links have intensified. Indian armed forces fought valiant battles with the Ethiopians during the Second World War to defeat Italian occupation of Ethiopia. India and Ethiopia maintained close cordial relations during the long reign of Emperor Haile Selassie. Even after the 1974 revolution in Ethiopia, India is perhaps one of the few countries with which its relations were never hostile unlike with most of the Western, Arab or even other Asian countries. Within the Non-aligned Movement (NAM), Ethiopia and India always supported each other on policies and postures on disarmament, North-South dialogue, South-South Cooperation, the Indian Ocean and numerous other issues. India's sympathetic attitude towards the problems of economic development of African countries and its sensitivities to their needs are viewed by Ethiopia with appreciation. Ethiopia considered India's experience in grappling with the problems of economic reconstruction after independence as more relevant and modeled its development and institutions after India's. Ethiopia learned from India's experience and expertise in sugar technology, textiles, small-scale industries, engineering industries, agriculture, water resources management etc. India has also been providing economic and technical assistance to Ethiopia. Such assistance has mainly been in the form of training facilities and scholarship to Ethiopian nationals in academic and technical institutions, deputation of Indian experts, donations of food grains,
medicines, handlooms, agricultural equipment, books and publications, etc. and the conduct of techno-economic and feasibility studies. This continued from 1965 under India’s Technical and Economic Cooperation Programme known under its acronym, ITEC. After the visit of Ethiopian President Mendgistu Haile Mariam to India and December 1985, assistance under the ITEC Programme expanded considerably. India has also had cooperation programmes with Ethiopia in the field defence, since the early 1960s, when it set up a Military Academy at Harar for training officers.

In addition, the Government of India, wards a number of scholarships every years to Ethiopian Government nominees in the fields of medicine, engineering, physical science, management services, humanities etc. under the General Cultural Scholarships Scheme and the Indo-Ethiopian Cultural Exchange Programme. Other than this, over 500 Ethiopian students are pursuing their studies in various schools, colleges and universities all over India on self-financing basis, as it is found that standards of education in India compare favorably with those in advanced countries of the world at a very reasonable cost. There are also a number of Indian experts such as doctors, engineers, chartered accountants, financial analysts, education advisers, Professors/Lectures etc. working on private international contracts with the Government of Ethiopia. The huge presence of Indian teachers at the Secondary and University levels of education over the last several decades have laid solid intellectual foundations for the growth of goodwill, regard and friendship between the two countries.

The 1982 India and Ethiopia signed a Trade Agreement and a Memorandum on Commercial, Technical and Scientific Cooperation which identified a number of fields such as agriculture, development, consultancy, handicrafts, small-scale industries, transportation, man-power development and other. A Trade Protocol signed in 1987 in Addies Ababa identified a number of products for trade between India and Ethiopia. In July 1987, Ethiopian Handicraft and Small Industry Development agency and the National Small Industries Corporation (NSIC) of India signed an agreement under which 38 different types of machinery for utilization in setting up small scale industries in Ethiopia, valued at Rs. 7 crores, against supplier’s credit arranged through the EXIM Bank, were imported into Ethiopia. The Indo-Ethiopian Textile Company which was set up Birlas under the old regime was nationalized by the revolutionary Government of Ethiopia after 1974. In more recent
years the India private sector has entered into a number of industrial and business collaboration with Ethiopian counterparts.

In the field of culture, India and Ethiopia signed a Cultural Agreement in 1983 which provided for cooperation in arts and culture, education, archeology, sports, public health, television, radio, press etc. A Memorandum of Understanding in the field of information and mass media was signed in 1984 between the two countries. Among others, it provided for deputation of Indian experts to set up an Institute of Mass Media patterned after Indian Institute of Mass Communication (IIMC) in New Delhi. A number of Indian Film Festivals have been organized in Ethiopia in the past years. The Indian Council for Cultural Relations (ICCR) has sponsored a number of Indian dance and other cultural troops to Ethiopia. Indian films, both feature and documentary, have been very popular in Ethiopia.

There have also been a number of high level official and unofficial contacts between the two countries. Indian President V.V. Giri visited Ethiopia in 1972 and Emperor Haile Selassie paid two state visits to India in 1956 and 1968. Mengistu Haile Mariam, Chairman of the Provisional Military Administrative Council, visited India to attend the sixth NAM summit in 1983; and again in December 1985, his first ever official visit to India when a Memorandum of Understanding was signed between the two countries envisaging cooperation in diverse fields. The Ethiopian Prime Minister H.E. Melesi Zenewi paid an official visits to India in March 1997. Mother Teresa, the Novel Laureate, visited Ethiopia for her humanitarian work. The Ethiopian Government accorded permission to set up homes of charity and some ten such homes exits in Ethiopia today.

There is also a sizable Indian community settled in Ethiopia, possible the larges foreign resident community in the country. They numbered over 3000 at the end of 1980s. It was said to be three times larger prior to the revolution in 1974, made up mostly of businessmen and teachers. Following the Revolution, large numbers of businessmen and others had to leave on account of the altered circumstances and want of business opportunities. The number of professionals and technical personnel had, however, been steadily on the increase in consonance with the needs of subsequent regimes. The resident Indian community takes active part in the numerous causes of charity and relief assistance to people in Ethiopia. The Gandhi Memorial Hospital is an example of such assistance. The Indian community in Ethiopia is organized under the banner of Indian Association established in 1937. There are a couple of Indian
schools run by the Indian community in Addis Ababa. Although these are basically meant for the wards of the Indian community, nearly four-fifths of the students belong to Ethiopian and other international communities.

Over the years, relations between Ethiopia and India have grown steadily. Their cooperative relationship, which is based on mutual respect for each other, is a classic example of genuine South-South cooperation.

Suggestions
Both countries can cooperate each other in various field of trade commerce through Focus Africa Programme. The Focus Africa programme targeted large countries in Africa with large area and population and thus large markets. However, there are many small countries which are growing at faster rate than the large countries for instance Ethiopia. They too are essential market and should not be overlooked in the first phase of this programme. A proper initiative within the overall programme should be taken to tap these markets. India has had taken initiatives and closely supported many projects in Ethiopia. The close support had become much more essential because we tend to focus on trade and commerce which will bring back profit. Indian companies have been expanding business in Ethiopia and in the process will be bringing back profit from Ethiopia. India should equally increase close co-operation as giving back to Ethiopia. The new initiative can be taken up in education where India has contributed immensely. The large corporations like ONGC or Tata Group should extend scholarships in the form of training and workshop to young Ethiopia talents in India. They could be absorbed in their operation back in Ethiopia. The Chamber of Commerce and Trade Associations should also announce such scholarships. India-Ethiopia relations have withstood the test of time. It has successfully fought decolonisation and has initiated co-operation to cut Euro-centric trade. The disintegration of Soviet Union and end of cold war brought a sea change in the functioning of international relations and India-Ethiopia relations too have changed to suit the environment. The look east policy by Ethiopian leaders was a bold step as on the one hand it provided Ethiopia with technology and investments from India, on the other hand India get diplomatic and commercial support to meet its ever growing demand. India utilized opportunities thrown open in the changed international relations and launched economic diplomacy. The new initiatives in the form of “Focus Africa” programme 2002-07 paid rich dividends. However, challenges
to the relationship are far from over the common enemy poverty and diseases, as elaborated by Dr. A.P.J. Abdul Kalam, the president of India at the pan Africa parliament, still exits. India-Ethiopia relations have still a long way to go to meet their national and international interests.