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Disclaimer

The Department of Agriculture, Forestry and Fisheries take no responsibility for any action taken from this study. This is a desktop study and own research must be undertaken, before decisions is made based on this study.

SUMMARY[1]

This country market study of India examines the trade flows between South Africa (SA) and India. The major objective of the study is to identify agricultural products that have the potential to be exported to India.

First the study gives a historical background about India, looks at some country facts, give an economic overview and look at the regional and international relations of India.
It examines the trade policy of India, looks at bilateral agreements between SA and India and at total trade between the two countries.

The study then focus on agricultural trade, trade barriers, as well as the trade related infrastructure; the most important import and export products and the trade balance.

An analysis is done to determine possible exports to India using the trade potential index.

Finally the study looks at some trade barriers and conclusion and some comments are made on the outcome.

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Chapter:

Country Market Study

1. Introduction

India's growing economy and large population (above 1.3 billion) is bound to create a growing demand for agricultural products in general and processed food in particular. India is further experiencing a change in consumption patterns, which has led to increased demand for grain and oil seed for production of animal feed. The high rate of urbanization and the growing population of young professionals in the urban areas have created increasing demand for semi-prepared foods. This situation presents a potential market for the South African agricultural products, particularly in the category of value added and processed.

The overall objective of this study is to analyse potential trade relation between RSA and India

The aim is to indentify product areas to increase RSA's AFF exports to India.

In order to achieve the objective stated above, the information contained in the study must be useful to the top DAFF management and specifically to the senior officials responsible for trade negotiations as well as the private sector (producers of agricultural products and traders).

2. Country Facts

India is located in Southern Asia with the Total area of 3,287,263 km², with a population of 1,236,344,631 (July 2014 est.) and is ranked the 2nd most populated country in the world after China.

India is the 7th largest country in the world and the climate varies from tropical monsoon in the south to temperate in north. India encounters unfavorable natural disasters in a form of droughts; flash floods, as well as widespread and destructive flooding from monsoonal rains; severe thunderstorms; and earthquakes.

English and Hindi are the official languages while there are other prominent languages: Bengali, Telugu, Marathi, Tamil, Urdu, Gujarati, Malayalam, Kannada, Oriya, Punjabi, Assamese, Kashmiri, Sindhi, and Sanskrit. Hindustani is a popular variant of Hindi/Urdu spoken widely throughout northern India but is not an official language (2001 census).

The dominant religions in India are Hindu 80.5% followed by Muslim 13.4%, Christian 2.3%, Sikh 1.9%, other 1.8%, unspecified 0.1% (2001 census). India's capital city is New Delhi. The type of government is a federal republic.

3. Historical Background

The Indus Valley civilization, one of the world's oldest, flourished during the 2nd and 3rd millennia B.C. and extended into northwestern India. In the 19th century, Great Britain had become the dominant political power on the subcontinent. Years of nonviolent resistance to British rule, led by Mohandas GANDHI and Jawaharlal NEHRU, eventually resulted in Indian gaining independence in 1947. Despite pressing problems such as overpopulation, environmental degradation, extensive poverty, and widespread corruption, economic growth followed the launch of economic reforms in the 1990s. A large young population is driving India's emergence as a regional and global power.

4. Economic Overview

Measured on purchasing power parity (PPP) basis that adjusts for price differences India in 2013 stood as the fourth-largest economy in the world after third-place China. Table 1 gives some basic economic indicators of India.

Table 1: Economic indicators of India

Basic Information	**India**
Population (2013):	1,236,344,631
Nominal GDP PPP (2013):	$4.99 trillion
GDP/ Capita PPP (2013):	$4,000
GDP growth rate (2013):	3.2%
Unemployment rate (2013)	8.8%
Consumer price inflation (av-2013)	9.6%
Agriculture's Contribution to GDP(PPP)	17.4%

National debt	US$412.2 billion
Currency	Indian rupees (INR)
Exchange rates	58.68 INR/$

Source: Central Intelligence Unit

In 1991 India began its trade liberalization. India is developing into an open-market economy, yet traces of its past autarkic policies remain. According to 2013 estimate figures, India was a net importer of all traded products with the total trade exports amounting to US $313.2 billion while the imports amounted US $467.5 billion. India's top export products were petroleum products, precious stones, machinery, iron and steel, chemicals, vehicles and apparel. On the other hand, India's imports comprised mainly of crude oil, precious stones, machinery, fertilizer, iron and steel, chemicals.

5. Infrastructure

Inadequate infrastructure has become a critical constraint to India's economic development. To address this concern, the 11th Five-Year Plan of 2007-2012 outlined a comprehensive strategy to improve both rural and urban infrastructure, including electric power, roads, railways, ports, airports, telecommunications, irrigation, drinking water, sanitation, storage, and warehousing. India places high priority on raising agricultural productivity as a means of reducing poverty.

India started implementing the National Maritime Development Programme (NMDP) in 2005 to develop maritime and coastal shipping, and an inland water transport system. The NMDP aims to expand India's fleet tonnage, train personnel , develop infrastructure for coastal and inland water transport, improve ports infrastructure, and modernize state owned shipyards for the construction of new vessels.

5.1 Road Transport.

Road transport remains the main means of transportation in India, accounting for 60% of freight traffic and 87% of passenger transportation. Improving road infrastructure is one of India's challenges in its quest to achieve sustained economic growth and development. India's roads are heavily congested and have maintenance problems. Infrastructure deficiencies result in a loss of efficiency and higher costs.

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5.2 Rail transport

Trains move over 35% of India's total freight. Rail is used mainly to transport bulk commodities including coal, grains, iron and steel, iron ore, cement, mineral oils (POL), fertilizers, and limestone, which accounted for 89% of the total volume and total value of rail freight in 2009/10.Passenger transport is given priority over freight transport, and this has implications for trade, as containers reportedly does not arrive on time to be loaded onto vessels at the ports

Rail freight tariffs in India are among the highest in the world.[1] In addition, a series of taxes are levied on rail freight traffic: a 5% surcharge tax (10% on coal); a 7% busy season charge (5% on coal and coke group); a 20% congestion charge on traffic to Bangladesh and Pakistan[2]; a 2% development charge; and a the terminal charge of Rs 40/tonne (Rs 20 for coal and grain, and Rs 45/tonne on iron ore). Freight traffic of fruit, vegetables, and salt are subsidized to arrest inflation.

5.3 Air transport

India has 454 airports and airstrips, including the 17 international airports. Passenger and cargo traffic is operated by 12 scheduled and 127 nonscheduled airlines (January 2011). While there are 346[131] civilian airfields in India - 253 with paved runways and 93 with unpaved runways, only 132 were classified as "airports" as of November 2014. Of these, the state owned Airports Authority of India (AAI) operates 46 domestic and 15 international airports. 30 airports are Civil Enclaves in Defence airports or Customs airports and 31 airports were not in operation. State Governments / Union Territory governments or the private sector operate a total of 6 airports.

6. **Risk Profile**

India is developing into an open-market economy, yet traces of its past autarkic policies remain. India's economic growth began slowing in 2011 because of a decline in investment, caused by high interest rates, rising inflation, and investor pessimism about the government's commitment to further economic reforms and about the global situation. In late 2012, the Indian Government announced additional reforms and deficit reduction measures, including allowing higher levels of foreign participation in direct investment in the economy. The outlook for India's long-term growth is moderately positive due to a young population and corresponding low dependency ratio; healthy savings and investment rates; and increasing integration into the global economy. However, India has many challenges yet to be fully addressed, including:

- ✓ poverty,
- ✓ corruption,
- ✓ violence and discrimination against women and girls,
- ✓ an inefficient power generation and distribution system,
- ✓ ineffective enforcement of intellectual property rights,
- ✓ decades-long civil litigation dockets,
- ✓ inadequate transport and agricultural infrastructure,
- ✓ limited non-agricultural employment opportunities,
- ✓ high spending and poorly-targeted subsidies,
- ✓ inadequate availability of quality basic and higher education, and
- ✓ Accommodating rural-to-urban migration.

