

Editorial

Indo-South African Trade and Investment Relations

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Trade and Investment relations between India and South Africa have a long history. Trade and Investment relations between India and South Africa started in the year 1994 (Post Liberalisation in India & Post-Apartheid in South Africa). As both are members of Commonwealth of Nations and shares a similar history, there is always a reason to bolster the relations. As South Africa joined the emerging conglomerate BRICs in 2011, opportunities widened for better ties. Since then the government of both the nations regularly meet to sign MOUs on trade and investment relations. A comparative overview of both the countries is important to have an insight into their relations. Of the latest data by UNCTAD, in 2016 the GDP of South Africa was 291 856 Millions current US\$ while that of India was 2 274 998 Millions current US\$. The total merchandise trade for South Africa was 91 580 Millions current US\$ and for India it was 624 177 Millions current US\$ (Table 1 & 2).

With the objective of improving bilateral trade between the two nations, the Government of India launched the “Focus Africa” programme in 2002 with the objective of strengthening trade ties with the African countries. Bilateral trade between the countries are governed by bilateral treaties under BRICS round table. A major initiative by India in recent years has been the India-Africa Forum Summits, held since 2008. The third India-Africa Forum Summit was held in New Delhi in October, 2015 which was greatly appreciated by the investors from both the sides [1].

Indo-South African trade and investment: Indicators and trends

South Africa ranks first in terms of Trade among the African nations when it comes to India’s exports. In the financial year 2016-17 Indian exports with South Africa reached to 3554.42 US\$ millions. According to President Jacob Zuma, Trade between South Africa and India is expected to reach a target of \$18bn by 2018 [2,3]. Recently India has become the 6th largest trading partner to the South Africa in the Asian region. With the bilateral trade of more than US\$2 billion in a year, both nations have entered into the new era of trade [2].

Since 2011 both countries have agreed to ease the FDI policies. The FDI limits have been relaxed in the last decade by both the countries to attract more bilateral FDI flows. India’s FDI Policy of 2016 has substantially reduced the restrictions for FDI in priority sectors. India has also allowed for FDI through automatic route in

Table 1: Overview of South Africa, Figures for 2016.

Population	56.015 Millions	GDP	291 856 Millions current US\$
Merchandise trade (Exports + Imports)	91 580 Millions current US\$	FDI Inflows	2270 Millions current US\$

Source: UNCTAD Database

Table 2: Overview of India Figures for 2016.

Population	1 324.171 Millions	GDP	2 274 998 Millions current US\$
Merchandise trade (Exports + Imports)	624 177 Millions current US\$	FDI Inflows	44486 Millions current US\$

Source: UNCTAD Database

most of the sectors of the economy. A joint statement by President Zuma and Prime Minister Modi stated for better cooperation in expanding the investment potential between two nations [4]. In 2011 South Africa invested FDI flows of around 2 US\$ millions in India and in 2012 it went up to 9 US\$ millions. The official data for India’s FDI flows to South Africa is not available but it is estimated that it is increasing at an accelerated pace. The huge consumer base of India and Make in India project is expected to attract huge FDI in India and South Africa will play one of the important role in this objective.

Role of BRICS

As member of BRICS, both India and South Africa has benefitted a lot. Due to BRICS deliberations, both trade and investment has been eased between the two countries. The creation of New Development Bank (NDB) by the BRICS nations has also added to the potential of India and South Africa. India and South Africa are now focusing on Outward and Inward Investment strategies and BRICS deliberations provides a strong support for the same.

Future challenges

There is need for bilateral dispute settlement mechanism between the two countries to tackle maritime related issues. Both the countries need to identify key priority areas where bilateral trade and investment may help to capture international market. The representation of both the countries in New Development Bank is to be considered paramount and bilateral projects of both countries should be financed by NDB.

Conclusion

There is long history of Indo-South Africa trade and investment relations but the last two decades have bolstered the relations. Both countries ties have become better due to the membership of BRICS. Both countries should in future ease policies for trade and investment. Joint projects related to Development of both countries should be started.

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