CHAPTER - 4
4.1 Introduction

The present chapter on trade relations between India and Francophone West African countries represents an attempt to discuss the trade relations between both the regions in the period of 1975-2000 for which the background has already been laid in the previous chapters. This chapter with a general introduction to the role of foreign trade in economic development of a country focuses on south-south trade, potential for growth in south-south trade, the challenges of south-south trade under globalisation, strengthened rationale of south-south trade cooperation in the 1990s and the south and global trade negotiations in the subsequent sections. It further evaluates the importance of Francophone West Africa in India’s foreign trade and analyses the trade policy of India and Francophone West African states. The next sections of this chapter explores the composition, nature and commodity structure of trade relations between both regions and also provides an account of the balance of trade of Indo-Francophone West African countries relations. It further explores the potential items of India’s export to the Francophone West African states and vice-versa. It also focuses on constraints on India’s relations with Francophone West African countries and potential for enhanced trade between both the regions. Finally this chapter provides an analysis of findings.
International trade has been the principal link between nations and it has provided a powerful mechanism for the transmission of economic growth and the possibility of development. International trade is the principal means of extending markets beyond a nation's borders, thereby allowing greater specialisation in production, enhanced effectiveness in use of scarce resources, the expansion of national income, the capacity to accumulate wealth and foster growth of the economy. Domestic welfare and economic growth can be unlimited where free trade is permitted between nations. Opportunities for more efficient production and greater output from each unit of resource may result from trade.¹

In the contemporary globalise world order, relations among nations are derived and dominated by the commerce and trade. Developing countries are still struggling to overcome the colonial exploitation of their economies. In this changed World scenario they are now facing the pressure of the neo-colonialism, which primarily take the form of protectionist policies adopted by the developed countries. Given this context, one of the major areas the developing countries have to explore, is possibility of economic cooperation amongst themselves. The only way to keep the engine of the developing countries growth going at satisfactory rate according to Lewis is to turn on an alternative source of fuel and this Lewis argues lies in 'trade among the developing countries'.² Thus serious efforts should be needed by

the developing countries to promote south-south trade. In this connection it will be instructive to recall Arthur Lewis' famous observations on the slowing down of the engine of growth of the world economy. He had in fact stated the conditions for the greatly expanded south-south trade in the face of sluggish growth of production and trade in the industrialised countries.

In a nutshell, what is called for is to devise fresh channels of cooperative network with a view to building new bridges between two developing regions to integrate them into a south-south framework. The whole exercise is aimed at developing autonomous capacity at the south-south level.

International trade acts as a necessary linkage between developing and developed countries. The flow of economic inputs such as technical know-how, improved technology, new technique of production, latest machines and equipments, are largely dependent upon foreign trade. Furthermore, foreign trades also helps in accelerating the rate of economic development because it opens new markets for domestic products and thus provides incentives to producers and manufacturers to increase their productive capacity.

There are four major advantages of foreign trade in economic development of a country. (a) it provides material means viz., capital goods, machinery and raw material, which are indispensable for

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economic development. (b) it is an important source of technical knowledge, management talents and entrepreneurship (c) it is supposed to be a transmitter of capital and (d) it brings an atmosphere of healthy competition by checking monopolies and restrictive trade practices.

Thus foreign trade creates structural changes in a country's economic characteristics, proportions and relations. It promotes capital formation and brings sectoral and external economies in the industrial activities of a country. It bestows a number of economies of scale and enables a country to produce those goods which one economical, competitive and one based on rational cost proportions. It strengthens the relations, both economic and political with the other countries.

Historically, there is ample justification in the extension of foreign trade as an engine of growth. The economic history of the developed countries, viz., U.K., Germany, Japan, France and U S bears testimony to this fact. These countries leaned heavily on the expansions of foreign trade during the phase of their economic development and create new capacity for the growth of national products by simultaneously increasing the volumes of their foreign trade. Even developing countries like India bears a testimony to this fact.

The role of foreign trade has its own multiplier effects on the economic growth of the developing countries, which are still at the threshold of economic development. However, it was only during the early 1960's the necessity of expanding the foreign trade for accelerating the rate of
growth of their economy was recognised by the developing countries. Earlier the pattern of “unequal exchange” between the developing and developed countries was the dominant feature of the colonial development model and colonial trading design. While external trade was the major agency through which the present developing countries were incorporated in the global economic system though capitalist drive.

Previously it was suggested that trade was an engine of growth for many countries. However, trade is also a mechanism for dependency. By growth is meant export expansion, while dependency implies that one group of countries controls indirectly the growth and expansion of another group. A heavy dependence on developing countries as trade partners will mean that developing countries became sensitive to changes in the economic climate of their trading partners.

The interdependence and cooperation among the countries where sought to be accomplished mainly by three means, viz., aid, investment and trade. It was widely believed that only a meaningful North-South cooperation could speed up the process of the establishing an equitable international economic order. The North-South dialogue, over the years, had been offering a number of suggestions and solutions to tackle the problems of the regions. Not all the countries, however, accepted fully the efficacy of most such suggestions and solution. But there had been some notable changes in the international trading trends in the middle of the 1970’s. The development facilitated the expansion of trade among developing
countries, which was advocated as viable alternative for intra-south trade and development on a collective basis and a process that could gradually lessen their dependence in the North for their developmental needs. However, there was only practical implementation of the suggestions in the countries expression concern. Hence, in recent years, a tendency has arisen to replace ‘North-South Dialogue’ by ‘South-South Cooperation’.

In the context of planned economic development of developing nations, an appropriate trade policy has become utmost necessary and significant. In fact, no country hopes to become self-sufficient by producing all types of goods. Since factor endowments and availability of technical skills vary between countries. Economies of scale and international specialisation are the fruits of scientific and technical progress in the world, which become more easily available through the foreign trader. Thus, it is obvious that no country in the world can exist without any sort of trade relations. Therefore, there is need to trade with others.

4.2 South-South Trade

The original rationale for South-South trade cooperation emanated from the conviction that developing countries needed to pursue a policy of rapid industrialization in order to overcome their economic backwardness. The governments of most developing countries believed that they had to adopt an import substitution industrialization strategy, one that would necessarily be supported by appropriate
protective tariff structures, if the goal of the structural transformation
of their economies were indeed to be achieved.

Since the small size of individual domestic markets limited the scope
for industrialization through import substitution, efforts were made to
create trade preference areas and to promote subregional and regional
cooperation and integration among developing countries. By the end
of the 1970s, virtually all developing countries belonged to one or
more subregional or regional groupings. The widening opportunities of
the 1970s gave rise to a spate of initiatives to enlarge South-South
cooperation. In Africa, four important subregional organizations were
established during this period: the West African Economic Community
(Communaute economique de l' Afrique occidentale- CEA0), the Mano
River Union, the Economic Community of West African States
(ECOWAS) and the Economic Community of Central African States
(Communaute economique des etats d' Afrique centrale-CEEAC).6

The same logic led to efforts to broaden the concept of collective
import substitution industrialisation to the whole of the south.
Accordingly a number of south-south cooperation efforts were
undertaken to promote inter-regional trade. These included, the
establishment of the Global System of Trade Preferences among
developing countries (GSTP); the promotion of cooperation among
State Trading Organizations (STOs) of developing countries; and the

6 The Report of the South Commission, The Challenge to the South (NY, Oxford University Press,
1990), p. 146.
establishment of southern-based multinational marketing enterprises.\(^7\)

However, many plans and programmes in the 1970s for stepping up South-South collaboration could not be effectively implemented due to several unfavourable factors, including inadequate and ineffective institutions, lack of resources and insufficient political commitment on the part of governments, who were preoccupied with other developmental matters. These weaknesses were to show themselves, and to grow, as the development crisis of the 1980s unfolded.\(^8\)

Due to the sharp contraction of the global economy during the 1979-83 period, the industrialized countries, in an effort to reduce inflationary pressures in their own economies, adopted a severely deflationary policy, which had a devastating impact on the economies of the south, particularly on those of Latin America and Africa.\(^9\) The effects of these policies on developing countries included a sharp contraction in the demand for their export commodities and in particular primary commodities leading to a fall in their prices, high real international interest rates due to tight monetary policy of the central banks of the industrialised countries which caused a great difficulties for developing countries in servicing their external debts and an abrupt cessation of private capital flows from commercial banks to developing countries. Economic growth rates, which had


\(^8\) The Report of the South Commission, n. 6, p. 147.

averaged 5.5 percent during 1970-1980 for the developing countries as whole, now fell to an average of 1.9 percent during 1980-1985.\textsuperscript{10}

For many countries, it brought on the debt crisis of the 1980s, when an increasing number of countries began to face severe difficulties in servicing their external debt.\textsuperscript{11} Most significantly, the vulnerability of individual developing countries vis-à-vis the North made it impossible for them to make an effective collective stand on the debt issue and to go beyond broad statements of policy. Short-term considerations and the concerns of individual countries took priority over issues of common interest to the south as whole. Differences surfaced among debtor countries and also regions, as they struggled against threatening economic and social collapse.\textsuperscript{12}

The impact on the trade of developing countries, both North-South and South-South, was also profound. Countries were forced to adopt a policy of import compression as export earnings were sharply reduced and capital inflows to finance imports were cut off. In addition, under the terms of agreements with the international financial institutions and creditor banks, countries had to accept stringent stabilization and structural adjustment programmes. An important component of these programmes were the substantial devaluation of national currencies in an effort to stimulate exports and increase foreign exchange receipts, with the primary goal of raising sufficient resources to service

\textsuperscript{10} For details see, UNCTAD, \textit{Handbook of International Trade and Development Statistics}, (various issues).
\textsuperscript{11} For details see, NAM, \textit{The Continuing Debt Crises of the Developing Countries}, (Jakarta, 1994).
\textsuperscript{12} The Report of the South Commission, n. 6, p.148.
the mushrooming external debt. One important outcome of these policies was sharp falls in import demand. As part of their adjustment programmes, the developing countries, except a few in Asia, sharply cut their total imports in first half of the 1980s. This curtailment had a negative impact on south-south trade. In addition, worsening balance of payments difficulties affected the earlier schemes for liberalising south-south trade and made the arrangements for financing, payments and clearing much less effective. The resulting drop in intra-group trade was notable in a number of regional and subregional groupings. This decline affected in particular arrangements to which heavily indebted middle-income developing countries, chiefly in the Sub-Saharan African and the Latin American countries were parties.\textsuperscript{13}

The crisis forced the governments of most developing countries to concentrate on domestic economic management, short-term objectives and their relations with the developed countries and thus, South-South cooperation was downgraded in their priorities.\textsuperscript{14} These conditions of crisis inevitably reduced the capacity of developing countries to act collectively. This loss of momentum was also reflected in the activities of the Non-Aligned Movement and the Group of 77. The South became weakened on the global scene.