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[1] For details, see Indian Railways online information, "Freight info: Freight Rates". Viewed at: http://www.indianrailways.gov.in/view_section.jsp?lang=0&id=0,6,338.

[2] This ranged from 21% to 100% for iron ore over 2006-08.

Growth in 2013 fell to a decade low, as India's economic leaders struggled to improve the country's wide fiscal and current account deficits. Rising macroeconomic imbalances in India and improving economic conditions in Western countries, led investors to shift capital away from India, prompting a sharp depreciation of the rupee. However, investors' perceptions of India improved in early 2014, due to a reduction of the current account deficit and expectations of post-election economic reform, resulting in a surge of inbound capital flows and stabilization of the rupee.

7. Bilateral, Regional & International Trade Agreements

India was an active member of the GATT and is a founding member of the WTO, under which it has bound 67% of its tariff lines.

India is a member of/or is negotiating with the following economic and trade groupings:

Name of the Agreement	**Member countries**	**Scope**	**State of Play**
1.Asia Pacific Trade Agreement (APTA)	Bangladesh, China, India, Republic of Korea and Sri Lanka[1]	Trade in goods	Signed in July 1975 it was initially known as the Bangkok Agreement. It is an initiative under the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) for trade expansion through exchange of tariff concessions among developing country members of the region. In 2001, with China joining the initiative it became the APTA. A ministerial meeting held in November 2005 decided to deepen and widen the scope of the agreement. The UNESCAP office is a key mover behind the agreement and also functions as the Secretariat[2]. The latest Ministerial Meeting in October 2007 in Goa decided to further deepen tariff cuts and expand the scope of the agreement to non-tariff issues, services and investment.
2.Bhutan-India Agreement on Trade Commerce and Transit	India, Bhutan	Trade in goods	The agreement entered into force in July 2006. It is the revised version of the Indo-Bhutan Trade Treaty signed in Thimphu in January 1972. In the revised agreement eight exit/entry points have been added to the existing twelve points with certain modifications to simplify the export/import procedure. There are no modalities as yet for implementation of a free trade regime.
3. India-Maldives Trade Agreement	India, Maldives	Trade in goods	The agreement was signed in April 1981 in Male by the Indian Minister of State of the Ministry of commerce, Khursheed Alam Khan and the Maldives Minister of Fisheries, Abdul Sattar under this agreement both countries agreed on broad trade

			principles.
4. Indo-Nepal Treaty of Trade	India, Nepal	Trade in goods	The 1992 agreement was to expire in March 2007 but after talks it has been extended up to March 2012. Under the Agreement Nepal's manufactured good, barring 3 items in the negative list and 5 items with quantitative restrictions will have duty-free access without reciprocity. Agricultural products are traded both ways without tariffs. India continues to push for inclusion of infrastructure (especially hydropower) and simplification of customs check offices. The Nepal business community is concerned about non-tariff barriers, trade facilitation measures, dispute settlement mechanism as well as unpredictable rises in tariffs and wanted India to address those in the treaty itself. These issues were not addressed adequately during a meeting in February 2007 and were hence not included in the new agreement.
5. Association of East-Asian Nations (ASEAN)-India Regional Trade and Investment Area	Brunei Darussalam Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam	The agreement aims to create an ASEAN-India Regional Trade and Investment Area (RTIA) through free trade agreements in goods, services and investment.	The FTA sets the framework for the negotiations. In trade in goods, an Early Harvest Scheme (EHS) was envisaged in the agreement but has been abandoned due to differences between both sides on RoO
6. Afghanistan-India Preferential Trade Agreement	India, Afghanistan	Trade in goods	Framework Agreement[4] (FA) signed in March 2003 in New Delhi. By the agreement Afghanistan grants preferential tariffs to 8 items from India including tea, antisera and medicines, refined sugar, cement clinkers and white cement. India has granted preferential tariff to 38 products from Afghanistan including raisins, dry fruit, fresh fruits and spices.
7. Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Free	Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand	Trade in goods, services, and investment	A FA was signed in February 2004 for a BIMSTEC Free Trade Area (FTA). A Trade Negotiating Committee (TNC) has been constituted to carry the negotiations forward. Talks are stuck mainly due to disagreement over Rules of Origin (RoO), which India wants less liberal than other BIMSTEC members. There are disagreements over the positive list[5], which India wants short, as well as on the items to be on the negative list. Finally, removal of non-

Trade Area			tariff barriers is also an issue[6]. The negotiations are ongoing, but no final agreement has been signed as yet.
8. Chile-India Preferential Trade Agreement	India, Chile	Trade in goods, services, investment, and economic cooperation in areas of mutual interest	In January 2005, a FA was signed and a Joint Study Group (JSG) was set up to draw the modalities of the agreement. In March 2006 a Preferential Trade Agreement (PTA), applicable for 300 products in each country, was signed. Chile mainly exports copper to India and Indian exports interests to Chile are mainly automobiles and tea. Near shoring[7] is another interest for India in Chile[8]. Discussions on the modalities of a FTA in the frame of a JSG started in November 2005. The JSG draft report was discussed in March 2006, but no agreement has been signed as yet.
9. China-India Regional Trading Arrangement	India, China	Trade in goods, services and investments	A JSG was constituted following Prime Minister's AB Vajpayee's visit to Beijing in June 2003 and the JSG report was signed in March 2005.A task force comprising officials from both countries recently submitted its report in October 2007 saying the FTA was feasible. This report is not yet public but industry lobby groups such as FICCI (Federation of Indian Chambers of Commerce and Industry) have voiced their opposition to an FTA stating that tariff reductions will harm Indian industry[9]. Media reports indicate that the announcement of the FTA could be made when Prime Minister Manmohan Singh visits China in January 2008.
10. Egypt-India Free Trade Agreement	India, Egypt	Trade in goods	In April 2001 negotiations for a PTA were launched. In January 2002, a Joint Working Group (JWG) was created to supervise the negotiations. In 2002, an agreement with a limited scope (PTA) was signed. In 2003, both countries exchanged their lists of products to be granted preferential treatment under the agreement. No progress has been achieved since.
12. European Free Trade Area (EFTA)-India Economic Partnership Agreement	India, Iceland, Liechtenstein, Norway, and Switzerland	Trade in goods, services, investment and intellectual property rights.	A JSG was established in December 2006 to draw the modalities of the agreement. The JSG report is expected by November 2007. EFTA Secretary General Kåre Bryn declared to Swiss Info, in May 2007 that he is optimistic that the negotiations will start by the end of the year[10].
13. European Union (EU)-India	India and European	Trade in goods, trade in services	The parameters for an ambitious FTA were set out in the report of the EU-India High Level Trade Group in

