

India-South Africa PTA on the cards

'Invest India' A Must to boost two-way trade



Sudhir Mannie

Bilateral trade between India and South Africa began with imports of gold and rough diamonds. South Africa's Trade Commissioner **Sudhir Mannie** says his efforts are concentrated more on attracting Indian investment into his country's mining and metals sectors. Food products from SA are finding way into the Indian market and there is growing collaboration between Indian and South African companies in pharmaceuticals and automobile components. A Preferential Trade Agreement (PTA) is being worked out to boost two-way trade. Mannie believes that there is a need for India to set up a dedicated agency to promote trade on the lines of Invest Australia. He is also optimistic the Trade Commissioners' Forum will open up many business opportunities for both India and South Africa.

Could you trace the history of trade relation between India and South Africa?

Trade relations between India and South Africa was started in 1994. But essentially they were trading in gold and diamonds. South Africa, as an independent country is almost 12 years old and now we are trading in coal, metals, gold, diamonds, automotive components and motor vehicles. In terms of trade from India to SA, the commodities are saris, basmati rice, tools and equipment but the trade has not been that encouraging from the Indian side. SA has been trading more with the western world but now we see there is a change of perception and they are looking towards the eastern world for trading. So we are trying to increase the trade relations now. Till today, it was just TATA Indigo, which has presence in SA. From our side, we are trying to position SA as a gateway to Africa and South America. We have trade agreements with Europe, North America and South America. India does not have an agreement with South America, so the companies coming to South Africa can actually trade with Africa and South America once they establish their base with duty free and quota free access. Most of our current activity is about investment promotion from India to South Africa. 70 per cent of our work in India's investment promotion whilst 30

per cent is exports promotion to India. The biggest sector we are trying to promote is, the metals and mining sector, areas include diamond cutting and polishing, coal and gold mining etc.

In terms of exports to India, we have consumer goods, food products like fruit juices, tomato sauces. We are trying to tap this market. South African wine is also an important item of export. An example of our consumer items includes Nando's Chicken outlets of which one has now opened up in a mall in Mumbai. They are planning to expand to other metros as well. There is Shoprite in Mulund, Mumbai, which is the largest Hypermarket in India. Ceres juices, Appetizers etc and other food processing companies have started their operations and distribution in India. In total there are about 25 South African companies who have shown interest to enter into the Indian market as of now. The SPAR supermarket company is already present in the Indian retail area. In terms of pharmaceutical sector, there are a lot of things happening between Indian and South African companies. IT is another sector where Nihilent Technologies, the Indian company, is working as service provider for Nedcor bank, ABSA bank and tax authorities of South Africa.



In terms of Indian investment in South Africa, we have EXIM Bank operating in Johannesburg. Aptech have opened up its branches in Durban and VSNL is planning to set up a network in SA. Mahindra and Mahindra have its offices in SA. The Aditya Birla group is interested to enter the SA market. Apart from all these, ICICI has opened up its branch. In the Pharma sector companies like Cipla, Cadilla, Dr.Reddys, Ranbaxy are the one's present in SA.

The Cricket World cup 2003 has positioned SA as a major tourist destination for Indians as well.

What are the policy decisions in the offing?

There is a possible PTA (Preferential Trade Agreement), which will be signed next year with India. The trade balance is in favour of South Africa and we expect it to become equal in future.

How long have you been in this position and what are your views on the



changing relations between India and South Africa?

My appointment in this post has been since January 2004. The biggest issue that we face while trading with India is the time taken for processing of documentation. There are no specific trade promotion bodies like UKDTI; Invest Australia. Recently, Andhra Pradesh has started a body called AP Invest. Hence, there should be an organization as "Invest India" to take care of all trade related issues.

As a member country of the TCF, what are your views on its activities?

I have not been an active member of the forum though whatever I have seen and read personally, I feel that it could open up doors of opportunities. We all member countries are each other's competitors but there are common issues like red tapism and policy related problems, which could be resolved through this forum. ■