

India – Mozambique Relations

India enjoys warm and substantive ties with Mozambique. Trading links between Mozambique and the western states of India go back several Centuries, and pre-date the colonial era. These ancient people-to-people links have been built upon in modern times, to forge a strong bilateral relationship based on regular political contacts, ever-deepening economic engagement, and a well-integrated Indian community in Mozambique.

Political Relations

After 1947, independent India's support for the Mozambican freedom struggle established the basis for warm political ties between the leaderships of both countries. Diplomatic relations between India and Mozambique were established as soon as Mozambique became independent in 1975, and India was among the first countries to set up a diplomatic mission in Mozambique. Mozambique opened its Mission in New Delhi in 2001.

Since the independence of Mozambique, there have been frequent contacts between the leaderships of both countries. All four Mozambican Presidents have visited India – President Samora Machel in April 1982, President Joaquim Chissano in May 1988 and again in May 2003, President Armando Guebuza September-October 2010, and President Filipe Nyusi in August 2015. From the Indian side, Prime Ministerial visits have taken place twice – Smt. Indira Gandhi in August 1982 and Shri Narendra Modi in July 2016.

Mozambique and India have signed a number of bilateral agreements and Memoranda of Cooperation for structuring collaboration in different areas. These agreements cover sectors like agriculture, rural development, scientific and technical research, protection of investments, avoidance of double taxation of each other's nationals, small and medium enterprises, mineral resources, oil and natural gas, defence cooperation, etc.

India's development partnership with Mozambique

In recent years, India's support for Mozambique's development agenda has become an important priority within the bilateral relationship. Most of this assistance has been provided through concessional lines of credit (LOC) implemented through EXIM Bank of India. Until 2010, India had carried out LOC-funded projects worth about USD 140 million in Mozambique. During President Guebuza's visit to India in 2010, further LOC support of USD 500 million was announced. Through these projects, India has extended support to Mozambique in diverse areas - provision of drinking water, improving power

generation and distribution, improving agricultural productivity, rehabilitation of irrigation infrastructure, creation of an Information Technology park, construction of an assembly plant for solar cells, rehabilitation of road networks, construction of housing units, etc.

The most visible and appreciated form of development support provided by India to Mozambique is in the form of scholarships and training opportunities in India. The number of Indian scholarships available for Mozambican students to pursue Undergraduate and Postgraduate studies in India has been increasing in recent years. In addition, Government of India sponsors a large number of short-term training courses for public functionaries working in the Mozambique Government. These educational and training scholarships have not only helped improve human resources within Mozambique, but have also helped to strengthen people-to-people links between both countries.

Some recent examples of Indian development and humanitarian assistance to Mozambique include the donation of USD 10 million to Ministry of Trade & Industry in 2016 for purchase of wheat for the drought-affected population, a donation of 100 tons of essential medicines for the Ministry of Health, and donation of transport vehicles for the Ministry of Interior.

Economic Relations

In recent years, deepening economic interests have become the most important vector of India-Mozambique relations. Indian companies have invested heavily in the energy resources of Mozambique and by some estimates these investments amount to almost a quarter of India's total FDI in Africa. The most important investments have been in the natural gas and coal industries. In 2014, two Indian Public Sector Companies, ONGC Videsh Ltd. and Oil India Ltd. completed the acquisition of 20% stake in Area 1 of the huge Rovuma gas block of Mozambique, at a cost of over USD 5 billion. This was in addition to the 10% stake already held in the same block by another Indian PSU, Bharat Petro Resources Ltd. In the coal mining sector, in July 2014, International Coal Ventures Private Ltd, a consortium of five Indian PSUs (SAIL, NMDC, RISL, CIL and NTPC) purchased a 65% stake in the coal assets sold by Rio Tinto. Other Indian companies with a presence in the coal mining sector include JSPL, JSW, Coal India Ltd, Tata Steel, Essar, Midwest Africa, Sunflag group, etc.

Indian investments in sectors other than mining include the Essar group's interest in developing a coal terminal at Beira port, and investments in commercial agriculture by companies like Pure Diets, Rajarambapu Group, HK Jalan group and Asian Tea Company. There is increasing interest by Indian companies in investing in newer

sectors in Mozambique, including healthcare, education, information technology, pharmaceuticals, etc.

Apart from investment, bilateral trade has also been growing fast in recent years. The value of trade between the two countries grew five-fold between 2010 and 2015, to reach a peak of USD 2.4 billion dollars in 2014-15. The subsequent slowdown in the world commodity market caused a dip in the trade values in 2015-16 and 2016-17 to about USD 1.5 billion dollars. The most important export commodities from the Indian side are refined petroleum products and pharmaceuticals, whereas coal and cashew have been the leading items among Mozambican exports to India. There are regular exchanges between the Mozambican and Indian Chambers of Industry, which take part in trade fairs and commercial events organised in the other country.

Community and Cultural Relations

Almost 20,000 Mozambican nationals trace their ancestry to India. Most of them are from the Indian states of Gujarat, Goa, Daman & Diu. This Indian-origin community is mostly engaged in wholesale and retail trade in Mozambique, where it has made a strong mark. The Indian community of Mozambique is well integrated into the local economy and society, and is contributing to the creation of wealth and employment in Mozambique. At the same time, it has preserved its cultural roots from India. There are several community associations among the Indian community, which regularly organise charitable and cultural events. Recent highlights on the cultural front have been the organization of the International Day of Yoga since 2015. The Indian High Commission frequently invites cultural groups and artistes from India to perform in Mozambique, to allow the Indian community to keep in touch with their cultural roots as also for introducing Indian culture to the wider Mozambican population.

Useful Resources:

Embassy of India, Maputo Website:

www.hicomind-maputo.org

Embassy of India, Maputo Facebook page:

<https://www.facebook.com/india MOZAMBIQUE/>

October 2017