Trade and Investment Agreement	Union countries	and foreign direct investment	October 2006, which was tasked with assessing the viability of an FTA between the EU and India .Free Trade Agreement negotiations were launched in 2007.
14. Gulf Cooperation Council (GCC)-India Free Trade Agreement	India, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates	Trade in services, investment, and economic cooperation in areas of mutual interest	FA signed in August 2004 provided the frame for FTA negotiations. The first round of negotiations was held in March 2006. Some tensions rose around the inclusion/ exclusion of crude oil in the FTA. Opposition has come from the Indian Revenue Department because of high revenue loss to the Government on account of custom duty exemption. GCC countries want crude oil to be in, as it accounts for 73% of Indian 60 billion UD$ imports of crude oil[11]. Reports indicate that a formal agreement would be signed by September 2008[12].
15. India-Indonesia Comprehensive Economic Cooperation Arrangement	India, Indonesia	Not defined as yet	In November 2005, a JSG was created to draw the modalities of a bilateral agreement. No significant progress has been made since then.
16. India-Japan (Comprehensive) Economic Partnership Agreement	India, Japan	Trade in goods, trade in services, and investment	Beginning of 2006, a JSG was set up, which in turn created a JWG to supervise the negotiations for a FTA. In February 2007, both countries launched negotiations and aim to seal the agreement within two years. Japan is seeking cuts to India's 100 percent tariffs on vehicle imports and the creation of common rules on investment and services. India is pressing for deregulation of Japanese customs inspections, cuts on tariffs on shrimp and a relaxation of visa rules for Indian medical care workers and engineers[13]. There are tensions related to RoO, as India wants products to get concession to fulfil two simultaneous conditions; 40% value addition as well as a change in the tariff line at 4-digits level - which is opposed by Japan[14].
17. India-Malaysia Comprehensive Economic Cooperation Agreement	India, Malaysia	Trade in goods, services, investments, and economic cooperation in areas of mutual interest.	A JSG was constituted beginning 2005 to study the modalities of the agreement. The JSG met four times till May 2006. No finalised report has been presented as yet.

18. India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement	India, Mauritius	Trade in goods, services, investment and economic cooperation in areas of mutual interest	A JSG was constituted in November 2003 and its report presented in November 2004. In April 2005, both sides agreed to set up a High-powered negotiating team for processing and finalizing the negotiations for a bilateral agreement within a twelve-month period (i.e. April 2006). As of May 2006, the empowered team held five rounds of talks. No final report has been presented as yet.
19. India-Mercado del Sur (MERCOSUR) Preferential Trade Agreement	India, Brazil, Argentina, Uruguay, Venezuela, and Paraguay	Trade in goods	FA signed in June 2003, which provides for a double stage trade agreement: a PTA in the first and an FTA in the second stage. The PTA was signed in New Delhi in January 2004 and in March 2005 annexes were signed (identifying products that were to have reduced tariffs in bilateral trade) and RoO and dispute settlement mechanisms were decided. The PTA will come into force as soon as it is ratified by the legislatures of Brazil and Argentina, which are yet to do so. FTA negotiations are yet to begin.
20. India-MERCOSUR-SACU Trilateral Free Trade Agreement (T-FTA)	India, MERCOSUR, SACU (namely, Botswana, Lesotho, Namibia, South Africa, and Swaziland)	Trade in goods, services and investment	India, Brazil, South Africa Trilateral Cooperation Forum (IBSA) was set up in 2003 at the United Nations General Assembly Forum. During the first IBSA Summit in Brasilia in September 2006, the T-FTA was proposed. The establishment of the working group to focus on the modalities of the agreement was also announced. Last IBSA Summit was held in South Africa in October 2007 and a trilateral meeting is slated to be held in 2008, but no modalities have been agreed as yet.
21. India-Russia Comprehensive Economic Cooperation Agreement	India, Russia	Trade in goods, services and investment	In February 2006, a JSG was set up and, In July 2007, its report was finalised. The report has now to be approved by both Governments. A JTF is to be set up by the end of 2007 to supervise the negotiations for a trade agreement[15].
22. India-South Korea Comprehensive Economic Partnership Agreement	India, Korea	Trade in goods, services, investment and economic cooperation in areas of mutual interest	JSG established in October 2004 and report finalised in January 2006. This lead to the creation of a JTF and the launch of negotiations. News reports say that modalities on goods have been finalised, while there is no understanding on the service sector, which is a market of high interest for India[16]. Both countries have agreed on the size of the negative list in goods (5% and 15% of the total trade lines for South Korea and India respectively) and products to be part of the list are yet to be negotiated. Negotiations are expected to be concluded by December 2007[17] .
23. India- Southern African Customs Union (SACU) Comprehensive	India, South Africa, Botswana, Lesotho,	Trade in goods	In December 2002, a JWG was set up and, in September 2004 it proposed a PTA. In December 2005, both sides agreed on a comprehensive FTA[18].

Free Trade Agreement	Namibia, and Swaziland		News reports say that revenue loss from the implementation of an FTA is a sensitive issue for South Africa, which 'probably explains the lethargy shown by SACU authorities'[19]. Negotiations for the FTA were been launched in Pretoria in October 2007. However, no progress has been made so far.

Source: Department of commerce, Government of India site, Trade Agreements: http://focusweb.org

8. Agriculture, Fisheries and Forestry Profile

8.1 Agricultural Production and Consumption

Table 2: India Almonds, Shelled Basis Production and Consumption for the Year 2009-2014 (MT)

Market Year	Production	Domestic Consumption	Self Sufficiency[3]
2009	1100	43800	3%
2010	1200	55300	2%
2011	1100	57900	2%
2012	1200	60600	2%
2013	1100	56400	2%
2014	1200	66200	2%

Source: IndexMundi

Table 2 above shows India's production and domestic consumption of almonds nuts from the year 2009-2014. The table shows that on average, India's Almond, Basis Shelled production was on average only 2% of the actual domestic consumption.

[3] For the purpose of this paper and analysis, self-sufficiency is taken as the ration of production to consumption (i.e. P/CX100). For example if self-sufficiency is 2%, then production only covers 2% of requirement; if ration is 124%, then there is surplus of 24%)

Table3: India Cotton Production and Consumption for the Year 2009-2014 (1000 480 lb. Bales)

Market Year	Production	Domestic Consumption	Self Sufficiency
2009	24500	19750	124%
2010	27200	20550	132%
2011	29000	19450	149%
2012	28500	20850	137%
2013	31000	23000	135%
2014	31000	24500	127%

Source: IndexMundi

Table 3 above shows India cotton production and domestic consumption for the year 2009-2014 in Bales. During the above period, India's cotton production was on average 30% above the required consumption.

Table 4: India Peanut Meal Production and Consumption for the Year 2009-2014 (1000 MT)

Market Year	Production	Domestic Consumption	Self Sufficiency
2009	1370	1324	103,47%
2010	1525	1459	104,52%
2011	1370	1362	100,59%
2012	1400	1385	101,08%
2013	1445	1435	100,70%
2014	1410	1405	100,36%

Source: IndexMundi

Table 4 above shows the production and domestic consumption of peanut meal for the year 2009-2015 in million tons. The table shows that on average, during the stated period, India's peanuts production was slightly above consumption.

Table 5: India Rapeseed Meal Production and Consumption for the Year 2009-2014 (1000 MT)

Market Year	Production	Domestic Consumption	Self Sufficiency
2009	3287	2500	131,48%
2010	3800	2485	152,92%
2011	3363	2368	142,02%
2012	3540	2630	134,60%
2013	3720	2420	153,72%
2014	3840	2840	135,21%

Source: Indexmundi

Table 5 above shows India's rapeseed meal production and domestic consumption for the year 2009-2014. India's production of rape seed during this period was on average 30% above required consumption.

Table 6: India Pears Production and Consumption for the Year 2008-2013 (1000 MT)

Market Year	Production	Domestic Consumption	Self Sufficiency
2008	0	9000	0%
2009	0	14600	0%
2010	0	16200	0%
2011	0	19700	0%
2012	0	17300	0%
2013	0	15600	0%

Source: IndexMundi

Table 6 above shows that India produced no pears during the period 2008-2013, whilst pear consumption during that period was on average 16m tons. This is an indication that India depends on pear imports.

