



uniform factory in Maputo, Mozambique

resources," he sums up. The Chinese, he argues, come with their state-owned enterprises, backed by the Chinese treasury, "They are not scared of failing, because there are no shareholders to account to."

The opportunities have attracted the Chinese in hordes over the last decade with some estimates putting their number in Africa on business and work at over a million. Ethiopian Airlines' flights between Beijing, New Delhi and Addis Ababa carry twice as many Chinese as Indians. People talk in whispers of how "neo-colonial" the Chinese are becoming in their ambitions and are funding those in power – a charge that Botha describes is being spread by opposition politicians.

Even so, on the ground, the grumbling is

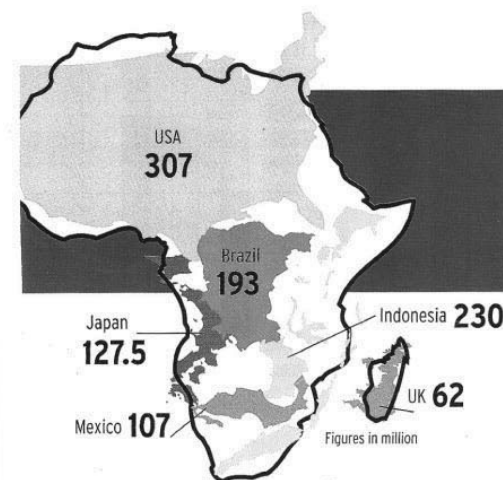
no longer polite or local. An agreement to build roads, railroads, hospitals and universities in DR Congo in a \$6 billion deal allowed the Chinese to operate mines with a potential of 10 million tonnes of copper and 600,000 tonnes of cobalt. The International Monetary Fund, led by French politician Dominique Strauss-Kahn, railed against the deal saying it would increase the central African nation's indebtedness. This further incensed African countries against the 'colonial' mindset of the West. Oldemiro Baloi, Foreign Minister, Mozambique, said almost as much at an April meeting with Indian journalists in Maputo: "It appears that the West is jealous of China and India and they see Africa moving away from their sphere of influence."

But should China and India be even referred to in the same breath? Not quite. Indian High Commissioner to South Africa, Vijender Gupta, has a telling point, "While we have given a \$250 million line of credit to African countries, the Chinese have over \$5 billion to spend, and the fact of the matter is that money talks." In Mozambique, for example, Indian company Jaguar Overseas, part of the O.P. Jindal Group, is constructing its first building in a science and technology park in Manhica with a \$25 million line of credit from the Export-Import Bank of India, or Exim Bank. Back at capital Maputo, a glistening new airport terminal has been financed three times as much by the Chinese Exim bank.

Still, there are some toe-holds Indians have in Africa. ONGC Videsh has invested \$2.5 billion in Sudan oil fields, the future of which seems secure now after an initial scare when Sudan split into two in a referendum



At 4.9% compound annual growth rate of its GDP, Africa is the world's third fastest growing region



...But it is one of the poorest regions of the world; its GDP is about one tenth that of the US's

USA \$14.1 trillion
Africa \$1.6 trillion

Source: World Development Indicators, IMF



COVER STORY Africa

AFRICA TODAY

- Total population: **1 billion**
- Population under 15: **41%**
- Adult literacy: **62%**
- GDP income per capita is **10th** of world average
- Around **45%** living on \$1 a day
- Mobile phone subscribers: **37%**
- Population in urban areas: **40%**
- Collective GDP (2008): **\$1.6 trillion**
- Combined consumer spending (2008): **\$860 billion**

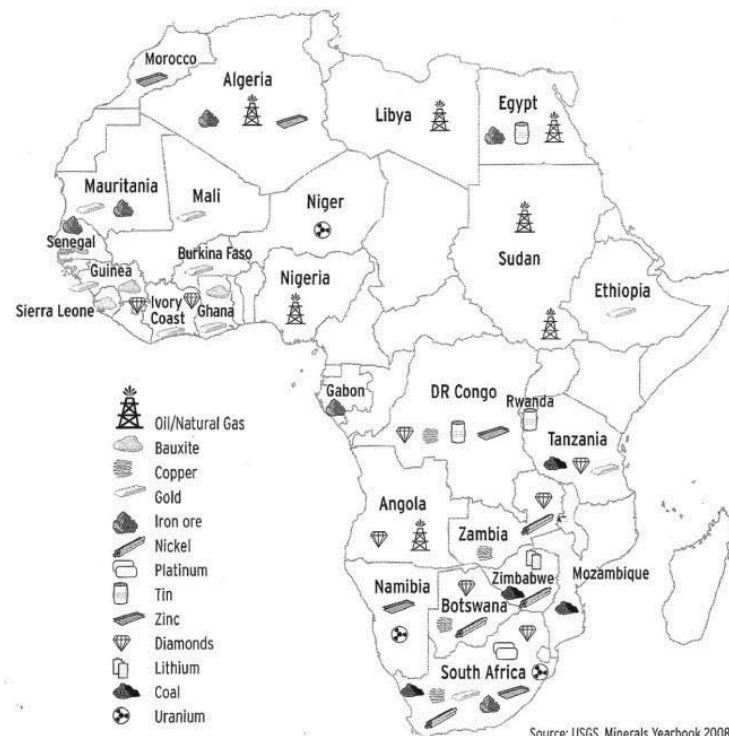
AFRICA TOMORROW

- Total population: **1.4 billion** by mid 2025
- Total population: **2.1 billion** by mid 2050
- **128 million** households with discretionary incomes by 2020
- Consumer spending will be **\$1.4 trillion** by 2020
- Collective GDP will be **\$2.6 trillion** by 2020
- Around **47%** of Africans will be living in cities by 2025

Source: Ernst and Young

Out of Africa

The continent is resource-rich and presents tremendous scope for growth



Source: USGS, Minerals Yearbook 2008

earlier in 2011. Besides its coal mines in Mozambique, Tata Steel has a massive ferro-chrome facility near Durban, South Africa. Tata businesses in Africa also include telecom, hotels and others – all of which, at last count, totted up to some \$600 million in revenues for the group. Essar's Firdhose Coovadia, Resident Director, Africa and Middle East, says: "Africa can provide access to raw material and new markets/consumers for some of our existing businesses." Indian power and steel companies such as Coal India, Steel Authority of India, Tata Steel and JSW Steel are importing coal from both South Africa and Mozambique by shiploads to fire thermal power plants and steel blast furnaces.

There are other opportunities in Africa in which Indian businesses are uniquely placed to take advantage of given that they have dealt with them back home in India. Health, for instance. Infant mortality in countries such as Sierra Leone is as high as 123 per 1,000 births and average life expectancy elsewhere, say, in Zimbabwe, is just 45 years. For many then, Africa could be the emerging India market equivalent in pharmaceuticals in the

Africa is almost as urbanised as China and has as many cities of 1 million people as Europe

Rural vs. urban population by region, 2010 (%)
Total population (million)

