Time to Reset Foreign Relations between South African and South Asian Countries

By Srimal Fernando October 24, 2018

Southern African and South Asian countries have realized that one of the most important means of achieving greater economic independence is through regional integration of economies. Fostering economic diplomacy between the eight member nation South Asian Association for Regional Cooperation (SAARC) and fifteen member nation Southern African Development Community (SADC) is one of the key foreign policy objectives both regional blocs can work together at least in the next decade. South Africa and India can thus exercise quite a influential foreign policy focus in linking these two regions from the government’s side the basic questions revolve around the effectiveness of its current strategies. Whatever the nature and scope of Southern African and South Asian economic difficulties and whatever the degree of success may be expected in coping with them, certain factors stand out. The fact that South Asian Association for Regional Cooperation (SAARC) has articulated a common economic policy objective is a step towards more effective regional and continental interaction. First and foremost, the Southern African region is a rich mixture of 15 sovereign nations.

South Asia accounts to be one of the largest consumer markets with over 1.5 billion people living in eight nations covering a wide range of products in the eight member nation South Asian Association for Regional Cooperation (SAARC) regional bloc. Like South Africa is now a model for other African nations, similarly, India has helped South Asian nations to turn their attention in ward to the African and Asian continent. South Africa’s strategic position at the Southern end of Africa makes it unique, overlooking the route around cape to the Far East and thus adjacent to one of the world’s busiest trade routes, especially for oil trade. This is also the case with its almost unparalleled mineral wealth and advanced industrial commercial and financial economy which has tremendous American and European vested interests. Although South Africa is generally regarded as an industrialised state its modern sector remains limited. South Africa’s position has further strengthened with Southern African Development Community (SADC), which is the formation of 15 member nations. In that context the Intra-regional trade among the SAARC
countries, namely India, Pakistan, Sri Lanka, Bangladesh, Afghanistan, Nepal, Bhutan and the Maldives is about 5 percent and is far below its potential.

For this reason, the SARRC has taken a more neutral approach in its regional initiatives and the national interests and policies have influenced the external policies of the member states. Therefore, the responsibility of SAARC regional grouping is to facilitate a conducive political environment among member nations to deepen trade ties with key economic partners. Since the member states launched its Agreement on South Asian Free Trade (SAFTA) in 2006 the region has witnessed many dramatic changes in trade and economic cooperation at various levels. The road map for implementation of SAFTA was both politically and economically ill adopted to fully operate within member states and scholars were beginning to question some fundamental aspects of the regional trade agreement framework. The fact that the SAARC has articulated common economic policy objectives is a step towards more effective regional continental integration.

Over the past few years India’s foreign policy initiatives have strengthened its focus on Southern Africa’s geopolitics. The other Fifteen South African countries, particularly South Africa, have been one of the top priorities of India. In the past four years, bilateral trade between India and South Africa has crossed the USD 10 billion. This has had a direct impact on the domestic markets of Southern Africa and South Asia. The African countries have been able to use this window of opportunity in their favour due to South Africa’s leading role in the continent. South Africa has had a strong interest in maintaining a more stable balance of power within the continent. The underlying fact of transformation was due to the solid political and economic achievements that the nation underwent. South Africa has maintained good relations with the Indian Ocean Rim Association (IORA), South African Development Cooperation (SADC), and Brazil Russia India China and South Africa (BRICS) member states on a number of key issues. The integration agenda of SADC has also been strengthened through the Regional Indicative Strategic Development Plan which is a comprehensive 15-year strategic roadmap. This plan not only boosts regional economic integration but also leads to the addressing of the socio-economic issues in this region. South Africa, as chair, provides policy direction and suitable programmes to the other member states of SADC with the aim of boosting regional trade, creating jobs and enhancing skills among the member states.

South Asia offers unique travel products that cannot be found anywhere else in the world. When travelling to India, Sri Lanka or the Maldives it is important to find trusted high quality travel agents that provide personalized services to the clients visiting these countries among the newly emerging markets. Since India’s economy is growing swiftly, with around 300 million middle class, the tourism sector of South Africa is seeing improved prospects with an increasing number of Indian tourists. India still continues to be as one of the top tourist spot for South Africans with about 60,000 South Africans visiting India in 2017. South Africa is popular among Indian travelers. South Africa has enjoyed double-digit growth
from the Indian market for the last five years with the numbers increasing substantially each year. Port and shipping are other areas, which benefit both nations mutually. Durban, Colombo and Mumbai have some of the busiest handling ports in Asia. Hence, a surge in the Indian and South African economy will lead to an increase in the volume of cargo cash transactions and services related to it between these regions thereby creating more jobs for the locals and expatriates of these countries.

In the sphere of transportation, vehicles imported from India are comparatively more affordable for African middle class consumers than importing them from elsewhere. Ashok Leyland, Tata and Mahindra vehicles are widely used in Sri Lanka, especially in rural areas. Setting up vehicle assembly plants in Africa or joint venture enterprises could further reduce the cost of the vehicles. Over the past few years, Indian and Sri Lankan companies have established various business ventures together to promote prosperity and to create sustainability. Indians have set up factories in Southern Africa, providing jobs in both countries. Change by nature comes from the past as well as moving towards the future. Never the less many countries of South Africa know that they must begin to make sacrifices now for their long run survival. Different analysts have interpreted the two regions development in different ways. Numerous countries in South Asia and in Southern Africa have grappled with economic dilemmas of how best to deal with debts left behind by previous governments. One of the most visible and most powerful trends in Southern Africa and South Asia today is the thriving Small and Medium Businesses.

As these two regions look to the future of these member nations. It is clear that everything depends on how thoroughly the Southern African and the South Asian nations learn from the mistakes. This is a daunting task but the SADC and SAARC nations must find satisfactory solutions. They must establish a mutually beneficial relationship between the two sovereign partners or continents. This will go a long way in opening up the doors of a bright new future for South African and South Asian nations. The crucial question is how to secure such integration. SAARC and SADC nations have a powerful influence on the way forward. India and South Africa might take on the future architecture of SAARC and SADC in the wake of an free trade agreements (FTAs). India or South Africa is thus an unlikely saviour of regional Free trade.

The South Asian Free Trade Area (SAFTA) is a crucial entry point for Southern African nations into economically dynamic area of the world that has been integrating among them. There is this further question of India’s influence in SAARC itself? SAARC and the South African Development Cooperation (SADC), nations have a powerful influence on the way forward. It is clear from these discussions that there is consensus among the main players here on the need to pin down trade and cooperation. Being among the closest prosperous economies, it is time for South Asian and South African policy makers to think beyond and
make trade transactions smoother and more business friendly for both these regions.

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