8.2 Fisheries Production

FAO, 2015: Fisheries and Aquaculture Department, indicates that for 2012-2013 India's Aquaculture production, valued at US$3.5 billion was a third (i.e. 4.43m tonnes) of India's total fish production of 9.06 million tonnes. Domestic fish consumption is almost entirely made of aquaculture produce. Shrimps and fresh water prawns are mainly exported. Government has no regulations over domestic marketing of aquaculture, thus prices are influenced by demand and supply.

8.3 Forestry Production

On average the India's forestry production for the year 2008-2013 averaged 1.6billion tonnes. (See annex 1). India's consumption of locally produced forestry products is said to be 81%.

9. India's Agriculture, Forestry and Fisheries Trade with the world

Table 7 below shows India's top five AFF exports to the world. Rice, cotton, soybean, meat of bovine animals, and Mucilage/Thickeners are the top products contributing 14%, 9%, 7%, 7%, and 5% respectively. These top five AFF export products contribute on average from 2004 - 2013, 42% of all India's exports to the world.

Table 7: Average India AFF Exports to the World 2004-2013 (Rand Million)

HS-Code	Description	Average	Ave % Share
	Total AFF	171 981.5	
100630	Rice	24 692.9	14
520100	Cotton	15 547.1	9
230400	Soybean Oilcake	12 737.4	7
020230	Meat Of Bovine	12 566.3	7
130232	Mucilage/Thickeners	8 924.5	5

Source: Global Trade Atlas

Table 8 below shows India's AFF s top 5 AFF imports from the world. Palm oil, crude, palm oil refined, soybean oil, newsprint in rolls or sheets and cashew nuts are the top five products contributing 22%, 7%, 6%, 5% and 5% respectively. These top five products constitute on average 45% of all India s AFF imports from the world from 2004-2013.

Table 8: Average India 5 Top AFF Imports from the World (2004-2013) (Rand Million)

HS-Code	Description	Average	Ave % Share
	Total AFF	104 672.2	
151110	Palm Oil, Crude,	23 056.1	22
151190	Palm Oil,	6 960.0	7
150710	Soybean Oil	6 648.5	6
480100	Newsprint,	5 174.5	5
080131	Cashew Nuts,	4 876.2	5

Source: Global Trade Atlas

10. AFF Trade & Tariff Policies

India's agriculture is highly protected, governed by many policies that affect trade with other countries. The following policies affecting trade are identified from India's trade policy review (TPR) documentation, and the challenges by other countries on these policies at the WTO:

- ✓ ***Tariff protection***

Relative to SA's 9.2%, India's average applied tariff for agricultural products is 40.8%. More than 75% of agricultural lines are bound at 100% and above. This is four times SA's average. India's tariffs have a gap between applied and bound rates of 10% to 300%. India also uses tariff escalation on some agricultural products, particularly fruits and their derivatives. The tariff rates in fresh apples and cider are 50% and 100% respectively, while on pears and berries are 35% and 100% respectively. Excessive tariffs are imposed on value added products of fruits.

- ✓ ***Additional Charges***[4]

According to India's Trade Policy Review (2011), India charges additional duties equal to a central excise tax rate applicable to like domestic products in lieu of excise duty. Imports also are subject to a state-level value added or sales taxes (VAT imposed by provinces) and the Central Sales Tax (CST) as well as various local taxes and charges.

- ✓ ***Non-tariff barriers (NTBs)***

The NTBs discussed below are adopted by India as measures of regulating imports and are viewed by other countries as trade restrictive.

  - ***Import prohibition and restriction***

[4] Additional duty = % value of import plus any applicable tariff
Special duty = % value of imports plus tariff and additional duty

Import restrictions and prohibitions are maintained for reasons such as food security, prevention of agricultural surpluses, standards, intellectual property rights, religious or moral grounds and prevention of diseases (health and safety). The current import restrictions cover 7.7% of agricultural product tariff lines. These include livestock and livestock products, domestic and wild birds, meat and meat products from avian species, live pig and pig products (except processed pig products). Also included are wild animals and their parts, natural sponges, and fish wastes. Other products prohibited since 2006 include sugar, sheep meat, goat meat, and wheat. Some restrictions are applied through the use of state trading for imports of cereals and certain vegetable oils. After removing quantitative restrictions in 2002, India introduced in its place a government monitor for certain products to counter import surges by increasing applied tariffs. Products subjected to these monitoring include milk products, fruits and nuts, coffee and tea, spices, cereals, vegetables, alcoholic beverages and edible oils. Also subjected to monitoring are products produced domestically by small-scale industries. Imports of these products require a permit / license valid for six months and issued after a thorough market risk assessment.

- Customs valuation and procedures

India has a laborious import registration and documentation procedure, which causes delays and hampers trade. The customs valuation does not reflect actual transaction value and effectively increases tariffs.

- Labeling and technical standards

Exporting food to India requires a complex and long list of information to appear on the product package. Among the requirements for customs clearance of food is the quantitative ingredient declaration (QUID) as a percentage of the total on the label. India has a mandatory certification compliance list that includes products such as milk powder, infant formula; bottled water, etc. must be certified for safety by the Bureau of Indian Standards (BIS) before entry into the country. This means that the manufacturers must be registered with the BIS prior to export to India.

- Sanitary and phyto-sanitary measures

India's SPS measures are enforced through a number of laws, acts and agencies that makes it difficult to follow. To make it more complex, the implementation of these acts and subordinate legislation is carried out by three different central government ministries compared to South Africa where two government departments handle the certifications. The ministries in charge of SPS are: Health and Family Welfare, Department of Animal Husbandry, Dairy and Fisheries, and the Department of Agriculture and Cooperation.

- State trading

Since 2001, all grains, i.e. wheat, rye, maize, sorghum, rice etc. have been subject to state trading. India maintains that its state trading policy is meant to ensure food security, stability of the market and pricing of the essential products, and to monitor domestic supply of basic food items. The institutions in charge of state trading are:

Commission for Agricultural Costs & Price (CACP) – to set minimum support prices (MSPs) for essential commodities

- Food Cooperation of India (FCI) – to maintain food grains buffer stocks for distribution through various schemes for poverty alleviation. It is tasked with buying grains at fixed procurement prices and sells at the fixed Central Issue Price (CIP). Products not covered under the Minimum Support Prices (MSPs) also receive support. When prices decrease sharply due to a bumper crop, government intervenes at a special request by FCI to support a mutually agreed price called Market Intervention Price (MIP).

- The Market Intervention Scheme (MIS) compensates producers by buying at MIP when the prices fall below the production costs for a specific period or until commodity prices stabilize and exceed the MIP.

✓ ***Export Restrictions***

Over the years, India has gradually removed certain prohibitions like licensing and restrictions on exports and added some new ones. India prohibits exports of certain agricultural products for health, environmental and religious reasons. Notifications are made from time to time to restrict exports or lift export restrictions in order to maintain domestic supplies and stability in domestic prices (staple food / grains). For example, exports of pulses and sugar were prohibited in 2007 and rice export was banned in 2008, to maintain domestic supplies and achieve price stability. Export licensing is in place for live animals and certain animal products (skins, hide and leather), seeds, seaweed and other algae, residues and waste from food industries. Some of the export prohibitions are aimed at expanding manufacturing and processing industries

✓ ***Direct and indirect producer and export subsidies***

India provides input subsidies for fertilizers, electricity and irrigation. Seeds and pesticides are subject to price control. Indirect subsidies are in the form of access to credit and insurance policies. A guaranteed 18% of the bank's total lending is directed to the agricultural sector at a discounted interest rate.