As an increasing number of countries were forced to adopt restrictive programmes and policies, south-south trade suffered, as the primary

\textsuperscript{13} ibid, pp. 147-148.
\textsuperscript{14} ibid, p. 147.
objective of many countries now become the expansion of exports to
the North in order to service Northern-held debt, while curbing
imports from all sources. The adoption of such trade policies by an
increasing number of countries did not create an environment
favouring the continued expansion of south-south trade. In addition,
the economic crisis, along with the severe fiscal crisis that many
governments faced, forced countries to reduce the support and
funding they had earlier provided to the various facilities and
mechanisms required to sustain intra-south trade.\textsuperscript{15}
While the setbacks of the 1980s may have dampened morale and
lowered expectations, they have dramatized the importance of south-
south cooperation for development and the role it could play in
supporting developing countries in their efforts to counter forces and
processes eroding their economic independence. It is clear that, had
they been well established and diversified, links among developing
countries could have eased their difficulties during this period.
Moreover, changes in the south, in the North, and on the world scene
are increasing the need and enlarging the opportunities for south-
south collaboration.\textsuperscript{16} New efforts have been made in the last ten
years to revive the regional arrangements for south-south cooperation.
Important recent developments, in this regard, have included the
strengthening of preferential trade areas and the establishment of
subregional Free Trade Areas (FTAs) by several groups of developing

\textsuperscript{15} The South Centre, \textit{Enhancing South-South Trade} (South Centre, Geneva, 1996), pp. 11-12.
\textsuperscript{16} ibid, pp. 150-151.
countries. These measures were complemented by efforts to broaden the scope of south-south trade through the establishment of the Global System of Trade Preferences among Developing Countries (GSTP), and by the promotion of cooperation among state trading organization of developing countries.

4.2.1 Globalisation and Challenges of Strengthening of South-South Trade Cooperation in the 1990s

The global environment that now faces developing countries is much changed. The countries of North currently wield unparalleled power in global political and economic affairs. In matters pertaining to world trade, this power has been used to expand the multilateral rules that govern world trade, largely it would appear, to serve the interests and needs of the industrialized countries. On the economic front, global economic relations and the interdependence of national economies have dramatically grown, in part spurred by rapid technological change and, in part, due to liberalization measures affecting trade, finance and investment. These developments have also brought about important changes in the role of the South in the global economy.

There is little doubt that Globalisation and recent trends in the world economy present opportunities for the developing countries to accelerate their economic development. The lowering of barriers to world trade, the increasing mobility of transnational corporations, the decentralisation of production processes, the linking-up of capital markets, and technological improvements in such strategic fields as communications have served to enhance the integration of the global
economy and to widen options for national economies including those of the developing countries. The latter must seek to profit from these trends since they greatly modify some of the earlier compulsions that favoured relatively inward-looking scenarios for development. The process of globalisation and liberalisation is not, however, a complete answer to the need of developing countries for an external economic environment that is supportive of development. Despite increasing linkages it is premature to articulate an integrated global economy. There are still barriers to trade, to the flow of capital and, notably, to the movement of labour. Even the advances made in recent years are liable to reversal if economic circumstances, particularly in the developed countries, turn adverse. In such situations restrictive barriers could re-emerge that reverse the trend of widening opportunities for the developing countries. Further, closer integration can result in greater instability and heightened fluctuations and increase still further the vulnerability of the developing countries. Despite globalisation and liberalisation these countries have still no say in the macro-economic management of the global economy. Their ability to safeguard their own interests in multilateral negotiations in such areas as money, finance and trade also remains small. Moreover, the impact of the benefits of globalisation and liberation on the developing countries has been highly uneven and the disparities and imbalances can well increase as the process advances. Virtually all developing countries have, in one way or another, been adapting their domestic policies in recent
years to the needs of liberalisation and openness to the world outside. The dividends, however, have been distributed unevenly underlining the obvious fact that market forces channel activities to where returns are high and not merely to where barriers are low. It should not be forgotten that policies of openness and liberalisation were pursued for long periods by many of the former colonial territories. This resulted in a kind of integration into the world economy through participation in commodity trade. But it did not lead to industrialisation or end the dualism in their economies. Nor did it lead to greater equality among trading partners.\textsuperscript{17}

The rationale for South-South Cooperation needs to be viewed in the light of these varying elements of the new scenario. Certainly the logic of earlier times needs to be modified. In the sixties, for example, South-South Cooperation was seen as a means of promoting industrialisation through import substitution on a sub-regional basis. The closer integration of national economies would provide larger markets that made possible the economies of scale. Present trends, however, give room for different strategies of development. The improvement of market access globally and the opportunities for export that come with it provide scope for wider participation in the world economy. Hence, production structures of developing countries could be oriented towards global as well as regional and domestic markets.

\textsuperscript{17} Denis Benn, “South-South Cooperation”, (web: online) URL: http://South-South Cooperation.htm
Globalisation and liberalisation accelerates diversification and economic growth and may promote closer ties among developing countries but, as in the case of trade, such ties need to be consciously established and strengthened through South-South cooperation. The lowering or removal of trade barriers through preferential or free trade areas can be supplemented by a number of other cooperative arrangements to promote investment flows, joint ventures, regional infrastructure development, science and technology, human resource development, and so on. The revolutionary developments in communications and information technology offer new vistas that provide a major role for technical cooperation among developing countries. There is now a vastly enhanced potential for the sharing of experiences and expertise and the widening of contacts among such countries. The lessons of both divergent growth performances and of problems shared in common can be better disseminated among developing countries than even before. Technical cooperation among developing countries can thus assume major new dimensions at all levels of South-South Cooperation - sub-regional, regional, and inter-regional. The impact of globalisation and liberalisation on the developing countries will itself enlarge the scope for such cooperation. Thus it amply illustrates the continuing importance of South-South Cooperation as an instrument in the service of development. Given the changes that
have occurred in global trading and economic arrangements, such cooperation is likely to continue to grow in significance.\textsuperscript{18}

Thus, the global changes which have occurred and will continue to occur in the world economic system in the aftermath of the Uruguay Round negotiations and the establishment of the World Trade Organization (WTO) to supervise the management of an increasingly liberalised global trading regime, the developing countries have a vested interest in maintaining their political solidarity in order to defend their common interests both in terms of the elaboration of the detailed agreements governing the new order and in approaching future international trade negotiations.\textsuperscript{19}

Thus, despite the increased economic differentiation among the developing countries, these countries still subscribe to a core of economic interests which, by and large, enables them to act in unison in respect of international trade and economic issues. The continued diplomatic solidarity of the great majority of developing countries is likely to be a defining characteristic of future global economic negotiations and thus contradict the predictions about the demise of the South. In fact, this reality is evident in the continued solidarity of the Group of 77, which, apart from economic interests, is invested with a political unity that has been nurtured in the context of intense diplomatic struggle in the cause of development.

\textsuperscript{18} ibid.

\textsuperscript{19} Franz Nuscheler, “Development – Myth or Realistic Political Goal”, at the international conference held on 2-4 July in Brühl, (Online: web) http://Development and Cooperation.htm
Moreover, important changes in domestic economic policy have taken place in most countries of the south, partly in response to the transformations in economic structures in some countries, and partly to the severe external shock that a large number of countries—particularly in Africa and Latin America—experienced in the 1980s. With respect to trade policies, developing countries have undertaken major reforms of their trade regimes, including measures to reduce tariffs and simplify tariff structures, as well as other reform measures, which have substantially reduced or altogether discontinued the use of non-tariff measures. In addition to applying such liberalized trade regimes, more and more countries have also opted for a development strategy that gives much greater leeway and a bigger role to private enterprise. As a consequence, much of the growth in output and trade in many countries is increasingly accounted for by the private sector. An increasing number of countries having build up a significant industrial capacity now welcome closer integration with the global economy. Such relations are coming to be viewed not only important for generating growth, but also for gaining access to capital and to new technology.

Although the potential for the expansion of South-South trade now clearly exists, it may however, only be realized fully if the structural and other factors that hinder its further growth are removed. There are a number of other cogent factors that would argue for the

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21 The South Centre, n. 15, p. 18.
countries of the South to take specific measures to promote such trade and even to regard such trade as a strategic necessity for continued economic growth in the South.\textsuperscript{22}

Three basic factors call for greater cooperation among developing countries in trade matters:

1) The fundamental changes that have taken place and continue to take place in North-South economic relations, changes which makes it unlikely that North-South trade will continue to act as an 'engine of growth' for the economies of the South.

2) The substantial and still unrealised potential for the expansion of inter-regional South-South trade, which in turn could act as an important source of growth for the economies of the south as a whole; this is particularly the case in the light of the considerable industrialization of a number of countries, and the growing complementarily of the economies of the south; and

3) The need for co-operation and solidarity among the countries of south to safeguard their common development interests in the follow up to the Uruguay Round of trade agreements and in subsequent global trade negotiations, which may aim at expanding multilateral discipline to other trade related areas, such as labour standards and the environment.\textsuperscript{23}

In addition to the clear economic rationale for South-South Cooperation, there are also strong political reasons for promoting such

\textsuperscript{22} ibid, p. 20.
\textsuperscript{23} ibid.
trade. The experience of the last decade has shown that the industrial countries are ready to use economic and trade sanctions against particular developing countries to advance the North's political agenda. And in consequence of the fundamental changes that have taken place in global political relations since the end of the cold war, economic and trade relations are increasingly being used to such purpose. It is important, therefore, that the countries of the south should promote south-south trade as a way of reducing their dependence on the North and as a way of lessening their vulnerability to the use of trade and other economic sanctions for political ends.  

