

ENTREPRENEUR
EXPO



18 - 19 November 2014
The River Club
Cape Town

EXPORT "Snap Shot"

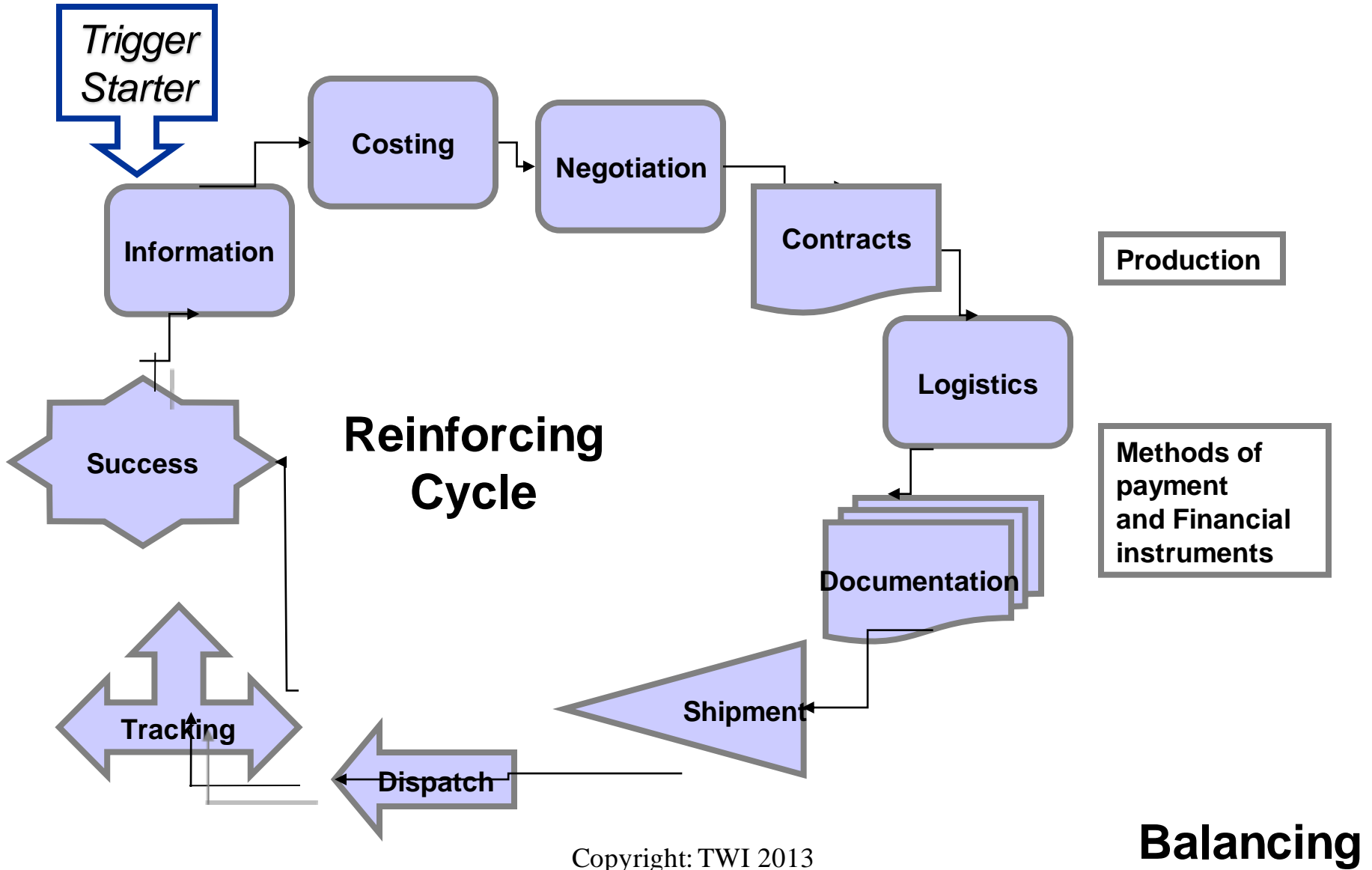
PRESENTER: MELINDA DU PREEZ

WESGRO

cape town & western cape
tourism, trade & investment



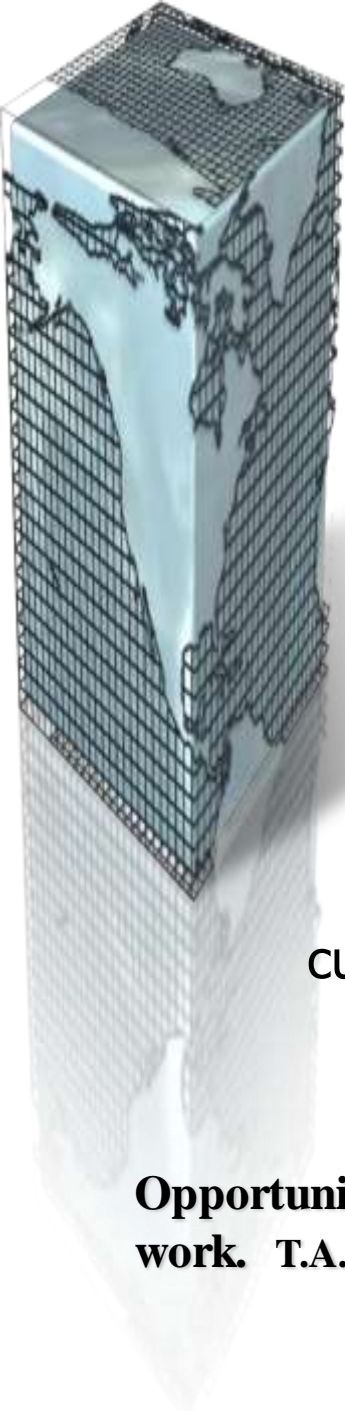
EXPORT SUCCESS CYCLE



CHARACTERISTICS OF AN EXPORT-READY COMPANY

- Clear export objectives and commitment
- A senior manager to devote time to export development
- Sufficient production capacity
- Consistent and acceptable quality
- Storage space for materials and finished products
- Business experience and an understanding of business practices
- Good financial and office systems and equipment
- Access to extra working capital





INFORMATION TO CONSIDER: "PHASE 1"

1. Trade Agreements, Barriers and Restraints
2. Government, Product and Industry Requirements of the importing country
3. Customer Requirements
4. Background information on the importing country

culture

culture

culture

culture

Opportunity is missed by most people because it is dressed in overalls and looks like work. T.A. Edison

Restraints in the Export Process and Trade Barriers the exporter has to deal with.

- * Insufficient production capacity
- * Lack of a dynamic competitive domestic environment
- * High transport cost, inadequate transport links and poor infrastructure – Africa – price and reputation
- * In-effective marketing and lack of knowledge of characteristics of overseas markets, distribution channels, correct costing and pricing procedures
- * Foreign Trade barriers – High import and/or export tariffs when competing with developing nations that receive preferential tariff treatment.
- * Financial constraints – Inadequate export finance schemes
- * General lack of business skills
- * Export permits (www.itac.org.za)
- * Anti dumping and countervailing duties
- * Non tariff barriers
- * Organized group activities, sanctions and boycotts

TRADE AGREEMENT

Definition:

A trade agreement, usually between or among governments, that encourages, regulates, and / or restricts elements of trade among the respective countries.



TRADE AGREEMENTS for the South African Exporter

SADC SADC Certificate

TDCA EUR 1

SACU / EFTA EUR 1

AGOA Certificate of Origin (Textile has a different documentation process – discuss with customs)

Possible Others?? India, China, Vietnam, BRICS

NB: Proof of local content Supporting Documentation
Know your product's *HS Code!*



Government Requirements of the Importing Country



Products must meet specifications laid down by law

Fumigation Requirements

South African Bureau of Standards (SABS)

Not a once-off process :

Regular Audits

CSIR



HACCP certificate (Hazard Analysis and Critical Control Points)

Perishable Products Export Control Board (PPECB)

EU and the United States the issue of product standards is complex

Suggested Use: Adults take one caplet daily in the morning with food.