There are tax holidays for export-oriented units and exporters within the Special Economic Zones (SEZ). In order to promote food processing and value addition in agriculture, India has embarked on creation of integrated food parks where the infrastructure for food processing units and modern technology such as cold chain and packaging are provided at subsidized rates.

11. India's AFF Trade Structure & Product Analysis

India's AFF trade is generally in surplus with the world due to its strong protective policies, however during the period 2004-2012, Indian agricultural imports from the world grew by an average of 24 percent whilst exports to the world grew only by an average of 14 percent (Average of R171.9 billion export and R104.7 billion imports during the period 2004-2013). SA as India's AFF export destination is ranked 31st with an average market share of 1 percent. India's main AFF export destinations are the USA (10%), China (9%), the United Arab Emirates and Vietnam (both at 6%). India's top import sources are Kiribati (50 %), Indonesia (25 %), and the USA (8 %).

12. SA-India Trade

During the year 2013, India ranked 23rd on the list of countries that import AFF products from South Africa with a percentage share of 1.23%. Table 9 below shows SA average AFF export to India for the year 2004-2013. These top ten products include chemical wood pulp, wool, Recovered waste scrap, cottons, oranges, sheep, ethyl alcohol, semi chemical pulp, waste scrap and kidney beans. Chemical wood pulp and wool contributes 59% and 21% of SA average AFF exports to India

Table 9: Average SA AFF Export to India 2004-2013 (Rand Million)

HS-Code	Description	Average	Average % Share
	AFF	690.8	
470200	Chemical Woodpulp,	409.9	59
510111	Wool,	143.7	21
470730	Recovered “waste and Scrap” paper or paper board	9.3	1
481910	Cartons, Boxes & Cases	7.7	1
080510	Oranges,	10.4	2
410221	Sheep/Lamb Skins	4.2	1
220720	Ethyl Alcohol	3.4	0
470693	Semi chemical Pulp	1.7	0
470710	Waste, Scrap Paper	3.2	0
071333	Kidney Beans	1.2	0

Source: Global Trade Atlas

During 2013, India ranked 8th as the supplier of AFF products to South Africa with a share of 3.51%. Table 10 below shows averaged SA AFF imports from India for the year 2004-2013. These to ten products include rice, tobacco, muciliages/ thickeners, tobacco not stemmed, roasted chicory, concentrates of essential oils, onions, food preparations and castor oil. Rice and tobacco contributed on average 45.3% and 6.4% respectively.

Table 10: Average SA AFF Imports from India 2004-2013 (Rand Million)

HS- Code	Description	Average	Average % Share
AFF	AFF	1 378.2	
100630	Rice,	625.0	45.3
240120	Tobacco,	88.4	6.4
100640	Rice, Broken	12.0	0.9
130232	Mucilages	36.2	2.6
240110	Tobacco,	37.6	2.7
210130	Roasted Chicory	37.2	2.7
330190	Concentrates Of Essential Oils	27.3	2.0
071220	Onions,	19.0	1.4
210690	Food Preparations	21.8	1.6
151530	Castor Oil	23.8	1.7

Source: Global Trade Atlas

Table 11 below shows SA-India trade balance for the year 2009-2013. From 2009 to 2013, SA had a negative AFF trade balance with India ranging from –R478.7m in 2009 to –R1.1 billion in 2013. These might be influenced by the high tariff rates in India and the protectionist policy of India.

Table 11: SA-India Agriculture, Forestry and Fisheries trade balance, 2009-2013 (R-Millions)

Item	2009	2010	2011	2012	2013
Exports	486.9	726.4	911.3	877.0	1 148.8
Imports	965.5	1 178.5	1 681.1	2 145.2	3 003.3
Trade Balance	-478.7	-452.1	-769.8	-1 268.2	-1 854.5

Source: Global Trade Atlas

13. Trade Potential Analysis (TPI)[5]

The TPI is a trade map tool using a scoring system that allows the analysis to focus on trade potential using import demand, import trends, growth rates and unit values. A score of either 1 or 0 is assigned to five of the trade indicators contained in the database. An aggregated score of 0 would therefore represent the lowest end of the scale and the least trade potential whilst a score of 5 would indicate the greatest trade potential. For detailed explanation of TPI see Annexure 2. Table 12 below shows products with the highest trade potential in India. Though the optimum and most desirable TPI score is 5, SA's highest TPI score in India is 4 as depicted in the table.

Table 12: SA Agricultural products with potential for export to India (R Million)

HS Code	Product Description	SA Exports to India	India s Imports from the World	SA Exports to the World	Final TPI Score
'470200	Chemical wood pulp	69807	221256	616059	4
'510111	Greasy shorn wool	23780	1230	290287	4
'481910	Cartons, boxes and cases	3220	22581	64464	4
'220720	Ethyl alcohol and other spirits	1503	44403	26083	4
'470710	Waste and scrap of unbleached Kraft	1480	7096	1839	4
'470693	Semi-chemical pulps of other fibrous material	1455	16570	1477	4
'470790	Waste scrap of paper	574	596783	1509	4
'080810	Apples, fresh	480	211524	443291	4
'210390	Sauces and preparations	388	8612	89907	4
'220421	Grapes	320	6042	507648	4

Source: ITC: Trademap

[5] For a full SA potential Index in India see Annexure 2

13. Conclusion

According to the production and consumption analysis in tables in chapter 8 that depicts the production and consumption of some of India's major agricultural products, India is not self-sufficient in almonds and pears, this is an indication of an export opportunity for the producers of this particular products. The following products with export potential were also identified through a TPI: Chemical wood pulp, Greasy shorn wool, Cartons, boxes and cases, Ethyl alcohol and other spirits, Waste and scrap of unbleached Kraft, Apples, Grapes and sauces and preparations.

To counter India's growing agricultural trade surplus with SA, it is imperative for SA to intensify the current preferential trade agreement (PTA) negotiations with India and assist exporters to explore the possibility of penetrating the Indian market in preparation for utilizing the PTA once it is completed.

Other than negotiating the PTA, it is recommended that SA should intensify its approach in the ongoing bilateral talks for improving market access with India through diplomatic channels. Moreover, increased exports could be achieved by:

- ✓ Negotiating more transparency about SPS measures and signing SPS protocols for specific products
- ✓ Look at ways to simplify the labeling and technical standards
- ✓ Negotiate an agreement on simplifying the customs and valuation procedures with the assistance of sister departments like the DTI and SARS;
- ✓ Establish how competitors in the Indian market hamper SA presence in that market and assist the producers and exporters in their marketing efforts.
- ✓ Challenge the lack of transparency in India's trade administration and procedures at the WTO forum where possible.
- ✓ Tariff escalation in India has also discouraged exports of certain value added and processed products from SA. India's tariffs and non-tariff barriers in agricultural products are of concern as they involve products of key export interest to South Africa

Trade between SA and India could be enhanced through their participation in the Brazil, Russia, India, China and South Africa (BRICS) Trade and Investment cooperation Framework. This framework is aimed at encouraging, facilitating and promoting trade among the BRICS members.