There are other protectionist vehicles that the North is seeking to introduce, and to have the international community accept as legitimate under the multilateral rules governing world trade. For example, some of the more powerful countries of the North contend that multilateral trade discipline should be extended to labour and environmental policies and practices, through an 'upward harmonization' of the relevant and applicable standards. Should these arguments to prevail, the south would have to expect the imposition of a wave of new and powerful protectionist measures against exports from the south. In addition to the potential problem of adequate access to the markets of the north for rising volumes of exports from the south, another cause of concern for the south is the price and

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24 ibid, p. 21.
25 Dani Rodrik, "Developing Countries After the Uruguay Round" in International Monetary and Financial Issues for the 1990s (UNCTAD, Geneva, 1995), vol. VI, pp. 35-60.
export revenue effects of the intensifying competition among
developing countries for markets of the North. 26

Although trade in goods has in past-dominated trade between the
developing and industrialized countries, trade in services is likely to
begin to assume increasing significance in the future, especially as the
sector begins to be governed by the multilateral disciplines of the
WTO. The countries of the North will undoubtedly continue to exert
considerable pressure on the South to open more of their service
sectors, and thereby recoup some of the losses that they may incur as
a result of the greater market access that they have pledged to provide
to developing countries. The developing countries, by contrast, are
likely to seek to protect and encourage their fledgling modern service
sector, until they are able to compete on the global market. Indeed,
the developing countries should make every effort to develop this
important sector. In general, trade in services can be expected to be a
contentions area between the North and the South in the future, as
the North attempts to pre-empt the rise of a modern services sector in
the South, and as developing countries seek to protect and develop
it. 27

The market for primary commodities is unlikely to recover in the
absence of international commodity agreements and effective supply
management by producers. And the market for manufactured exports
from the South may not register buoyant growth of the kind seen in

26 The South Centre, n. 15, p. 32.
27 ibid, p. 35.
the past, as the shares of the south in the North’s consumption of various manufactured goods increase and as competition among an increasing number of suppliers from the south and eastern Europe intensifies. And despite the ratification of the Uruguay Round, it is unlikely that governments in the North will stop resorting to protectionist measures.  

4.2.2 Potential for growth in South-South Trade

A significant expansion in south-south trade could well provide the needed stimulus to maintain economic growth in the rapidly growing regions of the south and to promote higher rates of growth in the remaining ones. Indeed, the prospects for the further expansion of south-south trade would appear to be promising for a number of reasons. These include

A) The good prospects for continued high economic growth rates in many parts of the south and consequently, rising demand for imports;

B) Major transformations in production structures in parts of the south, enabling an increasing number of countries in the south to supply a wide range of both consumer and capital goods;

C) Increased availability of finance for trade and trade related investment; The implementation of trade policy reforms by an increasing number of countries in the south and

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28 ibid, pp. 35-36.
29 ibid, p. 37.
D) The formation and operations of major new southern transnationals corporations with integrated production/marketing structures.

E) In the last decade and a half, economic growth in the south has been about two or three times that of the growth rate of economies of the North. During 1980-1990, the growth rate for the south averaged 6 percent per annum, while that for the North stood at 3 percent.

An important characteristic of the rapid growth in output in the south is that it has generated import demand not only for manufactures but also for primary commodities, with the consequence that some of the economies of East Asia are now becoming major export markets for a number of primary commodities. These developments and, in general, the dynamism of the economies of the south would imply that the countries of the south are becoming important markets for the south’s export. Not only is the south becoming an important market for goods produced in the south, it is also steadily building up its industrial capacity, so much so that an increasing number of countries in the south now have the capacity to supply a wide range of manufactured goods—both consumer and capital goods.30

The overall conclusion to be drawn is that due to the progressive diversification of the economies of the south, the potential for increasing south-south trade is large, as the production structures and demand of the different regions of the south have become

30 ibid, p. 38.
considerably more complementary. Indeed, the potential for the growth of south-south trade could well be much higher than for north-south trade. Another positive factor in the favourable outlook for enhanced south-south trade is the increased availability of finance. In the late 1980s and 1990s the acceleration of south-south trade has been closely associated with the remarkable turn-round in financial flows to many parts of the south, including both private capital flows and foreign direct investment. Since the relaxation in many countries, of foreign exchange constraints and the increase in national reserves, it has now become much easier to provide trade financing.31 Recent trade policy reforms in most countries of the south should also serve to favour the expansion of south-south trade. In the last decade many countries have taken measures to liberalize their trade, to reduce and rationalize tariffs and also to remove administrative and other obstacles that stood in the way of increased trade. The number of developing counties with moderate tariff barriers and, in certain cases, virtually no non-tariff barriers, has increased markedly in the past few years. Further dismantling of barriers can be expected as a consequence of the implementation of the market access provisions of the Uruguay Round agreements. Trade liberalization measures and the commitment to trade expansion should make it easier for the countries of the south to extend to each other even more favourable

31 ibid, p. 40.
trading terms than exist at present, which would give to further boost to intra-south trade.32

The fastest growing markets and the most promising export opportunities are increasingly to be found in the south, and more and more developing countries are now in position to satisfy the rise in demand for all categories of goods. As their structures of production become more diversified, the economies of the south are becoming progressively more complementary, and their manufactures more internationally competitive. Similarly, another potential area for rapid growth in south-south trade is trade in services. Although most regional agreements have provisions for promoting such trade, the actual level of both intra-regional and inter-regional trade in services is, on the whole, quite low.33

As technological changes have now brought regions and countries closer together, and as the complementarity of developing economies has increased substantially, the potential for increasing inter-regional, as well as intra-regional, trade now exist. The countries of the south should, therefore, take measures to capture fully, and more quickly, the potential that higher volumes of south-south trade provide.34

4.2.3 The south and global trade negotiations

Another area offering scope for cooperation among developing countries is that of matters of common interests related to global trade issues and, in particular, current and forthcoming negotiations on

32 ibid, pp. 40-41.
33 ibid, p. 41.
34 ibid, p. 42.
multilateral rules governing world trade. Such cooperation is required to advance the interests of the south and to ensure that these are adequately reflected in the interpretation of the agreements reached under the Uruguay Round and in the formulation of any new rules and disciplines in such matters as labour standards, the environment and competition policy. In all these matters, it needs to be emphasized that few developing countries have the expert knowledge and skill to deal effectively with all the myriad complex issues involved. In short, the majority of developing countries have neither the necessary technical capability to cover all the issues nor the bargaining power to confront the resources at the disposal of the developed countries, which, moreover, normally put up a common front on North-South trade issues. Hence, developing countries have little choice but to cooperate to forge common positions and to have a more powerful voice in the activities of the WTO.\textsuperscript{35}

Thus, the liberalization of the domestic economy, adoption of outward-oriented trade regimes, the reduction of tariffs and rationalization of tariff policies and the removal of other trade barriers, has all enlarged the scope for regional co-operation and integration efforts among developing countries. These measures have also stimulated regionally based private sector initiatives by encouraging new forms of interactions and relations among firms and industries. The possibilities for inter-regional trade will continue to improve as

\textsuperscript{35} ibid, p. 46.
developing countries continue to enjoy high rates of economic growth and as their economies diversify and become more complementary.\textsuperscript{36} South-South trade is advocated as an important instrument to strengthen south-south economic cooperation and also to achieve collective self-reliance among the developing countries as in the existing international economic system, developing countries are not gaining much through their trade with developed countries. However, in addition to lowering tariff and improving the infrastructure for inter-regional trades, efforts should also be made to strengthen bilateral economic relations between countries in different regions of the south.

4.3 Bilateral Trade Agreements

Bilateral agreements are generally considered as a major canalizing and stimulating agency in fostering trade and raising it to continually higher levels. Apparently trade agreements are essentially inter governmental instruments but the individual businessman can make his contribution towards the fulfillment of such agreements.\textsuperscript{37} Bilateral agreements between India and Francophone West African states have been discussed at length in third chapter of this thesis.

\textsuperscript{36} ibid, p. 56.
4.4 Importance of Francophone West African Countries in India’s Foreign Trade

From the Indian point of view there is an imperative need to enlarge its share of the world trade, which has been gathering increasing momentum due to the trade reforms and the rapid integration of the world economies. India is committed to raise its share in world trade and bring itself into the major world exporter’s league. Therefore there is need to diversify to new areas and markets as it could no longer depend only on its traditional trading partners. Francophone West African countries like central Asian, Latin American and East European countries could be area of India’s export thrust. Since India’s relations with Francophone West African countries is cordial and a large major of good will exits in these countries for India, it can go for the export expansion in this area. Political and economic environment in these countries is fast improving as we have observed in chapter two of this thesis. Thus, Francophone West African countries have the potential to become an important trading partner of India.

From the perspective of Francophone West African countries, India could also become major trading partner of these countries due to complementarities in their economy, which is discussed, in the next chapter of this thesis. In this fast changing world economic environment of globalisation, these countries are trying to bring fundamental restructuring of their economies and want to integrate with the global society. They want more economic partners to be with
them and offer the scope for expanding their economic linkages with them. Thus, Indian experience of economic development could provide them much-needed stimulus for their economic development.

4.5 The Trade Policy of India & Francophone West African states

Before analysing the trends, commodity compositions and balance of trades in the trade relations between India and Francophone West Africa, attempt in this section has been made to analyse the trade policies devised by India and these countries in order to foster the greater trade cooperation. There trade policy can be understood against the background of the economic diplomacy of these countries, which seeks to serve economic interest through diplomatic means. The trade policy reforms have aimed at creating an environment achieving rapid increase in expert and raise shave in world trade for achieving higher economic growth.

