

India-South Africa trade route holds vast trade and commercial opportunities

India is one of the largest containerised trade markets in the global Export-Import (EXIM) bank, registering a growth of 11% in the first half of the year according to the [2016 H1 Maersk Group India Trade Report](#), revealing that extensive opportunities exist for South African-India trade going forward.



[Image Source: Maersk Line](#)

Increased use of the direct India-South Africa trade route

According to Matthew Conroy, trade manager of Maersk Line Southern Africa - a member of the Maersk Group - increased use of the direct India South Africa trade route will unlock growth potential in South Africa by reducing transit times and stimulating new trade and business opportunities.

He explains that India, one of the world's fastest-growing economies, will be a lucrative trading partner for South Africa going forward due to its expanding automotive, telecommunications and pharmaceutical sectors. He adds that increased use of this direct trade route will unleash vast trade and commercial opportunities for both countries.

“Although Maersk Group has been transporting cargo to India for many years, we only started calling directly to India from February 2015, having previously transported goods via the Middle East. The direct route was established due to increased demand, and we have subsequently experienced an increase in the volumes of various commodities transported to India since early 2015.”

India's growing industrial sector an opportunity

According to recent trade statistics released by the South African Revenue Service (SARS), India is one of the top countries that South Africa imports from and exports to. He says that currently, the most common commodities being transported by Maersk Group to India is scrap metal, ore, and timber.

“The direct trade route to India will not only improve this trade relationship but also stimulate various industries in South Africa. By exporting more manufactured commodities to India in an attempt to meet the country’s growing demands, the local manufacturing sector can be boosted significantly.”

He explains that India has a growing industrial sector, importing mostly raw scrap metal, timber, and chrome from South Africa in order to manufacture final products such as vehicles themselves. “In order to stimulate South Africa’s economy, the amount of manufactured goods exported to India needs to increase. This will, in turn, result in job creation and overall GDP growth.”

Boosting trade volumes, building stronger trade relationships

Conroy says that increasing the trade levels of goods that can be sold in profitable quantities will boost trade volumes and promote balanced and sustainable development of bilateral trade between the two countries. “However, various restrictions such as legislation, government regulations and high tariff duties on imported cargo hinder trade between the two countries. Regulations on perishable goods are also higher than any other country in the region.”

He says that by reducing the level of trade barriers and allowing open trade to commence, trade between the two countries will operate more efficiently and increase in volume.

“The direct trade lane will result in a stronger trade relationship between the countries and help unlock the path to rapid and inclusive growth for South Africa. The rich trade history between South Africa and India will only become stronger as this route grows, and continue to present commercial opportunities across various sectors.”

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