ANNEXES

Annex 1: India's Forestry production 2008-2013 - 1000 tonnes

Product	2008	2009	2010	2011	2012	2013	Average
Round wood	355024	356546	358066	358293	357761	357226	357153
Round wood (NC)	339902	341307	342710	342860	342343	341825	341824
Wood Fuel	307782	308545	309307	308776	308244	307709	308394
Wood Fuel(NC)	298526	299266	300005	299491	298974	298456	299120
Industrial Round wood	47242	48001	48759	49517	49517	49517	48759
Sawlogs and Veneer Logs	45608	46340	47072	47804	47804	47804	47072
Industrial Round wood(NC)	41376	42041	42705	43369	43369	43369	42705
Sawlogs+Veneer Logs (NC)	40118	40762	41406	42050	42050	42050	41406
Round wood (C)	15122	15239	15356	15434	15418	15402	15328
Paper and Paperboard	7941	7789	10111	10172	10247	10247	9418
Wood Fuel(C)	9256	9279	9302	9286	9270	9254	9274
Paperboard Ex Newsprint	6837	6837	8852	8852	8867	8867	8185
Sawn wood	6889	6889	6889	6889	6889	6889	6889
Total Fibre Furnish	6148	6408	6688	6688	6688	6688	6551
Industrial Round wood(C)	5866	5960	6054	6148	6148	6148	6054
Sawlogs+Veneer Logs ©	5490	5578	5666	5754	5754	5754	5666
Sawnwood (NC)	4889	4889	4889	4889	4889	4889	4889
Other Paper+Paperboard	3987	3987	5163	5163	5171	5171	4774
Wrapping+Packaging	3494	3494	4524	4524	4531	4531	4183
Pulp for Paper	4048	4048	4048	4048	4048	4048	4048
Printing+Writing Paper	2850	2850	3689	3689	3696	3696	3412
Wood-Based Panels	2602	2969	3126	3126	3126	3126	3012
Case Materials	2440	2440	3159	3159	3164	3164	2921

Wood Charcoal	2880	2880	2880	2880	2880	2880	2880
Recovered Paper	2100	2360	2640	2640	2640	2640	2503
Plywood	2154	2521	2521	2521	2521	2521	2460
Wood Pulp	2308	2308	2308	2308	2308	2308	2308
Sawnwood (C)	2000	2000	2000	2000	2000	2000	2000
Other Fibre Pulp	1995	1995	1995	1995	1995	1995	1995
Wood Pulp Excluding Mechanical	1828	1828	1828	1828	1828	1828	1828
Uncoated Woodfree	1330	1330	1722	1722	1725	1725	1592
Chemical Wood Pulp	1407	1407	1407	1407	1407	1407	1407
Pulpwood,Round&Split	1271	1291	1312	1332	1332	1332	1312
Uncoated Mechanical	1030	1030	1333	1333	1336	1336	1233
Newsprint	1104	952	1259	1320	1380	1380	1232
Recovered Fibre Pulp	1196	1196	1196	1196	1196	1196	1196
Folding Boxboard	990	990	1282	1282	1284	1284	1185
Bleached Sulphate Pulp	1182	1182	1182	1182	1182	1182	1182
Pulpwood,Round&Split(NC)	987	1003	1019	1035	1035	1035	1019
Coated Papers	490	490	634	634	635	635	586
Paper+Paperboard NES	450	450	583	583	584	584	539
Mechanical Wood Pulp	479	479	479	479	479	479	479
Other Industrial Roundwood	363	370	375	381	381	381	375
Veneer Sheets	295	295	295	295	295	295	295
Pulpwood,Round&Split(C)	284	288	293	297	297	297	293
Other Industrial Roundwood(NC)	271	276	280	284	284	284	280
Dissolving Wood Pulp	255	255	255	255	255	255	255
Fibreboard	130	130	286	286	286	286	234
Unbleached Sulphate Pulp	204	204	204	204	204	204	204
Semi-Chemical Wood Pulp	166	166	166	166	166	166	166
MDF	44	44	200	200	200	200	148

Other Industrial Roundwood(C)	92	94	95	97	97	97	95
Hardboard	83	83	83	83	83	83	83
Wrapping Papers	64	64	83	83	83	83	77
Household+Sanitary Paper	43	43	56	56	56	56	52
Particle Board	24	24	24	24	24	24	24
Bleached Sulphite Pulp	21	21	21	21	21	21	21
Insulating Board	3	3	3	3	3	3	3

Source:FAO

Annex 2: South Africa's AFF exports to India (R million)

HS	Description	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total	WTO Agriculture definition @ HS 6-digit	552.897	444.707	422.451	676.508	767.066	520.308	729.489	920.341	921.573	1315.456
470200	Chemical Woodpulp, Dissolving Grades	345.286	299.348	335.214	413.462	483.375	185.766	383.203	548.695	423.231	681.393
510111	Wool, Not Carded Or Combed, Greasy, Shorn	10.510	35.961	31.140	109.892	159.272	141.056	223.022	224.648	271.610	229.694
170114	Cane Sugar, Solid, Raw, No Added Flav/Color,	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	72.584
440122	Wood In Chips Or Particles, Non coniferous	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	46.440
470730	Rec (Waste & Scrap) Papr Or Pprbd, Mechanical Pulp	0.051	1.680	0.055	0.503	1.313	1.754	1.698	16.364	30.735	38.851
481910	Cartons, Boxes & Cases Corrugated Paper & Paperbd	0.000	0.226	0.914	0.593	0.000	7.056	8.547	9.640	19.363	31.104
080830	Pears, Fresh	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	28.879	25.193
080510	Oranges, Fresh	0.897	1.293	0.629	4.599	3.262	4.901	16.885	8.601	38.835	23.862
410221	Sheep/Lamb Skins Without Wool On Pickled W/N Split	0.000	0.000	0.000	0.000	0.185	1.256	1.479	2.213	14.776	21.832
220720	Ethyl Alcohol & Oth Spirits Denatured Any Strength	4.009	0.000	0.000	0.163	0.179	1.224	0.885	1.549	5.747	20.357
470693	Pulp Fibrous Cell Matl Combo	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.680	2.488	14.052
470710	Waste, Scrap Unbleached Kraft, Corrugated Paper	1.042	5.175	1.625	1.329	0.185	0.000	0.000	3.701	5.909	13.309
071333	Kidney Beans & White Pea Beans,	0.000	0.000	0.000	0.000	0.000	0.000	1.973	0.000	0.000	9.806
470620	Pulp Of Fiber Derived From Recovered Paper/Paperboard	3.017	2.456	4.276	7.062	3.347	0.622	1.549	1.726	6.455	9.310
510130	Wool, Not Carded Or Combed,	0.701	0.766	0.813	0.841	3.572	2.727	2.299	1.285	4.863	5.904