The trade policy of India since independence till 1970's was dominated by the ideas of import substitutions. But in the subsequent period, India has followed the policy of export growth in the trade policy. In the initial phase, this export growth was a neglected issue due to the fact that there was general feeling that industrialization was a crucial determinant of the overall pace of growth and exports where not given the prime importance. The Foreign Trade Development and Regulation Act, 1992, which replaces the earlier trade policies in the post-economic reform period, regulate Indian foreign trade. The Act of 1992 empowers the central government to formulate and announce
from time to time the export and import policy and to amend it. Prior to this policy, foreign trade of India has suffered from strict bureaucratic and discretionary controls. However, the new government, which took over at the centre in June 1991, soon realised that India's foreign trade policy, must respond to the changes sweeping across the world. To reduce controls, simplify procedures and to create a congenial environment for trade, the government of India made statements on trade policy in Parliament on August 13, 1991, ushering a new trend in the foreign trade policy of India.38 During this period of analysis, there were two broad policy measures adopted by government of India. The first was the export-import policy for 1992-1997, coinciding with the period of eighth five-year plan. This policy made a conscious effort to dismantle various protectionist and regulatory policies and accentuate India's transition towards a global oriented economy. The second policy was adopted for the period 1997-2002 coinciding with the ninth five year plan, seeks to consolidate the gains of the previous policy and further carry forward the process of liberalisation by deregulating and simplifying procedures and removing quantitative restrictions in a phased manner.39 An outward looking and liberal trade policy is one of the main features of India's economic reforms. The trade policy is characterised by rationalised tariff levels and a drastic reduction in quantitative restriction by

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39 ibid.
introducing a streamlined and simplified system of export and import licences.\textsuperscript{40}

Senegal is a member of WTO and has fully subscribed to all WTO agreements and laws. In the spirit of multilateral trade agreements and WTO principles government has initiated several reforms and agreements to improve a friendly business climate. Government new acts are favourable to business. A number of double taxation agreements were signed with many countries. Senegal is a member of the West-African organizations for economic integration and a signatory of major international agreements on commercial transactions. These agreements promote access to regional and international markets.\textsuperscript{41}

Senegal is also part of the West African Economic and Monetary Union, an economic union of 8 countries with the same currency, a market of 60 million consumers based on free movement of people, capital and goods, a common trade policy with the common external tariff (CET) and regional stock market. Under the cover of the WAEMU, broad based tariff reform has been implemented in 1999 (so-called common external tariff). The numbers of tariff categories were reduced from 7 to 4, since January 2000, there remain only 4 statutory tariff rates set at 0, 5, 10 and 20 percent. The 5 percent customs statistics duty has been replaced by a 1 percent statistical tax on all imports. As a result of tariff reform, the average tariff rates


\textsuperscript{41} Embassy of Senegal, \textit{Invest in Senegal} (New Delhi, 2001), p. 3.
has halved from 24 to 12 percent. Most trade within the WAEMU is free of duties. With the support of the Senegalese state which has premised its economic policy on globalization, competitiveness and development of modern communication tools. It is also member of the ECOWAS with 16 member states and 200 million consumers and with very low tariff rate of 5% (10% cumulative if VAT added).\(^42\)

Exporting is at the heart of Senegal's economic growth strategy. Thus, Senegal enjoys an export friendly environment with institutions, instruments and agreements designed to help exporters penetrate foreign markets.\(^43\)

The government is required to comply with the necessary structural adjustment programmes in order to benefit from them. Pursuing the appropriate reforms for increased economic growth, improving human development indicators and reducing the role of the public sector in the economy could, in the medium-term, lead to the enhancement of Senegal's credit quality. It has to foster the expansion of trade in every form and every economic sector through market studies, commercial information, exporter assistance, participation in economic fairs, exhibitions and missions, simplification of foreign trade procedures and organization of national trade shows.

Trade contributes by more than 16 percent of the GDP and it represents main occupation of more than 4 percent of the active population in Burkina Faso. The government's new economic policy

\(^{42}\) Senegal: One of the Best Opportunities in the West African Region, (Online: web) URL: https://www.apix.sn

\(^{43}\) Embassy of Senegal, Senegal: The Partner (New Delhi, 2001), p. 15.
grants priority to trade, in order to ensure macroeconomic stability to the country and to consolidate its competitiveness in world market. The government has liberalized trade to a great extent. Only five sensitive products of basic necessity are under the price control. These include essential and general pharmaceutical products, school stationary articles, public utility services (water, electricity and telephone), tobacco and petroleum products.\textsuperscript{44}

The foreign trade of Burkina Faso has been further liberalized and the regulations on export-import grant the following advantages:

- Imports of all non-prohibited goods for commercial purpose into the country are free.
- Export or Re-export of non-prohibited goods is free.
- Procedure of imports and exports has been simplified.

The government has also taken policy measure to correct the unbalance in import-export by encouraging productive investments, which will enable exports.\textsuperscript{45}

In accordance with the evolution of the policy of the West African Economic and Monetary Union which consists of 8-member West African states, the custom systems of Burkina Faso has changed. From 1\textsuperscript{st} January 2000 the eight countries of West African Economic and Monetary Union (WAEMU) have set up a full customs union. The custom duties on manufactured goods produced and traded between these eight countries will be zero. Moreover the goods imported from

\textsuperscript{44} Embassy of Burkina Faso, \textit{Burkina Faso for Business} (New Delhi, 2001), p. 32.
\textsuperscript{45} ibid, p. 33.
outside the customs union will have a tariff rate ranging from zero to twenty percent depending on the value of the goods.\textsuperscript{46}

Diversification of agriculture for export and encouragement of foreign investment have made Ivory Coast a promising market in West Africa. The Government's encouragement for export diversification and intermediate processing of agro produce has generated considerable opportunities in the local processing of commodities and augur well for its economy to return to the high growth days of the mid-nineties. The economic diplomacy of Ivory Coast includes efforts such as those aimed at export and investment promotion and attempts to change the global economic dispensation. The foreign trade policy of Ivory Coast is to stimulate growth through the acceleration of exports. Ivory Coast is a member of the following regional economic and monetary agreements:

- UEMOA (Economic and Monetary Union of West Africa),
- ECOWAS (Economic Community of West African states)
- Lome convention—a trade and aid agreement between European Union and 46 former colonies in Africa, Caribbean and Pacific.

UEMOA countries are currently in the process of reducing import duties on their goods. Import licenses not required for most of the products.\textsuperscript{47}

In the 90s, Ivory Coast is pursuing a policy aimed at the creation of an open, internationally competitive economy. This entailed a rapid

\textsuperscript{46} Embassy of Burkina Faso, n. 44, p. 33.
\textsuperscript{47} Embassy of Senegal, n. 43.
liberalization of trade, a more complete set of measures for the promotion of exports, and a more market-related exchange policy.\textsuperscript{48}

Currently the aim of the trade and industry policy of the Francophone West African countries is to create a more diversified expert-oriented production sector that is internationally competitive aimed at realizing socio-economic objectives such as job creation and higher growth rates and incomes. The renewed emphasis on export promotion should be viewed against the background of the changing global economy. Since 1990s, with a renewed emphasis on economic diplomacy, these countries have been able to join hands with like-minded countries in multilateral agreements in the hope of making the global environment a 'friendlier' place for developing economies. These countries like India modulated the trade policy within the boundaries of the World Trade Organization (WTO), to which they are signatories. Therefore, their trade policies formulated in order to orient with the macro-economic scenario of WTO.

There has been rapid growth of interdependence in the world economy over past one decade with particular reference to the growing importance of international trade and capital flows in the era of globalization and privatization. In this regard, the countries for making them greater interdependence use the policy instrument. From the analysis of the foreign trade policy of India and these countries, it is observed that there are commonalities of objectives of

India and these courtiers, such as firstly, to accelerate the countries transition to a global oriented vibrant economy with view to drive maximum benefits from expanding global market opportunities, secondly, to stimulate sustained economic growth by providing access to essential raw materials and capital good required for augmenting production, thirdly, to enhance the technological strength and efficiency of agriculture, industry and services, generating new employment opportunities and encourage the attainment of internationally accepted standards of quality and finally to provide consumers with good quality products at reasonable prices.

Thus, the economic reforms of India started in the early 1990s and recently liberalize economy of Francophone West African countries provided congenial environment for forging strong economic ties between the two regions.

4.6 Trade

Foreign trade is indeed the barometer of the level of economic relations existing between any two states. It may, however, be stated that the continent of Africa as a whole is a small trading partner of India. The share of Francophone West Africa in Indian trade is rather low, it never rose beyond half percent mark in the period of analysis. However, this does mean that there is decline in the trade between Francophone West African countries and India. Trade and commercial relations between India and Francophone West African states are
flourishing and are definitely on the upswing as we can observe in the following sections.

4.6.1 Region-Wise Trade

This section will explore India’s trade relations with the Francophone West Africa region and compare it with the trends in India’s worldwide trade and India’s trade with Sub-Saharan Africa. It is observed from the graph-1 that there is an increasing trend in India’s trade relations with Francophone West Africa relations during the period of analysis (this is also shown in the table- 4). The total trade has jumped around nine times from about Rs. 24.94 crore in 1976-77* to Rs. 223.41 crore in 1990-91 and again around six times from Rs. 395.18 crore in 1991-92 to Rs. 2252.82 crore in 2000-01. The total trade between India and Francophone West Africa has increased by almost 900 percent over the last ten years from Rs. 223.41 crore in 1990-91 to Rs. 2252.82 crore in 2000-01.

4.6.1.1 Exports

India’s exports to the nine countries of Francophone West Africa in the 1976-77 amounted to Rs. 16.17 crore which gradually increased to Rs. 47.31 crore in 1980-81 and Rs. 85.15 crore in 1991-92. However, the highest increase in exports occurred during the late 1990s from Rs. 111.82 crore in 1992-93 to Rs. 460.97 crore in 1995-96 and Rs. 647.42 crore in 1999-2000. With exports jumping to Rs. 1055.1 crore in 2000-2001, India’s trade relations with Francophone

* Data for the year 1975-76 is not available.
GRAPH-1
INDIA'S TRADE WITH FRANCOPHONE WEST AFRICA

Year

Rs. in Crore

Export
Import
Total Trade
West Africa region have indeed entered a new phase as shown in the graph-1. (For detail, see Table. 4.)

Evidently during the 25 year period under review by this research work, there was a very sharp increase in India’s exports to Francophone West Africa region from Rs. 16.17 crore in 1976-77 to Rs. 1055.1 crore in 2000-2001. However considering the potential that this region offers, Indian presence in this region is still insignificant.