Supplement Facts	
Serving Size 1 Caplet	
Servings Per Container 30	
Amount Per Serving	% Daily Value
Proprietary Blend	675 mg
Milk Thistle Extract (Silybum marianum) seed	
Bacopa Extract (Bacopa monnina) whole plant	
Subsagandra (Sida acuta) powdered root	
Green Tea Extract (Camellia sinensis) leaf	
Turmeric Extract (Curcuma longa) rhizome	

*Daily value not established.



PACKAGING & LABELLING

Packaging: manner product is presented to **attract attention**
Packing: ensuring **safe** transit and delivery

Suggested Use: Adults take one caplet daily in the morning with food.

Supplement Facts	
Serving Size 1 Caplet	
Servings Per Container 30	
	% Daily Value
Proprietary Blend	475 mg
Milk Thistle Extract (Silybum marianum) seed	
licorice (Liquor) (Glycyrrhiza glabra) root	
Ashwagandha (Withania somnifera) root	
Green Tea Extract (Camellia sinensis) leaf	
Turmeric Extract (Curcuma longa) rhizome	

*Daily value not established.

RE-usable, recyclable and biodegradable



Labeling: Legal requirements may indicate how you label your product

Product packaging and labeling are often affected by consumer preferences regarding color, illustrative materials and other design elements.



CUSTOMER REQUIREMENTS

A PRODUCT is something that “fulfills” the NEEDS and DESIRES of the buyer.

Who is your buyer? Manufacturer, distributor, wholesaler, retailer?

Is your product a functional or emotional buy?

Do you need to adapt your product:

- PRODUCT TO MATCH MARKET
- JUST AS GOOD “ ME 2 ”
- BETTER / SPECIAL = USP
- COUNTRY RULES AND REGULATIONS
- TRANSPORTABLE
- SPECIAL CUSTOMER REQUIREMENTS



“UNCONTROLLABLE FACTORS” COUNTRY OF IMPORT

Demographics / Physical Environment



Political Environment

Economic Environment



**** Social and cultural Environment ***

Market Access



Product Potential



Local Distribution and Production

CULTURAL INFLUENCES AND BUSINESS ETHICS

Definition: “the total accumulation of beliefs, norms, activities, institutions and communication patterns.”

(Dodd, 1991)

Three Major Cultural World Views:

Eurocentric

Afrocentric

Asiocentric



Language

Non-Verbal Cues



Low and high context cultures

WHY? TRADE FAIR



Trade shows serve as the most important vehicles for

- selling products,
- reaching prospective customers,
- contacting and evaluating potential agents and distributors
- and marketing

More than 2000 major trade shows are held world-wide every year

Trade shows provide the facilities for a manufacturer to

- exhibit and demonstrate products to potential users and
- to view competitors products.

They are an opportunity to create sales and establish relationships with agents, distributors and suppliers that can lead to more-permanent distribution channels in foreign markets.

DTI EMIA SCHEME (Wesgro / Export Council / DTI)



“Real Issues”

Financial Risk Management

Exchange Control Regulations:
SARB & Authorized Dealer
(Bank)

Dealing in Foreign Currency:
Which exchange rate to use?
What is SPOT / FEC & CFC

Payment: Country and
Commercial Risk

Methods of Payment:

- Pre-payment
- Letter of Credit (various types)
- Bill for Collection (documentary & clean)
- Open account

Shipping

Difference between
Packaging & Packing

Types of Cargo:
Bulk, break-bulk,
palletized &
containerized

Transport modes:
Sea freight (FCL & LCL)
Air freight, Road and
Rail & Courier or post.

Incoterms®

Why Incoterms®

Cost / Risk / Responsibility
of seller and buyer

Marine Insurance

Insurable Interest

Institute Cargo Clauses



Export Development Programs

WESGRO

cape town & western cape
tourism, trade & investment

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Export Development Program (EDP 2)
Contact Nadine Smith-Clarke / Sindi Jonas
Next Program: February 2015