	Carbonized										
470790	Waste, Scrap, Included Unsorted, Paper, Paperboard,	0.058	0.158	1.449	0.230	1.148	0.235	0.197	0.336	1.819	5.517
080810	Apples, Fresh	5.536	1.153	0.595	0.393	1.103	0.967	0.377	0.990	2.459	4.635
100590	Corn (Maize), Other Than Seed Corn	0.000	0.000	0.065	0.000	0.000	0.000	0.000	0.000	0.000	4.528
210390	Sauces Etc. Mixed Condiments And Seasonings	0.208	0.165	0.418	0.125	0.292	0.450	0.474	0.759	2.615	3.746
080940	Plums, Prune Plums And Sloes, Fresh	0.160	0.078	0.000	0.000	0.000	0.744	0.234	1.153	2.814	3.706
480411	Kraftliner, Uncoated Unbleached In Rolls Or Sheets	0.498	1.031	1.103	0.000	0.986	0.955	0.000	0.413	5.329	3.700
220421	Wine, Fr Grape & Gr Must W Alc, Nov 2 Liters	0.305	0.713	0.798	2.100	2.411	1.630	3.438	2.551	2.908	3.095
440110	Fuel Wood, In Logs, Billets, Twigs, Faggots, Etc	32.535	0.000	0.000	0.000	0.000	0.000	0.071	0.168	0.000	2.995
160521	Shrimp & Prawns Prep/Preserved Not Airtight Container	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.046	2.199
200911	Orange Juice, Frozen, Sweetened Or Not	0.000	0.000	0.000	0.000	0.000	1.246	2.100	2.223	6.214	2.186
482390	Articles Of Ppr Pulp/Ppr/Pprbrd/Cellulse Etc	0.018	1.273	0.949	0.355	1.487	1.145	1.090	0.031	0.186	1.957
080610	Grapes, Fresh	2.148	0.622	0.336	0.420	0.781	0.000	1.523	0.513	1.335	1.680
510121	Wool N Crd/Cmb Degreased N Carbonized, Shorn	2.983	3.103	2.809	2.191	1.287	1.551	3.419	7.191	0.951	1.676
030617	Shrimps And Prawns, Frozen, Nesoi	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.088	1.636
481092	Ppr/Pbrd Ex Krft/Grphc Clay Coatd Multi-Ply Rl/Sht	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.600
200870	Peaches, Prepared Or Preserved, Nesoi	0.007	0.002	0.001	0.001	0.000	1.048	0.577	1.155	1.513	1.590
481920	Folding Cartons, Boxes Etc, Noncor Paper & Paperbd	0.300	0.000	0.000	0.004	0.001	0.001	0.027	0.000	0.547	1.484
480419	Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	0.000	0.000	0.279	1.036	2.302	4.123	5.087	6.523	7.239	1.467
510219	Fine Animal Hair Not Carded Or Combed, Nesoi	2.016	5.151	4.882	2.556	0.607	0.716	2.387	1.255	0.011	1.395

480511	Semichemical Flutng Ppr (Corrugatng Med) Unctd Rll	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.320
121299	Vegetable Products (Inc Unrt Chicory Rt) Edible Neso	0.000	0.002	0.317	0.152	0.559	0.259	0.798	1.901	0.294	1.180
200990	Mixtures Of Fruit And/Or Vegetable Juices	0.451	0.739	0.949	1.079	1.289	2.019	2.223	1.813	1.662	1.150
510129	Wool, Not Crd/Cmb Degreased Not Carbonized Nesoi	0.832	2.712	4.135	3.856	0.747	0.524	3.546	0.468	0.632	1.136
200989	Juice Of Single Fruit/Veg, Not Fortified Etc Nesoi	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.385	1.087
060290	Live Plants, Cuttings & Slips,Nesoi;Mushroom Spawn	0.000	0.013	0.065	0.000	0.447	0.005	0.142	0.000	0.000	0.979
180690	Cocoa Preparations, Not In Bulk Form, Nesoi	0.025	0.000	0.004	0.004	0.089	0.229	0.135	0.375	0.718	0.885
210690	Food Preparations Nesoi	0.026	0.000	0.004	0.273	0.902	1.396	0.860	0.973	0.077	0.792
170230	Glucose (Dextrose), Under 20% Fructose In Dry Form	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.661
090240	Black Tea Fermdt & Other Partly Fermentd Tea Nesoi	0.000	0.002	0.124	0.339	0.000	0.540	0.113	0.000	0.000	0.576
510320	Waste Of Wool Or Of Fine Animal, Nesoi	0.108	0.000	0.000	0.065	0.000	0.058	0.000	0.000	0.063	0.564
200961	Grape Juice Of A Brix Value <= 20, Nt Fort W/Vitam	0.000	0.007	0.013	0.010	0.004	0.000	0.192	0.430	0.503	0.492
060490	Foliage Branches Etc W/O Flowers Grasses Etc Nesoi	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.431	0.437
080540	Grapefruit, Fresh Or Dried	0.000	0.032	0.000	0.000	0.000	0.000	0.032	0.013	0.118	0.416
151620	Vegetable Fats & Oils/Fractions Hydrogenated Etc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.159	0.243	0.404
200897	Mix Of Fruit/Nut/Plant Parts, Prep/Preserved Nesoi	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.251	0.402
330129	Essential Oils, Nesoi	0.539	0.616	0.669	0.965	0.365	0.745	0.448	0.117	0.120	0.358
200921	Grapefruit Juice,Brix Value <=20,Nt Fort W Vitamin	0.000	0.008	0.013	0.009	0.004	0.000	0.143	0.395	0.422	0.352
481940	Sacks And Bags Nesoi, Incl Cones, Of Paper Etc,	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.337

121190	Plants & Parts Etc For Medicaments Etc Nesoi	0.001	0.000	0.000	0.000	0.105	0.487	0.402	1.209	1.240	0.327
482010	Registers/Acct Bks/Notebks/Letter Pad Etc Ppr/Pbrd	0.022	0.053	0.044	0.064	0.079	0.487	0.457	0.086	0.109	0.325
481013	Ppr/Pbrd For Writ/Pring,Clay Ctd,<=10%Mec Fbr,Rls	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.311

Source: Global Trade Atlas

Annex 3

Trade Potential Index (TPI)

The Trade Potential Index uses a scoring system based on data obtained from the Trade Map database. This allows the analysis to focus on trade potential whilst taking cognizance of import demand, import trends, growth rates and unit values rather than focusing solely on trade potential values. A score of either 1 or 0 is assigned to five of the trade indicators contained in the database. This score is then aggregated to give a total score, which is measured against a final score of 5. A score of 0 would therefore represent the lowest end of the scale and the least trade potential whilst a score of 5 would indicate the greatest trade potential.

The criteria for scoring are as follows:

• **The value of imports from a country (Does Country A Import from SA):** If current trade in the form of imports does exist, a score of 1 is allocated. The absence of trade is allocated a score of 0. The existence of a trade relationship is deemed a significant factor in furthering trade.

• **Growth in import demand (Are SA exports to country A growing)**: If imports from the partner country have registered positive growth measured over the five year period from 2002 to 2006, a score of 1 is allocated. No growth or negative growth rates are awarded a score of 0. In the absence of trade or import data between countries, import growth from the rest of the world is used as an indication of general import demand, with positive growth allocated a score of 1 and no or negative growth a score of 0. The inclusion of this value in the table is also intended to indicate general import demand for the product as well as providing a basis for comparing demand for specific country products relative to demand for the same product from global sources.

• **Export growth (Is SA exports to World Growing):** Growth of exports from the exporting countries to the rest of the world is indicative of supply capacity, and increased demand for locally produced goods. A positive growth rate in the value of exports over a five year period from 2002 to 2006 is awarded a score of 1, whilst no or negative growth is awarded a score of 0.

• **Indicative Trade Potential:** Indicative trade potential isolates total demand and total export capacity thereby providing a rough estimate of how much countries could ‘theoretically’ trade between them. A positive ‘indicative trade potential’ suggests that a trade opportunity exists.

- **A threshold value of USA $ 250 000 is set for the allocation of a score of 1**. Trade potential with a lower value or with no or negative trade potential values are allocated a score of 0.