During the period of 1976-77 to 1981-82, India’s export to the Francophone West Africa region increases from Rs. 16.17 crore to Rs 55.54 crore. However, there was decline in the exports from Rs. 31.52 crore in 1982-83 to Rs. 12.93 crore in 1985-86 with this region due to the deepening economic crisis in Francophone West African states like in the rest of Africa which adversely affected their capacity to import.49

In 1982-83, Francophone West African states had a negative rate of growth of GDP over the previous year. In Ivory Coast, one of India’s important trading partners, the negative growth rate was as high as -4.4 percent in 1982-83.50 However there was reversal of trend, and India’s export again started rising in the following years with this region. It increased from Rs. 20.7 crore in 1986-87 to 29.23 crore in 1989-90 and again from Rs. 45.96 crore in 1990-91 to Rs. 460.97 crore in 1995-96 and finally touching the figure of Rs. 1055.1 crore in


Thus, this is indeed a remarkable achievement in promoting exports in a region where a good numbers of barriers had to be crossed. Benin, Senegal and Ivory Coast are relatively important client of India in this region.

Francophone West Africa has 7.46% of share in India's export to Sub-Saharan Africa during 1985-86 and it rose to 9.90% in 1986-87 nearly remain the same in 1987-88 to 9.18% and then decline to 6.47% in 1989-90. It again increases with 7.83% in 1990-91 to 8.06% in 1991-92. After slightly declining to 7.07% in 1992-93 it rose to 11.63% in 1993-94. It again sleeps to 5.53% in 1994-95 to rise in 1995-96 to 9.45% of the India's export to Sub-Saharan Africa. It was 8.05% in 1996-97, 7.68% in 1997-98, 11.59% in 1998-99 and 9.44% in 1999-2000.

The graph-7 (For detail see, table- 6) reveals that during 1985-86 to 1999-2000, India's export to Francophone West Africa never touched the 1 percent mark and it remained below half percent of its export to the world during the period of analysis. However, export increased in the value terms throughout the period that is from Rs. 16.17 crores in 1976-77 to Rs. 647.42 crores in 1999-2000 except in the years 1982-83, 1983-84, 1984-85 and 1985-86 when it was on declining trend.

4.6.1.2 Imports

India's import from the Francophone West Africa region decline from Rs. 8.77 crore in 1976-77 to Rs. 6.72 crore in 1980-81 and further to Rs. 5.48 crore in 1982-83. However, it started to increase from Rs. 27.14 crore in 1983-84 to Rs. 84.7 crore in 1986-87 to Rs. 177.45
crore in 1990-91. It increases to Rs. 310 crore in 1991-92 and then started to decline from Rs. 306.52 crore in 1992-93 to Rs. 159.12 crore in 1994-95 and again to increase from Rs. 273.54 in 1995-96 to Rs. 1161.58 crore in 1999-2000 and Rs 1197.72 crore in 2000-2001. Thus, this is evident from the trend that there was an enormous increase in the imports from this region in period of 25 years as a whole under review of this research work. However, India’s imports from Francophone West African region are confined to limited number of countries. The slow growth of Indian imports from the Francophone West Africa region can be partly attributed to this. However, there is indeed a significant development in the trade relations between India and Francophone West Africa region in the period of 1975-2000 as a whole.

Francophone West Africa has the share of 18.41 % in India’s import from Sub-Saharan Africa during 1985-86 and it rose to 26.82 % in 1986-87 (see Graph-7 and Table-6). It declined to 16.70 % in 1987-88 and again rose to 26.33 % in 1989-90 and slightly increased to 26.73 % in 1990-91. It further increased to 27.89 % in 1991-92 but declined substantially to 11.75 % percent in 1992-93 and again to 4.81 % in 1993-94 due to declining demand of traditional items of Francophone West Africa in India. It increased to 5.89 % in 1994-95 to 9.75 % in 1995-96 but again declined to 2.95 % in 1996-97, lowest in the period of 1985-86 to 1999-2000. The share of Francophone West Africa in India’s import from Sub-Saharan Africa is showing increasing trends

There is fluctuation in terms of percentage share of Francophone West Africa in India's total import from world, there is a steady growth in terms of value as well as in percentage. The import from Francophone West Africa to India increased from Rs. 57.10 crores in 1985-86 to Rs. 1161.58 crores in 1999-2000 with the steady increase in terms of percentage i.e from 0.29 percent in 1985-86 to 0.53 percent in 1999-2000 except in the years 1987-88 (0.30 percent), 1990-91 (0.41 percent), 1992-93 (0.48 percent), 1993-94 (0.23 percent) and 1994-95 (0.17 percent) when it decline slightly from the previous years.

Several reasons are responsible for the weak performance of Francophone West African states in trade relations with India. Firstly, the narrow range of commodities. Secondly, the fragile economic base of Francophone West African economies, which has been already discussed in chapter two, is a major bottleneck in increasing the trade relations between the two regions. However, with the growth of these economies in recent years, it indicates to be better of. Thirdly, the monopoly of France on trade of these states, produce hindrance in the trade relations between India and Francophone West African states.

Further it is worthwhile to note that two economies of this region, Senegal and Ivory Coast, are comparatively developed than other economies of the Francophone West Africa region have edge in trade relations with India from this region. Ivory Coast with the import of the value of Rs. 149.93 crore and with the export of the value of Rs.
422.39 crore is the largest trading partner of India from this region during 1999-2000. While Senegal the second largest in the year 1999-2000. The country-wise trade will follow in the subsequent sections of this chapter.

4.6.1.3 Trade Balance

During the period of 1976-77 to 1982-83, India had trade surplus in its trade with Francophone West Africa region as shown in the graph-2. (For detail, see table no. 5) It was Rs. 7.30 crore in 1976-77, Rs. 44.54 crore in 1981-82 and Rs. 26.04 crore in 1982-83 in India’s favour. This was due to considerable increase in exports to Ivory Coast.

However, the trend was reversed after 1983-84. It was Rs. 8.92 crore trade deficits for India in 1983-84 and Rs. 35.69 crore in 1985-86. It was Rs. 123.92 crore in 1989-90 and reached the figure of Rs. 224.85 crore in 1991-92 with a sudden rise in imports from Senegal.

The trend has reversed again with the trade surplus for India in 1993-94 of Rs. 59.94 crore. Except for the year 1994-95 the next four years it was in India’s favour, with the trade surplus of Rs. 187.43 crore in 1995-96, Rs. 81.53 crore in 1996-97, Rs. 10.23 crore in 1997-98 and Rs. 149.87 crore in 1998-99.

However, again it was trade deficit for India in 1999-2000 with the figure of Rs. 514.16 crore and Rs. 142.62 crore in 2000-2001 due to rise in imports from Ivory Coast and Benin.
Graph 2
India's Trade Balance with Francophone West Africa

Year

-600 -400 -200 0 200 400 600 800 1000 1200 1400
Rs. in Crore

- Indian Exports  - Indian Imports  - India's Trade Balance with Francophone West Africa
4.6.1.4 Trading Commodities

During the 1980s the sluggishness of India's export performance was partly attributed to the narrow base of India's export mix to Francophone West Africa region. This is perhaps no longer the case now and is abundantly clear from India's commodity pattern of exports to Francophone West Africa region.

The important items of export from India to this region are: Cotton; Vehicles other than Railway or Tramway rolling stock, and parts and accessories thereof; Articles of apparel and clothing accessories knitted or crocheted; Articles of iron or steel; Cereals; Other made up textile articles; sets; worn clothing and worn textile articles; rags; Pharmaceutical products; Miscellaneous chemical products; Rubber and articles thereof, Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof; Articles of stone, plaster, cement, asbestos, mica or similar materials; Tools implements, cutlery, spoons and forks, of base metal; parts thereof of Base metal; Special woven fabrics, tufted textile fabrics, lace, tapestries, trimmings, embroidery; Man-made staple fibres; Man-made filaments; Tanning or dyeing extracts; tannins and their deri. Dyes, pigments and other colouring matter; paints and ver; putty and other mastics; inks; Electrical machinery and equipment and parts thereof, sound recorders and reproducers, television image and sound recorders and reproducers and parts; Essential oils and Resinoid, perfumery, cosmetics or toilet preparations; Glass and glassware and Optical, photographic cinematographic measuring.
In return, however, India's imports from the region are fairly heavily concentrated in a narrow range of commodities. India's major imports from the region are: Inorganic chemicals; organic or inorganic compounds of precious metals, of rare earth metals, or radi. Elem or of isotopes; Salt; sulphur, earths and stone; plastering materials, lime and cement; Edible fruit and nuts; peel or citrus fruit or melons; Wood and articles of wood; wood charcoal; Cotton; Cocoa and cocoa preparations; Oil seeds and olea. Fruits, misc. grains, seeds and fruit; industrial or medicinal plants; straw and fodder; Mineral fuels, mineral oils and products of their distillation; bituminous substances, mineral waxes; Fertilizers and Lac; gums, resins and other vegetable saps and extracts.

4.6.1.5 Nature and Composition of Trading Commodities

The commodity pattern of trade of any country changes according to changes in state of development and with time and it is also true with the commodity pattern of Indo-Francophone West African states trade relations, as they are no exception to this rule. An analysis of commodity structure of exports and imports by major groups can provide further insight into India's trade relations with Francophone West African countries.

Manufactured goods consisting of leather, leather manufactured goods, chemicals and related products, engineering goods, Articles of Iron or steel, textiles and industrial machinery and other manufactured goods top the India's export list to Francophone West Africa. Although it is fluctuating from year to year but it has a giant
share in the export list of India to these countries. Besides other principal items exported to Francophone West Africa include pharmaceutical products, Vehicles and transport equipments. The agricultural and allied products are next to the manufactured goods in the list of Indian exports to these countries. Among all the agricultural products cereals, cotton and rubber are the largest export earning commodities.

From Francophone West Africa traditional exports such as cocoa, coffee and palm oil are still favourites in import list to India. There is also growth in non-traditional primary exports such as pineapples and rubber. Among other agricultural products fruits, nuts (groundnuts/peanuts) etc has also a vital share in the import list to India. Besides other principal items imported by India from Francophone West Africa include cotton, oil seeds, grains and other plants.

