



Sri Lanka-South Africa diplomacy at 25: Forging a new pathway towards SAARC-SADC cooperation

By Srimal Fernando and Mizly Nizar, January 17, 2019

From the inception Sri Lanka and South Africa have made enormous strides in diplomatic cooperation. 2019 is a special milestone for both nations when they celebrate 25 years of diplomatic relations while looking to strengthen bilateral and economic ties based on common aspirations for a sustainable future. In the past, Sri Lanka's foreign policy towards Southern African nations was shaped by specificities of South Africa's history and experiences.

The political ties between the two nations in the past were strengthened by several high-level visits from South Africa to Sri Lanka. Former South African President Jacob Zuma visited Sri Lanka in 2013 while the incumbent President Cyril Ramaphosa visited the island nation in 2014 during his tenure as Deputy President. Taking these relations further, a statue of the late South African President Nelson Mandela considered as a symbol of peace in the world, will be erected in Jaffna, in Northern Sri Lanka where the war with the LTTE rebels was fought for 30 years until it ended in 2009.

Economic ties between the two countries have been based on apparel, tourism and maritime connectivity. However, bilateral trade between the countries leans in favour of South Africa. According to trade figures for 2017, Sri Lanka's imports from South Africa amounted to \$ 286 million while the country's value of exports to South Africa was only \$ 42 million.

This trade imbalance can be mainly attributed to the relatively high tariffs imposed on Sri Lankan goods entering South Africa. In order to overcome this negative trade balance, the new Sri Lankan High Commissioner to South Africa Kumar Mallimaratchi is exploring new avenues for favourable access to the South African market and to promote Sri Lankan businesses in the Southern African nations.

In 2018, for the first time, the Sri Lankan high commission showcased apparel products at the International Apparel, Textile and Footwear Trade Exhibition in South Africa. Bilateral trade between the two nations could however be improved if South Africa could adopt lower tariffs and increase incentives for its imports from Sri Lanka.

Sri Lanka and South Africa are member states of regional intergovernmental unions namely the South Asian Association for Regional Cooperation (SAARC) and the Southern African Development Community (SADC) respectively. Of late there have been many deliberations on the possible cooperation between the common markets of SAARC and SADC for enhanced trading opportunities between South Asia and Africa. There are however, implications that influence the collaboration of these markets.

The next great shift in the island nation's relations with South Africa is within sight. It is the task of the foreign policy makers of both nations to deal with this special phase in accessing SAARC and SADC consumer markets utilising bilateral or multilateral channels. Such opportunities would have positive effects in advancing initiatives to build beneficial ties to achieve full potentials in economic growth for Sri Lanka and South Africa when they celebrate 25 years of diplomatic relations

For instance, the average tariff rate imposed on goods from SAARC nations entering the South African market is higher than the corresponding rate imposed for non SAARC nations. In contrast however, the trend in South Asia has been towards lower taxes when engaging in international trade. Furthermore, intra-regional trade among SAARC nations is at a low of 5% which is predicted to climb to 10% in the next 10 years. In order to overcome such economic disadvantages, SAARC member countries such as Sri Lanka have entered into the South Asian Free Trade Area (SAFTA) agreement in 2004.

The structural question of binding the two economically important common markets of South Asia and Africa is central for understanding the future prospects of bilateral relations between Sri Lanka and South Africa. On the one hand, South Africa has been one of the main engines of growth among the 15 Southern African states In the SADC economic area.

On the other hand, Sri Lanka's geostrategic position in the Indian Ocean connecting east and west on the new Maritime Silk Road and its possibility of accessing South Asia's 1.5 billion consumer market offers the opportunity for the country to be a logistic hub for the two large common markets.

In addition, liberalised markets like Sri Lanka make it easier for big nations like South Africa to compete with globally competitive markets. From an economic stand point the ties between South Africa and Sri Lanka can be taken to whole new level if the two nations can succeed in binding SAARC and SADC.

Nevertheless, it is still early to determine the tendencies of these two economically viable common markets in Africa and Asia as little has been done to tap into these economies. To begin with South Africa could consider lowering its tariffs for SAARC nations to initiate mutually beneficial cooperation between SAARC and SADC.

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