• **Unit Value:** Unit value is determined on the basis of value and quantity of exports. Products with a high unit value (>=1$) are allocated a score of 1. Products with a low unit value (<1$) are allocated a score of 0

Annex 4

Trade Potential Index (TPI), existing and potential trade (Indicative Trade Potential - ITP) between South Africa and India in 2013 (US$ 000)

HS Code	Product Description	SA Exports to India	India s Imports from the World	SA Exports to the World	Final TPI Score	Does SA export to India	Is SA export to India growing? AVG/year	Is India imports from the world growing?AVG/Year 03-13	Is SA export to World growing? AVG /year	Is indicative potential trade > US$ 200000 IN 2013
'470200	Chemical wood pulp	69807	221256	616059	4	1	1	1	1	0
'510111	Greasy shorn wool	23780	1230	290287	4	1	1	1	1	0
'170111	Raw sugar, cane	7514	361919	208441	2	1	0	0	0	1
'440122	Wood in chips, non-coniferous	4808	40320	163809	3	1	0	1	0	1
'470730	Waste and scrap	3995	993	9331	3	1	1	0	1	0
'481910	Cartons, boxes and cases	3220	22581	64464	4	1	1	1	1	0
'080820	Pears and quinces, fresh	2608	9860	192010	2	1	0	0	0	1
'080510	Oranges, fresh or dried	2470	18538	589648	3	1	0	1	0	1
'410221	Sheep or lamb skins, pickled	2260	19415	104488	3	1	1	0	1	0
'220720	Ethyl alcohol and other spirits	1503	44403	26083	4	1	1	1	1	0

'470710	Waste and scrap of unbleached Kraft	1480	7096	1839	4	1	1	1	1	0
'470693	Semi-chemical pulps of other fibrous material	1455	16570	1477	4	1	1	1	1	0
'071333	Kidney beans & white pea beans	1015	114172	3775	3	1	1	0	1	0
'470620	Pulps of fibres	934	267	2537	2	1	0	0	0	1
'510130	Carbonised wool, not carded or combed	611	1138	12122	3	1	0	1	0	1
'470790	Waste scrap of paper	574	596783	1509	4	1	1	1	1	0
'080810	Apples, fresh	480	211524	443291	4	1	1	1	1	0
'100590	Maize (corn)	469	11694	695942	2	1	0	0	0	1
'080940	Plums ,fresh	428	2113	78557	3	1	0	1	0	1
'480411	Paper, Kraftliner, in rolls	412	8657	20136	3	1	1	0	1	0
'210390	Sauces and preparations	388	8612	89907	4	1	1	1	1	0
'220421	Grapes	320	6042	507648	4	1	1	1	1	0
'030613	Shrimps and prawns	169	4874	4074	4	1	1	1	1	0
'481092	Multi-ply paper and paperboard, coated	166	1675	535	2	1	0	0		1
'200870	Peaches preserved	165	300	71565	3	1	1	1	0	0
'481920	Cartons boxes and cases	154	9266	22071	2	1	0	0	1	0
'480419	Paper, Kraftliner, in rolls,	152	22079	170858	3	1	0	1	1	0

'510219	Fine animal hair	144	768	4133	3	1	0	1	1	0
'480511	Semi-chemical fluting paper, uncoated	137	1839	19524	4	0	1	1	1	0
'121299	Vegetable products nes used primarily for human consumption	122	650	33329	3	1	1	0	1	0
'200990	Mixtures of juices	119	7812	86389	2	1	0	0	1	0
'510129	Degreased wool	118	71967	510	2	1	0	0	1	0
'200980	Fruit&veg juice	113	4361	44661	3	1	0	1	1	0
'060290	Plants live, nes	101	7220	7370	4	1	1	1	1	0
'180690	Chocolate and other food preparations containing cocoa	92	35444	21671	4	1	1	1	1	0
'210690	Food preparations nes	82	70071	163007	3	1	0	1	1	0
'170230	Glucose&glucose syrup	68	2658	10220	3	1	0	1	1	0
'090240	Black tea	60	39240	19237	4	1	0	1	1	1
'510320	Waste of wool/of fine animal hair	58	457	539	3	1	0	1	1	0
'200961	Grape juice	51	0	9348	3	1	1	1	0	0
'060499	Foliage	45	372	8032	3	1	0	1	1	0
'080540	Grapefruit, fresh or dried	43	45	125337	2	1	0	1	0	0
'151620	Vegetable fats & oils	42	13885	7849	2	1	0	0	1	0

'200892	Fruit mixtures	42	50	31855	2	1	0	0	1	0
'330129	Essential oils, nes	37	63706	5017	3	1	0	1	1	0
'481940	Sacks and bags, of paper, nes; including cones	35	6315	9780	3	1	0	1	1	0
'121190	Plants &pts of plants(incl sed&fruit) usd in pharm	34	54805	5286	2	1	0	1	0	0
'482010	Registers,account books,note books,diaries & similar articles of paper	34	1784	10469	3	1	0	1	1	0
'440310	Poles, treated/painted etc	32	0	34386	3	1	0	1	1	0
'481013	Paper and paperboard used for writing, printing or other graphic purposes	32	80754	6543	3	1	0	1	1	0
'080520	Mandarins	31	552	126510	3	1	0	1	1	0
'200912	Orange juice	30	97	8179	3	1	0	1	1	0
'220820	Spirits obtained by distilling grape wine or grape marc	30	19469	61515	4	1	0	1	1	1
'220410	Grape wines, sparkling	28	8601	33964	2	1	1	0	0	0
'481930	Sacks and bags, of paper	27	9155	10195	4	1		1	1	0

'060220	Trees, edible fruit or not, shrubs and bushes	27	111	4270	3	1	0	1	1	0
'110313	Maize (corn) groats and meal	24	1490	109485	3	1	0	1	1	0
'100630	Rice, semi-milled or wholly milled, whether or not polished or glazed	23	1302	41366	3	1	0	1	1	0
'330190	Conc&aqueous distls of essentl oils;terpenic by-prods of essentl oils	21	49186	7543	2	1	0	0	1	0
'490199	Books, brochures, leaflets and similar printed matter, nes	20	99280	59028	3	1	0	1	1	0
'190410	Prep foods obtaind by the swelling o roasting of cereal products	18	1091	30567	4	1	1	1	1	0
'080930	Peaches, including nectarines, fresh	18	83	28767	4	1	1	1	1	0
'051000	Ambergris,castoreum,etc,bile drid/not&animal gland&prod for pharm prep	18	204	295	3	1	0	1	1	0

'200971	Apple juice, unfermented	17	224	17152	2	1	0	0	1	0
'330112	Essential oils of orange	16	9161	5057	1	1	0	0	0	0
'050800	Coral&sim mat,shellfsh shell,cuttl bone,echinoderm unwk unshp pdr&wast	13	3537	131	3	1	1	0	1	0
'480421	Paper, sack kraft, in rolls, unbleached, uncoated	12	1994	1258	3	1	1	0	1	0
'230990	Animal feed preparations nes	12	196265	106517	4	1	1	1	1	0
'071390	Leguminous vegetables	12	295665	783	3	1	0	1	1	0
'440921	Bamboo	12	602	2401	2	1	0	1	0	0
'480210	Paper, hand-made, uncoated, in rolls or sheets	10	5247	692	3	1	0	1	1	0
'200941	Pineapple juice	10	155	3185	3	1	0	1	1	0
'480429	Paper, sack kraft	9	12419	1727	3	1	0	1	1	0
'060319	Fresh cut flowers and buds, of a kind suitable for bouquets	9	134	19677	3	1	0	1	1	0
'200830	Citrus fruits preserved	8	332	854	2	1	0	0	1	0

'481190	Paper,in rolls o sheets,ctd,impreg,cov,surf-col,surf-dec o printd,nes	8	123476	1424	4	1	1	1	1	0
'130219	Vegetable saps and extracts nes	8	22044	3267	3	1	0	1	1	0
'491000	Calendars of any kind, printed, including calendar blocks	8	1511	1735	3	1	0	1	1	0
'842940	Tamping machines and road rollers, selfpropelled	7	1670	12976	1	1	0	0	0	0
'490890	Transfers (decalcomanias), nes	7	3477	1423	3	1	0	1	1	0
'330119	Essential oils of citrus fruits, nes	7	3870	6208	3	1	1	0	1	0

Source: Trade Map