Among other favourites from the Francophone West Africa region are manufactured goods such as chemicals, organic and inorganic, wood and articles with metals, salt, sulphur, stones and ores and minerals. Thus, it is evident from the commodity pattern of Indo- Francophone West African trade relations that value added products are finding place in export and import list of these countries however traditional items are still favourites in export and import lists of these counties and India.
4.6.2 Country-Wise Trade

This section of this chapter will deal with country-wise trade between India and Francophone West Africa. Ivory Coast and Senegal has emerged as relatively important trading partner of India in this region with the total trade of Rs. 572.32 crore and Rs. 465.24 crore in 1999-2000 respectively. Ivory Coast with the import of the value of Rs. 149.93 crore and with the export of the value of Rs. 422.39 crore is the largest trading partner of India from this region in 1999-2000. However, Senegal with the export of the value of Rs. 834.36 crore and with the import of the value of Rs. 248.53 crore has emerged as the leading trading partner of India from this region in 2002-03.

4.6.2.1 Export

Benin with the import of Rs. 15.08 crore from India in 1976-77 was the India’s top client and with the import of the value of Rs. 25.78 crore in 1994-95, it remains the top client of India in the region. However, Ivory Coast became the top client of India in this region with the import of value of Rs. 129.13 crore in 1995-96 and Senegal second leading client with the import of the value of Rs. 126.16 crore from India in 1995-96. Ivory Coast with the import of the value of Rs. 149.93 crore in 1999-2000 and Rs. 209.76 crore in 2000-2001 from India is the largest importer of Indian goods from this region. Benin with the import of the value of Rs. 122.89 crore in 1999-2000 and Rs. 206.20 crore in 2000-2001 from India is close second. Senegal with the import of the value of Rs. 86.90 crore in 1999-2000 was the third largest client of India. But with the import of the value of Rs. 108.59
in 2000-2001, it is well behind the Togo which imported the Indian goods worth value Rs. 180.71 crore in 2000-2001 and Niger with export of the value of Rs. 119.55 crore in 2000-2001 from India. Benin is the third largest trading partner of India in Francophone West Africa after Cote d’Ivoire and Senegal in 2000-2001.\textsuperscript{51}

The five leading clients of India in this region are Ivory Coast, Benin, Togo, Niger and Senegal. The Indian exports were in excess of Rs. 100 crore in five countries of this region namely Ivory Coast, Benin, Togo, Senegal and Niger and more than Rs. 200 crore in two states, Ivory Coast and Benin.

However, India’s trade with Burkina Faso is at low level and it was merely Rs. 30.80 crore in 2000-2001.

\textbf{4.6.2.2 Import}

During the period of 1976-77 to 1983-84, Senegal, Ivory Coast and Guinea were the leading suppliers to India from this region. In 1984-85, Togo with the import of the value Rs. 10.92 crore emerged as another important supplier to India.

During the 1990s, Benin and Mali emerged as new suppliers to India. Burkina Faso with the export of the value Rs. 55.24 crore in 1999-2000 and Rs. 48.02 crore in 2000-2001 also emerged as substantial supplier to India.

Ivory Coast was the leading supplier to India with the export of the value of Rs. 422.39 crore in 1999-2000 and Rs. 562.39 in 2000-2001

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to India. Senegal was the second leading supplier to India in 1999-2000 with the export of the value of Rs. 378.34 crore to India. But Benin became the second leading supplier to India in 2000-2001 with export of the value of Rs. 237.93 crore to India ahead of Senegal's Rs. 202.55 crore.

This next section of this chapter will discuss two relatively important and largest trading partners of India from this region Ivory Coast and Senegal.

4.6.2.3 Trade with Ivory Coast

The share of Ivory Coast in Indian trade is rather low. However, this does mean that there was decline in the trade between Ivory Coast and India. Trade relations between India and Ivory Coast are thriving and are definitely on the upsurge as can be seen in the following sections.

4.6.2.3.1 Exports

India's exports to the Ivory Coast in the 1976-77 amounted to Rs. 0.03 crore which gradually increased to Rs. 4.25 crore in 1980-81 and to Rs. 8.68 crore in 1981-82. However it declined to Rs. 1.73 crore in 1982-83 and further to Rs. 1.42 crore in 1983-84 due to the deepening economic crisis in Ivory Coast which adversely affected its capacity to import. In 1982-83, Ivory Coast had a negative rate of growth of GDP and it was as high as - 4.4 percent over the previous year. However it again increases to Rs. 2.40 crore in 1984-85 to Rs. 3.12 crore in 1985-86 but again declined to Rs. 3.05 crore in 1986-87 to increased to Rs. 9.71 crore in 1987-88. It again declined to Rs. 4.68
GRAPH- 3
INDIA’S TRADE WITH SENEGAL

Rs. in Crore

Year


Export Import Balance
crore in 1989-90 to Rs. 3.58 crore in 1990-91 and again increased to Rs. 13.97 crore in 1991-92 but decline to Rs. 7.71 crore in 1992-93. After that increasing trend continues till the 1995-96 when it touched the figure of Rs. 129.13 crore. Thus, the highest increase in exports occurred during this period from Rs. 7.71 crore in 1992-93 to Rs. 129.13 crore in 1995-96. But again it declined to Rs. 57.28 crore in 1996-97 and further to Rs. 47.08 crore in 1997-98 to increase to Rs. 276.75 crore in 98-99. It declined to Rs. 149.93 crore in 1999-2000.

Evidently during the 25-year period under review by this research work, there was a very sharp increase in India’s exports to Ivory Coast from Rs. 0.03 crore in 1976-77 to Rs. 149.93 crore in 1999-2000. However, with wide variation in Indian export to Ivory Coast yearly in the period of 1975-2000, it is difficult to draw a definite trend in exports from India to Ivory Coast. But with exports jumping to Rs. 209.76 crore in 2000-2001, India’s trade relation with Ivory Coast has indeed entered a new phase as shown in the graph- 4. (For detail, see Table 7 B.) But considering the potential that it offers, Indian presence is still insignificant.

4.6.2.3.2 Imports

India’s imports from the Ivory Coast were negligible in 1976-77. It amounted to Rs. 2.17 crore in 1979-80 but declined to Rs. 0.32 crore in 1980-81 and again to Rs. 0.19 crore in 1981-82. It increased to Rs. 0.34 crore in 1982-83 and again to Rs. 11.15 crore in 1983-84. However, it shows the declining trend in next two years, Rs. 6.18 crore in 1984-85 to Rs. 1.13 crore in 1985-86. It again increased to Rs.

Thus, this is evident from the trend that there was an enormous increase in the India's imports from the Ivory Coast in the period of 25 years as a whole under review of this research work. But more important India's imports from the Ivory Coast have shown firm increasing trends in the 1990s except for a year in 1998-99.

**4.6.2.3.3 Trade Balance**

In 1976-77, India had trade surplus in its trade with Ivory Coast however it was in deficit in 1979-80 and again in India's favour in 1980-81. During the period of 1981-82 to 1982-83, India had trade surplus in its trade with Ivory Coast as shown in graph 4. (For detail, see table no. 7 B) It was Rs. 8.49 crore in 1981-82 and Rs. 1.39 crore in 1982-83 in India's favours. This was due to considerable increase in exports to Ivory Coast.
However, the trend was reversed after 1983-84. It was Rs.9.73 crore trade- deficits for India in 1983-84 and Rs. 7.78 crore in 1984-85. The trend was reversed again with the trade surplus for India in 1985-86 of Rs. 1.99 crore. But with a rise in imports from Ivory Coast in comparison to exports from India, the trend remained in favour of Ivory Coast from 1986-87 to 1997-98. It was Rs. 7.58 crore in 1986-87, Rs. 5.51 crore in 1987-88, Rs. 10.53 crore in 1989-90, Rs. 4.59 crore in 1990-91, Rs. 12.04 crore in 1991-92, Rs. 20.89 crore in 1992-93, Rs. 53.58 crore in 1993-94, Rs. 70.45 crore in 1994-95, Rs. 13.35 crore in 1995-96, Rs. 124.95 crore in 1996-97 and Rs. 140.03 crore in 1997-98 in Ivory Coast's favour. The trend was reversed again with the trade surplus for India in 1998-99 of Rs. 117.99 crore. However, again it was trade deficit for India in 1999-2000 with the figure of Rs. 272.46 crore and Rs. 352.63 crore in 2000-2001.

4.6.2.3 Trade with Senegal

The share of Senegal in Indian trade is also low. However, the trends in the trade between India and Senegal shows that trade relations between India and Senegal are definitely on the upswing as can be seen in the following sections.

4.6.2.3.1 Exports

India's exports to the Senegal in the 1976-77 amounted to Rs. 15.08 crore which declined to Rs. 0.16 crore in 1980-81 and marginally increased to Rs. 0.76 crore in 1981-82 and further to Rs. 1.00 crore in 1982-83 and Rs. 1.03 crore in 1983-84. However it again declined to Rs. 0.56 crore in 1984-85 before marginally increasing to Rs. 0.88
GRAPH-4
INDIA'S TRADE WITH IVORY COAST

Rs. in Crone

Year

Export Import Balance

crore in 1985-86 to further increased to Rs.4.61 crore in 1986-87. It again declined to Rs. 2.20 crore in 1987-88 and further to Rs. 1.65 crore in 1989-90. Thereafter it increased for three subsequent years from Rs. 4.10 crore in 1990-91 to Rs. 5.20 crore in 1991-92 to Rs. 14.69 crore in 1992-93. But again declined to Rs. 5.97 crore in 1993-94 before increasing to Rs. 15.84 crore in 1994-95 and again to Rs. 126.16 crore in 1995-96. It declined to Rs. 73.84 crore in 1996-97 again to increased to Rs. 107.42 crore in 1997-98 and further to Rs. 143.62 crore in 1998-99. It again declined to Rs. 86.90 crore in 1999-2000 before finally touching the figure of Rs.108.59 crore in 2000-01. Evidently during the 25-year period under review by this research work, there was a indeed increase in India’s exports to Senegal from Rs. 15.08 crore in 1976-77 to Rs. 86.90 crore in 1999-2000 and before that it has also touched the highest figure so far of Rs. 143.62 crore in 1998-99. However, with wide variation in Indian export to Senegal yearly like Ivory Coast in the period of 1975-2000, it is difficult to draw a definite trend in exports from India to Senegal. Indian export to Senegal again is on increasing trend with the figure of Rs.108.59 crore in 2000-01 as shown in the graph- 3. (For detail, see Table 7 A.) But considering the potential that Senegal offers, Indian presence is still insignificant.

