

Opportunities in India – still some barriers

India is the seventh largest country on the planet (3 287 263 km²) and the world's second most populous with a population of more than 1,2 billion people. India is rapidly emerging as one of the fastest developing economies on the globe - fourth largest economy in the world by person purchase parity, with an annual economic growth rate in 2013 of 6,5%.

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SUBTROP

The general population is young and developing, with more than 47% of the populace being younger than 24 years. It is rapidly becoming one of the best skilled economies of the world.

The steady economic growth along with the developing skills of the population has led to the emergence of a rapidly expanding middle class.

The global village has led to a more informed consumer. This informed middle class consumer in India is looking to access more and more internationally available consumer products. As a result, India has been seeing an influx

of new consumer goods and brands over the last few years.

Apart from phytosanitary restrictions, one of the largest limitations for South African exporters that want to ship produce to India, are trade tariffs. Tariffs have long been viewed as a barrier for entry to the Indian market.

The South African government, as part of the BRICS countries (Brazil, Russia, India, China and South Africa), has been working with India to establish a preferential trade agreement. A preferential trade agreement gives preferential access to certain products from the participating countries through the reduction (but not by abolishment) of trade tariffs.

The South African Department of Trade and Industry (DTI) has been work-



(SOURCE: WWW.JEFFHANDEL.COM)



ing along with South Africa's industry bodies to establish a list of products and commodities that should be included for consideration in the preferential trade agreement. Subtrop has ensured that our commodities are on this list for consideration.

There are definite benefits for certain segments of the South African fresh produce industry that motivate the driving of market access into India. India is counter seasonal to South Africa for most of the subtropical crops that they produce. South Africa thus have produce available in periods of the year when it is not locally available in India.

Fresh fruit sales make up a very large portion of India's formal and informal trade.

A very good example of this is mangoes. The Indian production season spans from April to October each year, where the South African mango season generally runs from December to April. Through bilateral trade, South Africa and India potentially has the opportunity to have mangoes available for the consumer most months of the year at a competitive price, providing that all phytosanitary issues are resolved. In South Africa, the industry has seen a definite sales benefit being derived from fresh produce that is available 12 months of the year to the consumer, compared to corresponding sales trends of seasonal fruit.

Shipping time from South Africa to India also contributes to the attractive-

ness of the market. Shipping times from South Africa is much shorter than some of the other competitors (Australia, USA and New Zealand) that are already present in their markets. This should enable South Africa to competitively land products in India. For the South African industry, the shipping times might also compare favourably with the shipping time to some of the current export markets, such as Europe.

Seen in the light of this great opportunity (large market, counter seasonal and shorter shipping time), why are we not already there? Unfortunately it is not all sunshine and roses. Subtrop along with the DTI and DAFF have been working for more than five years to address all the required phytosanitary issues required for access into India and the process is still on-going. The preferential trade agreement has not yet been put into effect by the two trade partners, thus there are still numerous trade tariffs. The moment the produce leaves the port into mainland India, the logistics become a nightmare.

South Africa and India share a deeply entrenched history and even with all these obstacles in place, there are still opportunities for South African produce in India. There are great successes to be made if you are committed to finding the right Indian trade partner and you are committed to the Indian consumer ... you only have to ask Ceres and Nandos. **ST**



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Mumbai.**