

FTA talks with African Customs union soon

Deal to focus on wider market access for goods and services

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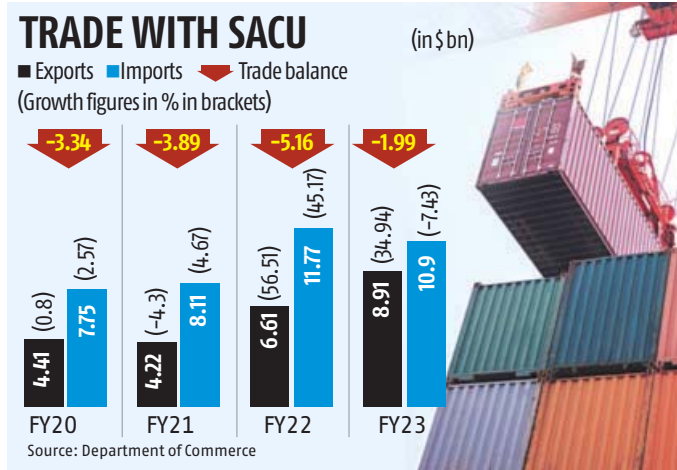
India and the five-member South African Customs Union (SACU) nations are exploring a free-trade agreement (FTA) and are expected to begin talks in the next three to four months, people aware of the matter said.

SACU, which comprises South Africa, Namibia, Botswana, Lesotho, and Eswatini, is the world's oldest Customs union, dating back over a century.

"Both sides will soon finalise the terms of the FTA, after which the talks will be launched," one of the people cited above said, adding that a trade deal with the union would help India get wider market access for items that are already in demand. Items like automobiles top the list, followed by engineering goods and machinery.

SACU nations accounted for roughly 2 per cent of India's total exports in FY23, amounting to \$8.91 billion. However, of the five countries, South Africa received up to 95 per cent of the value of commodities exported. South Africa is also among India's top automobile export destinations.

Finalising a trade deal with SACU nations may be easier than with developed countries, given the latter's rising focus on non-trade issues in FTAs. Since SACU comprises mostly developing nations,



non-trade issues, such as labour, gender, and the environment, will not be part of the deal. The main focus will be on wider market access for goods and services.

Trade with SACU nations is more or less balanced. While exports stood at \$8.91 billion in FY23, imports were at \$10.9 billion, resulting in a \$1.99 billion deficit. Even in the case of imports, the dependency on South Africa is 95 per cent. Coal, iron ore, and non-industrial diamonds are among the most important inbound shipments.

Earlier this month, Union Commerce and Industry Minister Piyush Goyal hosted 15 ambassadors from African countries and discussed how India was open to a FTA with the nations.

India and SACU nations were in past negotiating a preferential trade agreement. The first round of technical discussions took place in Pretoria in October 2007, which was followed by four more rounds till 2010.

"The fifth round was held in October 2010, where SACU presented a revised text of the agreement as a working document. Both sides agreed on the text on 'Dispute Settlement Procedures', to use the text proposed by India on 'Customs Cooperation and Trade Facilitation' and...to use the text on 'SPS' proposed by SACU as the working text," according to information available on the commerce department website. The discussions, however, came to a halt.