4.6.2.3.2 Imports

India’s imports from the Senegal were negligible in 1976-77. It amounted to Rs.4.19 crore in 1979-80 and increased to Rs. 6.07 crore in 1980-81 but declined to Rs. 5.81 crore in 1981-82. It further
declined to Rs. 4.50 crore in 1982-83 before increasing to Rs. 8.86 crore in 1983-84. It continued with increasing trend in subsequent three years from Rs. 32.38 crore in 1984-85 to Rs. 51.00 crore in 1985-86 and again to Rs. 63.38 crore in 1986-87. But declined to Rs. 23.99 crore in 1987-88 again to increase to Rs.125.72 crore in 1989-90. It declined to Rs. 119.95 crore 1990-91 but again increased to Rs. 249.40 crore in 1991-92. However it shows declining trend for the next three years with Rs. 246.76 crore in 1992-93 to Rs. 66.27 crore in 1993-94 and finally the lowest of this decade, Rs. 40.15 crore in 1994-95. However, it continued with increasing trend in subsequent four years from Rs. 61.45 crore in 1995-96 to Rs. 70.71 crore in 1996-97 to Rs. 177.89 crore in 1997-98 before touching the highest figure of this decade Rs. 464.10 crore in 1998-99. However, it again declined in the next two years from Rs. 378.34 crore in 1999-2000 to Rs. 202.55 crore in 2000-01.

Thus, this is evident from the trend that like exports, imports also did not show consistent trend in India’s trade with Senegal, however there is definitely an increase in the India’s imports from the Senegal in the period of 25 yeas as a whole under review of this research work.

4.6.2.3.3 Trade Balance

In 1976-77, India had trade surplus in its trade with Senegal however it was in deficit in 1979-80 and in 1980-81. It is important to notice that India had in general a trade deficit in its trade with Senegal. Except for two years, 1995-96 and 1996-97, India has trade deficit in
its trade with Senegal all along these years from 1980-81 to 2000-01 as shown in graph 3. (For detail, see table no. 7 A)

Thus, with a rise in imports from Senegal in comparison to exports from India, the trend remained in favour of Senegal from 1980-81 to 1994-95. It was Rs. 5.91 crore in 1980-81, Rs. 5.05 crore in 1981-82, Rs. 3.5 crore in 1982-83, Rs. 7.83 crore in 1983-84, Rs. 31.82 crore in 1984-85, Rs. 50.12 crore in 1985-86, Rs. 58.77 crore in 1986-87, Rs. 21.79 crore in 1987-88, Rs. 124 crore in 1989-90, Rs. 115.85 crore in 1990-91, Rs. 244.2 crore in 1991-92, Rs. 232.07 crore in 1992-93, Rs. 60.3 crore in 1993-94 and Rs. 24.31 crore in 1994-95 in Senegal’s favour. However, the trend was reversed in 1995-96 and it was Rs. 64.71 crore trade surplus for India in 1995-96 and again Rs. 3.13 crore in 1996-97.

The trend was reversed again with the trade deficit for India in 1997-98 of Rs. 70.47 crore, in 1998-99 of Rs. 320.48 crore, in 1999-2000 of Rs. 291.44 crore and finally in 2000-01 of Rs. 93.96 crore.

Thus, there is indeed a significant development in the trade relations between India and Francophone West African states. India’s trade with these states could be taken as a general trend of India’s trade with the Francophone West African states. In nutshell, it can be stated that overall trend in trade between India and these states augurs well for the development of India’s trade with Francophone West African region.
4.6.2.3 Nature and Composition of Trading Commodities

The five leading products exported from India to Senegal are (1) cotton textiles, clothes and fittings, various textiles, ready to wear etc. (ii) metallurgy (iii) organic/inorganic/agricultural chemical products (iv) pharmaceutical products and (v) iron and steel.

Among all the agricultural products, cereal is the largest export-earning commodity in Indian export list to Senegal. Indian export of cereals to Senegal increased from Rs. 35.31 crores in 1996-97 to Rs. 54.77 crores in 1997-98 and again to Rs. 71.75 crores in 1998-99. It is almost 50 percent of total Indian exports to Senegal, 47.8 percent in 1996-97, 50.98 percent in 1997-98 and 49.95 percent in 1998-99. But it declined to 11.99 percent in 1999-2000 to Rs.10.42 crores.

Cotton is next to cereals and share 17.26 % in 1996-97 of total Indian export to Senegal. It declined to 9.62 % in 1997-98 but increased to 13.47 % in 1998-99 and again to 28.06 % in 1999-2000.

Although manufactured goods and other products started to figure in Indian export list to Senegal but percentage share of these items is very low. Items like Chemical products; Nuclear Reactors, Boilers, Machinery and Mechanical Appliances and Parts; Vehicles other than Railway or Tramway Rolling Stock, and parts; Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery figured among the leading five commodities in Indian export list to Senegal but there percentage share individually is not more than 10 percent and together less than 20 percent in the total export of India to Senegal during 1996-97 to 1999-2000. Articles of Iron or Steel and
Data of the year 1988-89 is not available.

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Pharmaceutical Products also appeared in the export list of India to Senegal in 1999-2000 but their share is rather low 12.07 percent and 8.49 percent respectively of the total trade.

The main exports from India to Ivory Coast consist of cotton; vehicles other than railway or tramway rolling stock and parts and accessories thereof; articles of apparel and clothing accessories, not knitted or crocheted; other made up textile articles, sets, worn clothing and worn textile articles, rags; and rubber and articles thereof.

In Ivory Coast, the agricultural products Cotton and Cereals featured among the top five export items from India. Cotton shared 11.62 percent in 1996-97 of the total export from India to Ivory Coast and increased to 27.42 percent in 1997-98 before declining to 9.18 percent in 1998-99. It was the top item during the year 1999-2000 with the share of 35.06 percent of total exports from India. Cereals also featured among top five items during the year 1996-97 with the percentage of 5.41% and 57.26% in 1998-99.

The share of engineering and manufactured goods in Indian export list to Ivory Coast is rather high. They share nearly 50 percent of the total exports from India in 1996-97 but declined to nearly 40 and 30 percent in the next two years but increased to 35 percent in 1999-2000.

Vehicles other than Railway or Tramway Rolling Stock, and parts; Other Made Up Textile Articles; Sets; Worn Clothing and Worn Textile Articles, Rags and Pharmaceutical Products were among the top five items exported from India to Ivory Coast in 1996-97 with percentage share of 30.84 %, 7.47 % and 9.89 % respectively. They remain the
priority items of export from India to Ivory Coast in next three year i.e. till 1999-2000. Articles of Apparel and Clothing and Rubber and Articles with the share of 12.99 percent and 3.91 percent respectively were also among top five items favoured by Ivorians from India.

Burkina Faso is importing finished goods from India, automobile (TATA buses) and parts, agricultural machineries (tractors), garments, rice and various goods. The main exports from India to Burkina Faso consists of vehicles other than railway or tramway rolling stock and parts and accessories thereof; rubber and articles; pharmaceutical products; nuclear reactors, boilers, machinery and mechanical appliances, parts thereof.

It is evident from the trend in commodity structure of exports that one or two items in the export list from India forms the bulk of Indian exports to these countries. Only two items dominate about 50 to 60 percent of total export from India to Senegal and Ivory Coast. However, they differ in composition in both countries. While traditional agricultural items dominate the Indian export list to Senegal, it is manufactured and engineering goods, which dominates the Indian export to Ivory Coast. Thus, it is clear that the Indian exports to these countries are limited to the narrow range of commodities and it needs to be diversified.

In the import list from Senegal to India however its minerals which top the list, they together share more than 80 percent in India’s total imports from Senegal. Salt, sulphur, earths and stone, plastering materials, lime and cement, top the list with 79.51 percent in 1996-97
and 53.07 percent in 1997-98. With 26.35 percent in 1998-99 and 27.47 percent in 1999-2000 it remained the second favourite item from Senegal. While inorganic chemicals, organic compounds of precious metals, Rare-Earth Metals, Rudimentary elements with 39.14 percent in 1997-98, top the import list from Senegal in 1998-99 with 60.64 percent and 54.78 % in 1999-2000 in the total imports from Senegal.


Other favourites from Senegal include iron and steel, fertilizers, cotton and pulp of wood and other fibrous.

The five leading products imported by India from Senegal are phosphoric acid, phosphates, cashew nuts, hides and skins and Arabic gum. India is the key buying client of Senegal in 2001. It buys 100% phosphoric acid (56 billion CFA F) and 70% phosphates (10 billion CFA F).

From Ivory Coast, among agricultural products, edible fruit and nuts, peel, citrus fruit and melons with 26.50 percent share in 1996-97, 42.58 percent in 1997-98 remain the second largest import item and with 47.49 percent in 1998-99 and 38.48 percent in 1999-2000 remained the top favourite from Ivory Coast.

Among manufactured goods Wood and Articles of Wood, Wood Charcoal remain the most sought item by India from Ivory Coast in
1996-97 and 1997-98 with more than 50 percent share in the total imports from Ivory Coast. It remained the second largest import item in the following years with nearly 40 percent share in the total import. Other important import items from Ivory Coast include oil seeds, Fruits, Grains, industrial and medicinal plants, straw and fodder; natural or cultured pearls, precious or semi-precious stones, metals, clad with pre. metals and Articles, jewelry coin; ores, slag and ash; copper and articles; cocoa and cocoa preparations and cotton. The main imports from Ivory Coast consists of edible fruit and nuts, peel or citrus fruit or melons; wood and articles of wood, wood charcoal; cotton; oil seeds and olea, fruits, misc. grains, seeds and fruit, industrial or medicinal plants, straw and fodder; and Cocoa and coca preparations. While the main imports from Burkina Faso to India consists of cotton, edible fruit and nuts and peel or citrus fruit or melons.

It is evident from the trend in commodity structure of imports from these countries to India that imports from these countries are relatively diversified. However in imports too, one or two items dominate the imports from these countries to India. Meanwhile its minerals and manufactured goods, which dominate the imports from these countries to India rather than traditional agricultural products, which dominate the export list of India to these countries.
4.7 India's potential items of export to Francophone West African states

There is a vast scope for expansion of India's export to this region. There is a tremendous scope for the export of engineering goods and industrial machinery such as food processing machinery, Bakery and Diary machinery, rubber processing machinery, Wood working machinery and pharmaceutical manufacturing machinery etc. There is also immense potential for the export of agricultural machinery and equipment, tractors and machines and equipment for processing of fruits and vegetables, textile and jute mill machinery and sewing machines and cloth stitching machines. India can also export to this region, automobile parts and accessories, bicycle parts and hand tool (ceiling fan and pump sets etc.) and electric manufactures, iron and steel and organic/inorganic/ agricultural chemical products and aluminium products. Among other Indian items with a good market in Francophone West African states are garments, fabrics, rice and spices. The market of Francophone West African states offer a large scope for a diverse range of our products like pharmaceuticals (bulk drugs), computer software, plastic goods, leather manufactures, handicrafts, electronic goods, builders hardware, medical and surgical instruments, bathroom fittings, cosmetics and toiletries, metal manufactures, audio and video cassettes and processed food and marine products etc.

Project exports catering to the requirements of small scale and cottage industries, construction industry, luxury buses and mini coach's and
two wheelers (scooter and mopeds) in Francophone West African states would have significant export potential for India.

### 4.8 Francophone West African states potential items of export to India

Senegal is one of the largest producers and exporters of phosphate and phosphoric acid in Africa. India is a large importer of these items. There also exist opportunities for Francophone West African states to export agriculture produce like cocoa, cocoa preparations, edible fruits, nuts (cashew nuts) and rubber, cotton raw and waste, wood and wood products, fertilizers (crude), leather and fruit juices etc to India.

In India, the demand for hydrocarbons is growing at the rate of 6.5% to 7% per annum. It is the eighth largest consumer of oil and is expected to be the fifth largest consumer in the next twenty years. While at present India's import dependence on oil is around 40%, this is likely to rise up to 70% by the end of this decade. Thus, securing a stable oil supply will increasingly become a security priority for India.

In the last few years India has recognised the fact that increased dependence on the Persian Gulf for her oil supply can impede India's energy security. Thus India is keen to diversify her petroleum supply options. This situation brings into focus the hydrocarbon resource of the Francophone West African countries as they provide an important option for the energy supply diversification. Senegal, Ivory Coast and other Gulf of Guinea countries like Benin, Togo, Gabon, Equatorial Guinea, Ghana etc. contains rich hydrocarbon deposits. This region
has potential to become a sustainable alternative to India's energy security needs, but also provides an opportunity for complementarity of interests between the Francophone West African countries and India on the various aspects of the energy security. By providing the technical infrastructural help and training facilities to these oil-producing countries for the oil exploration, India can prove its utility and can have mutual dealing for oil import.52

India can also import items like gold, precious metals, inorganic and organic chemicals, iron & steel etc from these countries.

4.9 Constraints on India’s Relations with Francophone West Africa

There are shadows as well which may stand in the way of promoting trade between in this region. They are

(1) French language: use of French language in these countries for business correspondence, government administration and in technical standards is considered as a big constraint by Indian businessmen in approaching the market of these countries since Indian businessmen mainly use English in their communication. Further, there is a perceived notion in their minds that the small size of the market and the commercial gains that will come from the modest volume of business may not be commensurate with the cost involved in

translation of various details and communication in French.

Due to these reasons, there is lack of interest in tapping the Francophone West African states market for opportunity.53

(2) Keen international competition: A number of developed countries including France, Belgium, Italy, USA, Germany and Netherlands have a strong foot hold in these countries. A rapid survey of India's potential exports to these countries shows that India may face stiff competition from France and China. China in fact, is having an aggressive trade drive in this region China is expected to offer competition to India in this region market for a wide range of goods from textiles to engineering goods.

(3) Slow pace of reforms and political instability in this region: Higher incidence of civil strife, macro-economic instability, modest progress made both in liberalization and privatization have affected Indian trade with this region.

(4) Limited purchasing powers and costly domestic credit of these countries.

(5) No serious studies exist about this region: To formulate a proper policy for fruitful relations with this region, there is a need to build up data banks and teams of experts.

(6) High freight rates and longer shipping times.

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53 Singh, n. 50, p. 248.
(7) In adequate after sales service and lack of durable arrangements for ensuring supply of spare parts.

(8) Attractive credit terms offered by the European firms, especially the French firms, who have historical links with these countries in contrast with the tendency of Indian firms to insist on LC Terms of payment and their reluctance to supply on credit terms of payment.54

(9) Indians prefers short-term supply contracts rather than long term joint ventures with local partners.

(10) Due to the absence of Diaspora factor (PIOs) in these former French colonies, the information outlets, both direct and indirect, have been relatively fewer thus inadequacy of information about business opportunities. A more high-profile publicity for India seems an imperative need. The only media exposure of India to the Francophone African states seems to be through the cultural journal Rencontre avec l'Inde, brought out by the ICCR.55

4.10 Potential for Enhanced Trade

There is an opportunity for enhancing trade between India and Francophone West African region because of

(1) Liberalized and growing economy of India as well as this region.

54 EEPC Report, n. 48, p. 94.

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(2) Though the markets of these countries on their own, are not big, the regional trade agreements like ECOWAS and UEMOA have enabled them to have a wider reach with re-export possibilities and transshipment facilities to even land locked countries like Burkina Faso and Mali. Meanwhile it is not the size of the market that matters but it is the sweep and the reach that counts, and in that respect Francophone West African countries present an expanded market with enhanced opportunities.

(3) Use of French language should not be a major handicap. One has to remember that though other Asian countries like China, South Korea and Japan too, have faced the same problem but they have overcome this disadvantage and in fact, are able to reach a dominating position in this French speaking market. If China can do, not doubt, India too can do. Language problem can be overcome with the help of software available for quick translation of business correspondence between English and French or other prominent African Languages. 56

(4) High freight rates and longer shipping times also do not seem to be a major constraint. It is pertinent to note that the nearby African country Nigeria is topping the list in the import of engineering goods from India by African countries. If India is competitive in Nigeria and can ship the goods to them in time,

56 Government of India, Ministry of External Affairs, Focus Africa (New Delhi, 2003), (Online web) URL: http://meaindia.nic.in
there is no reason why we cannot do so with Francophone West African countries.

(5) The potential for expansion in trade and investment is great since Francophone West African region is rich in natural resources.

(6) There is huge shortage of skilled manpower leading to poor manufacturing activity in this region while India has largest skilled manpower.

(7) Activation of regional trade arrangements like ECOWAS provides ample scope for enhanced trade with this region. The principal objective of ECOWAS* is the establishment of a customs union and a common market for promoting the free movement of goods and people within West Africa. The treaty also provided for the harmonization of regional policies in several sectors, including agriculture, industry, energy, transport and communications. In 1994 Francophone members setup their own Union Economique et Monetaire Ouest-Africaine (UEMOA) to work towards a customs union and other aspects of economic convergence.

However, the real issue is attractive credit terms offered by competitors from European Union which Indian exporters are unable to match. Basically Francophone West African Countries are credit-oriented market where payment terms like ‘LC’ and ‘Advance Payment’

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* ECOWAS members: Benin, Burkina Faso, Côte d’Ivoire, Gambia, Ghana, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo and Cape Verde.
turns away business opportunities. Therefore this issue needs to be addressed to in a business like manner. Either the government of India or the Export-Import Bank of India should extend a line of credit, the terms of which shall be tuned to take care of the demanding perspective in these countries to facilitate Indian exporters to supply capital goods and machinery on equal terms on par with their competitors. In fact, the Exim Bank has decided to extend the line of credit to the tune of $2.2 billion to Senegal along with other African countries like Mauritius, Uganda, Egypt, Botswana, Tanzania and Zambia as part of India’s recent commitment to promote and encourage trade with them.

Armed with this attractive armour Indian exporters can confidently approach the Senegal importers to source from India.

4.11 Conclusion

In the post cold war period and under the current phase of globalisation, the open liberal trade has become a global mantra. The global relations in the 21st century is characterised by increased trade and commerce. There is a growing realization among the developing countries that in the fiercely competitive era of globalisation, the compulsions of enhancing bilateral cooperation among the southern countries is imperative for finding solutions to the problems of development and sustainability. Thus the South-South Cooperation

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57 This was announced by E. Barwa, Joint Secretary, Ministry of External Affairs at an Assocham Seminar as reported in Times of India on 17 March 2004.
provide to the developing countries an important opportunities for development and economic cooperation based on complementarity of resources and similarity of developmental status. In the prevailing world order, South-South Cooperation offers the developing countries a strategic means for pursuing additional path to development suited to their needs and aspiration. Viewed against this backdrop, the Francophone West Africa countries have emerged as a strategic destination for India. Recently the concern with oil exploration and cooperation with oil producing zones of the world is acquiring prime importance in India’s trade and foreign policy perspectives. India, being heavily dependent on the Gulf, needs to explore other alternatives. To search the alternative has become more urgent due to the emerging constraints caused by the increasing conflict situation in this area. This situation brings into focus the hydrocarbon resource of the Francophone West African countries as they provide an important option for the energy supply diversification. Senegal, Ivory Coast and other Gulf of Guinea countries like Benin, Togo, Gabon, Equatorial Guinea, Ghana etc. contains rich hydrocarbon deposits. This region has potential to become a sustainable alternative to India’s energy security needs, but also provides an opportunity for complementarity of interests between the Francophone West African countries and India on the various aspects of the energy security. Trade relations between India and Francophone West African states have widened to a great extent during the period of 1975-2000. The
trade relations between both the regions, India and Francophone West Africa has shown increasing trend during the period of analysis of this chapter. However, much needs to be done as Francophone West Africa offers enormous potential for beneficial trade partnership with India. Both regions have to diversify their export base in order to increase the export to each other regions. India's trade with Senegal and Ivory Coast could be taken as a general trend of India's trade with the Francophone West African states. Thus, it can be stated that overall trend in trade between India and these states augurs well for the development of India's trade with Francophone African region as whole. However, Francophone West African states have smaller percentage in overall Indo-African trade. They are economically better and also accessible. They are a potential market for Indian goods and an enhanced trade with this region will increase overall Indo-African trade.